
West Bloomfield School District

**Financial Report
with Supplementary Information
June 30, 2025**

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Independent Auditor's Report

To the Board of Education
West Bloomfield School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Bloomfield School District (the "School District") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise West Bloomfield School District's basic financial statements, as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

To the Board of Education
West Bloomfield School District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2025 on our consideration of West Bloomfield School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of West Bloomfield School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Bloomfield School District's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 15, 2025

This section of West Bloomfield School District's (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2025. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand West Bloomfield School District financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund, the 2023 Capital Projects Fund, the 2025 Capital Projects Fund, and the Debt Fund, with all other funds presented in one column as nonmajor funds. This report is composed of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

Schedule of the School District's Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability

Schedule of OPEB Contributions

Other Supplementary Information

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

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

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

West Bloomfield School District

Management's Discussion and Analysis (Continued)

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

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

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

Governmental Funds

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

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2025 and 2024:

	Governmental Activities	
	2025	2024
	(in millions)	
Assets		
Current and other assets	\$ 174.1	\$ 127.0
Capital assets	188.6	175.2
Total assets	362.7	302.2
Deferred Outflows of Resources	29.0	42.8
Liabilities		
Current liabilities	17.9	16.1
Noncurrent liabilities	217.9	180.8
Net pension liability	87.7	121.6
Total liabilities	323.5	318.5
Deferred Inflows of Resources	54.7	38.6
Net Position (Deficit)		
Net investment in capital assets	80.8	76.3
Restricted	22.8	7.5
Unrestricted	(90.1)	(95.9)
Total net position (deficit)	\$ 13.5	\$ (12.1)

West Bloomfield School District

Management's Discussion and Analysis (Continued)

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was 13.5 million at June 30, 2025. Net investment in capital assets totaling \$80.8 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$90.1) million) was unrestricted.

The \$(90.1) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements and to 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.

Summary of Activities

	Governmental Activities	
	2025	2024
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 2.1	\$ 2.4
Operating grants	31.5	28.4
General revenue:		
Taxes	30.8	29.4
State aid not restricted to specific purposes	41.1	47.5
Other	6.8	6.8
Total revenue	112.3	114.5
Expenses		
Instruction	41.4	60.7
Support services	32.0	35.0
Athletics	1.1	1.1
Food services	3.0	2.2
Community services	1.5	2.3
Debt service	7.7	7.7
Total expenses	86.7	109.0
Change in Net Position	25.6	5.5
Net Position (Deficit) - Beginning of year	(12.1)	(17.6)
Net Position (Deficit) - End of year	<u><u>\$ 13.5</u></u>	<u><u>\$ (12.1)</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$86.7 million. Certain activities were partially funded from those who benefited from the programs (\$2.1 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$31.5 million). We paid for the remaining public benefit portion of our governmental activities with \$30.8 million in taxes, \$41.1 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$25.6 million during fiscal year 2025.

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

West Bloomfield School District

Management's Discussion and Analysis (Continued)

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. This fund-by-fund breakdown of revenue and expenditures (and related assets and liabilities) helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$142.7 million, which is an increase of \$33.5 million from last year. In the General Fund, our principal operating fund, fund balance increased by \$3.4 million to \$17.8 million. The increase was due in part to the recognition of COVID-19 federal funding that was received in the spring.

During the 2024-2025 school year, fund balance in our Debt Fund decreased by approximately \$0.3 million. Annually, debt millage rates are reviewed and revised as necessary to ensure that the School District accumulates sufficient resources to pay annual bond-related debt service. The Debt Fund reserves can be used only to pay debt service obligations.

During the 2024-2025 school year, the fund balances of our special revenue funds, which include the Cafeteria, Student Activities, and Community Education funds, decreased by approximately \$0.3 million primarily due to a state-mandated spenddown of excess funds in the Cafeteria Fund. Our fund balance in the prior year exceeded the allowable threshold, and we were required to spend down that excess.

During the 2024-2025 school year, the fund balances of our 2023 Capital Projects Fund decreased by \$11.5 million due to the completion of projects in the 2024-2025 fiscal year. The fund balance of 2025 Capital Projects Fund increased by \$46.9 million due to the sale of the second series of bonds in June. The Sinking Fund decreased by \$0.6 million due to the completion of two new elementary playgrounds.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2025. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

The General Fund budget was first amended in February 2025 to account for changes in enrollment, the state foundation allowance, grant allocations, and staffing changes to better reflect the latest information since the original budget was developed in spring 2024. Overall, the February 2025 amendment adjusted the General Fund up by \$4.3 million, with the main adjustments coming from state aid, enrollment, and staffing changes and an adjustment to the final 2023-2024 fiscal year fund balance. The 2024-2025 fiscal year General Fund budget was amended again in June 2025, which resulted in an overall increase of \$1.8 million. A large portion of the increase was due to the COVID-19 federal funding deferred in the prior year.

West Bloomfield School District

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2025 and 2024, the School District had \$188.6 million and \$175.2 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This represents a net increase (including additions, disposals, and depreciation) of approximately \$13.3 million from 2024 to 2025.

	2025	2024
Land	\$ 7,764,664	\$ 7,764,664
Construction in progress	14,366,469	3,956,860
Buildings and improvements	230,110,554	219,833,697
Furniture and equipment	43,099,304	41,208,460
Buses and other vehicles	6,824,517	6,863,549
Leased assets - Buildings	504,790	504,790
Financed purchase - Copiers	323,095	323,095
Total capital assets	302,993,393	280,455,115
Less accumulated depreciation and amortization	114,427,798	105,218,170
Total capital assets - Net of accumulated depreciation and amortization	\$ 188,565,595	\$ 175,236,945

This year's additions included the addition of \$2.6 million for an adult special education transition center at the high school; \$5.6 million for two new elementary playgrounds, including multiple play areas; \$0.4 million for Phase I of the high school kitchen renovation; and \$0.3 million for a new elementary magnet space.

Debt

At the end of this year, the School District had \$197.4 million in bonds outstanding versus \$161.6 million in the previous year, a change of 22.1 percent. Bonds consisted of the following:

	2025	2024
General obligation bonds	\$ 197,405,000	\$ 161,640,000

The School District's general obligation bond rating is A2 with Moody's Investor Service and A with Standard & Poor's. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of \$197.4 million is significantly below this statutorily imposed limit.

Other obligations include compensated absences, a Sinking Fund loan with a bank, arbitrage liabilities, and financed purchases. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2025-2026 fiscal year budget. One of the most important factors is the School District's student count since the state foundation formula product is derived from the blended student count and per pupil foundation allowance. This portion of the School District's General Fund revenue constitutes approximately 71 percent of total General Fund revenue.

Since the School District's revenue is heavily 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 appropriation to the School District. The 2025-2026 original budget was developed based on an estimated per pupil increase of \$200. The estimate was based on legislative reports available at the time the original budget was developed and from data published from the May 2025 Revenue Consensus Estimating Conference. Any change from the estimates used in the original budget will be adjusted in the first amendment.

West Bloomfield School District

Management's Discussion and Analysis (Continued)

During 2025, the School District settled contracts with all of the School District's labor unions for a period of two years. The financial impact on operations is estimated by the School District to be an increase of \$2.3 million in the first year of the contracts and \$2.1 million in the second year.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the West Bloomfield School District business office located at 5810 Commerce Road, West Bloomfield, MI 48324 or call 248-865-6430.

West Bloomfield School District

Statement of Net Position

June 30, 2025

Governmental
Activities

Assets

Cash and investments (Note 4)	\$ 20,219,314
Receivables - Due from other governments	10,989,839
Inventory	26,002
Prepaid costs and other assets	1,419,343
Restricted assets	126,441,611
Net OPEB asset (Note 9)	14,971,373
Capital assets: (Note 5)	
Assets not subject to depreciation	22,131,133
Assets subject to depreciation - Net	166,434,462
Total assets	362,633,077

Deferred Outflows of Resources

Deferred pension costs (Note 9)	24,977,615
Deferred OPEB costs (Note 9)	4,072,207
Total deferred outflows of resources	29,049,822

Liabilities

Accounts payable	6,625,882
Accrued liabilities and other	9,510,558
Unearned revenue (Note 2)	1,735,277
Noncurrent liabilities:	
Due within one year (Note 7)	10,200,231
Due in more than one year (Note 7)	207,748,638
Net pension liability (Note 9)	87,674,504
Total liabilities	323,495,090

Deferred Inflows of Resources

Revenue in support of pension contributions made subsequent to measurement (Note 9)	4,683,801
Deferred pension cost reductions (Note 9)	29,854,561
Deferred OPEB cost reductions (Note 9)	20,180,236
Total deferred inflows of resources	54,718,598

Net Position

Net investment in capital assets	80,762,473
Restricted:	
Debt service	982,207
Capital projects	6,810,487
Net OPEB asset	14,971,373
Unrestricted	(90,057,329)
Total net position	\$ 13,469,211

West Bloomfield School District

Statement of Activities

Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenue		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 41,407,175	\$ -	\$ 20,440,171	\$ (20,967,004)
Support services	31,983,529	-	8,012,391	(23,971,138)
Athletics	1,087,929	81,261	-	(1,006,668)
Food services	2,985,072	249,113	2,870,537	134,578
Community services	1,537,159	1,814,991	-	277,832
Interdistrict payments	16,313	-	-	(16,313)
Interest	6,575,712	-	200,993	(6,374,719)
Other debt costs	1,151,007	-	-	(1,151,007)
Total primary government	\$ 86,743,896	\$ 2,145,365	\$ 31,524,092	(53,074,439)
General revenue:				
Taxes:				
Property taxes levied for general purposes				12,539,984
Property taxes levied for debt service				15,331,281
Property taxes levied for capital projects				2,882,572
State aid not restricted to specific purposes				41,104,487
Interest and investment earnings				5,009,617
Loss on disposal of capital assets				(5,749)
Other				1,806,077
Total general revenue				78,668,269
Change in Net Position				25,593,830
Net Position (Deficit) - Beginning of year				(12,124,619)
Net Position - End of year				\$ 13,469,211

West Bloomfield School District

Governmental Funds Balance Sheet

June 30, 2025

	General Fund	2023 Capital Projects Fund	2025 Capital Projects Fund	Debt Fund	Nonmajor Funds	Total Governmental Funds
Assets						
Cash and investments (Note 4)	\$ 15,758,008	\$ -	\$ -	\$ -	\$ 4,461,306	\$ 20,219,314
Receivables - Due from other governments	10,933,812	-	-	-	56,027	10,989,839
Inventory	-	-	-	-	26,002	26,002
Prepaid costs and other assets	1,409,985	-	-	463	8,895	1,419,343
Restricted assets	-	70,591,676	46,899,799	2,463,344	6,486,792	126,441,611
Total assets	\$ 28,101,805	\$ 70,591,676	\$ 46,899,799	\$ 2,463,807	\$ 11,039,022	\$ 159,096,109
Liabilities						
Accounts payable	\$ 752,268	\$ 3,635,056	\$ -	\$ -	\$ 2,238,558	\$ 6,625,882
Accrued liabilities and other	7,941,385	45,433	-	-	42,140	8,028,958
Unearned revenue (Note 2)	1,614,159	-	-	-	121,118	1,735,277
Total liabilities	10,307,812	3,680,489	-	-	2,401,816	16,390,117
Fund Balances						
Nonspendable:						
Inventory	-	-	-	-	26,002	26,002
Prepaid costs	1,409,985	-	-	463	8,895	1,419,343
Restricted:						
Debt service	-	-	-	2,463,344	-	2,463,344
Capital projects	-	66,911,187	46,899,799	-	4,958,985	118,769,971
Food service	-	-	-	-	2,618,407	2,618,407
Committed	-	-	-	-	1,024,917	1,024,917
Assigned - Budgeted use of fund balance in subsequent year	3,993,989	-	-	-	-	3,993,989
Unassigned	12,390,019	-	-	-	-	12,390,019
Total fund balances	17,793,993	66,911,187	46,899,799	2,463,807	8,637,206	142,705,992
Total liabilities and fund balances	\$ 28,101,805	\$ 70,591,676	\$ 46,899,799	\$ 2,463,807	\$ 11,039,022	\$ 159,096,109

West Bloomfield School District

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

June 30, 2025

Fund Balances Reported in Governmental Funds	\$ 142,705,992
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of assets	302,993,393
Accumulated depreciation and amortization	<u>(114,427,798)</u>
Net capital assets and lease assets used in governmental activities	188,565,595
Bonds payable, sinking fund loan, financed purchases, and bond premiums are not due and payable in the current period and are not reported in the funds	(214,130,884)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,481,600)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(1,154,205)
Net pension liability and related deferred inflows and outflows	(92,551,450)
Net OPEB asset and related deferred inflows and outflows	(1,136,656)
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	(4,683,801)
Other long-term liabilities, such as arbitrage liabilities, do not present a claim on current financial resources and are not reported as fund liabilities	<u>(2,663,780)</u>
Net Position of Governmental Activities	<u>\$ 13,469,211</u>

West Bloomfield School District

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

Year Ended June 30, 2025

	General Fund	Formerly Major - 2020 Capital Projects Fund	2023 Capital Projects Fund	2025 Capital Projects Fund	Debt Fund	Nonmajor Funds	Total Governmental Funds
Revenue							
Local sources	\$ 14,193,123	\$ -	\$ 3,839,422	\$ 102,890	\$ 15,497,224	\$ 6,082,237	\$ 39,714,896
State sources	58,058,534	-	-	-	78,729	1,584,142	59,721,405
Federal sources	2,627,675	-	-	-	200,993	1,308,900	4,137,568
Interdistrict sources	7,014,612	-	-	-	-	-	7,014,612
Total revenue	81,893,944	-	3,839,422	102,890	15,776,946	8,975,279	110,588,481
Expenditures							
Current:							
Instruction	45,407,305	-	-	-	-	-	45,407,305
Support services	31,113,958	-	18,269	-	-	1,134,109	32,266,336
Athletics	1,256,942	-	-	-	-	-	1,256,942
Food services	-	-	-	-	-	3,043,631	3,043,631
Community services	393,792	-	-	-	-	1,571,657	1,965,449
Debt service: (Note 7)							
Principal	177,437	-	-	-	9,025,000	650,000	9,852,437
Interest	57,615	-	-	-	7,036,125	46,639	7,140,379
Other debt costs	-	-	-	243,510	4,642	-	248,152
Capital outlay	219,148	-	15,306,037	-	-	7,394,815	22,920,000
Interdistrict payments	16,313	-	-	-	-	-	16,313
Total expenditures	78,642,510	-	15,324,306	243,510	16,065,767	13,840,851	124,116,944
Excess of Revenue Over (Under)							
Expenditures	3,251,434	-	(11,484,884)	(140,620)	(288,821)	(4,865,572)	(13,528,463)
Other Financing Sources (Uses)							
Face value of debt issued	-	-	-	44,790,000	-	-	44,790,000
Premium on debt issued	-	-	-	2,250,419	-	-	2,250,419
Transfers in (Note 6)	138,603	-	-	-	-	-	138,603
Transfers out (Note 6)	-	-	-	-	-	(138,603)	(138,603)
Total other financing sources (uses)	138,603	-	-	47,040,419	-	(138,603)	47,040,419
Net Change in Fund Balances	3,390,037	-	(11,484,884)	46,899,799	(288,821)	(5,004,175)	33,511,956
Fund Balances - Beginning of year, as previously reported	14,403,956	6,107,838	78,396,071	-	2,752,628	7,533,543	109,194,036
Change within Financial Reporting Entity (Note 2)	-	(6,107,838)	-	-	-	6,107,838	-
Fund Balances - Beginning of year, as adjusted or restated	14,403,956	-	78,396,071	-	2,752,628	13,641,381	109,194,036
Fund Balances - End of year	<u>\$ 17,793,993</u>	<u>\$ -</u>	<u>\$ 66,911,187</u>	<u>\$ 46,899,799</u>	<u>\$ 2,463,807</u>	<u>\$ 8,637,206</u>	<u>\$ 142,705,992</u>

West Bloomfield School District

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

Year Ended June 30, 2025

Net Change in Fund Balances Reported in Governmental Funds	\$ 33,511,956
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	22,595,769
Depreciation and amortization expense	(9,261,370)
Net book value of assets disposed of	(5,749)
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	(734,015)
Revenue in support of pension contributions made subsequent to the measurement date	2,489,009
Issuing debt, net of premiums and discounts, provides current financial resources to governmental funds, but increase long-term liabilities in the statement of net position	(47,040,419)
Repayment of bond principal and lease liabilities is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	10,718,349
Interest expense is recognized in the government-wide statements as it accrues	(301,245)
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	14,524,400
Claims and similar costs that do not use current financial resources are not reported as expenditures in the governmental funds	(902,855)
Change in Net Position of Governmental Activities	<u>\$ 25,593,830</u>

June 30, 2025

Note 1 - Nature of Business

West Bloomfield School District (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

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

Reporting Entity

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

Report Presentation

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

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in 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 School District has spent its resources.

Expenditures are reported when goods are received or services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the School District's ability to spend resources in the future. 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 recorded until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

June 30, 2025**Note 2 - Significant Accounting Policies (Continued)**

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

Fund Accounting

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

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The 2023 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for the purchase of buses and building improvements. This fund will operate until the purpose for which it was created is accomplished.
- The 2025 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for the purchase of buses and building improvements. This fund will operate until the purpose for which it was created is accomplished.
- The Debt Fund is used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

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

- The sinking fund is used to account for construction and repair of buildings that are funded by a specific millage.
- The 2020 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for the purchase of buses and building improvements. This fund will operate until the purpose for which it was created is accomplished.
- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes. The School District's special revenue funds are the Cafeteria, Community Education, and Student Activities funds. Any operating deficit generated by these activities is the responsibility of the General Fund. The main sources of revenue for these funds are food sales to pupils, free/reduced breakfast and lunch reimbursements from federal funds, tuition from community education programs, fundraising revenue, and donations earned and received by student groups.

June 30, 2025**Note 2 - Significant Accounting Policies (Continued)****Interfund Activity**

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

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

Specific Balances and Transactions**Cash and Investments**

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

Inventories and Prepaid Costs

Inventories are valued at cost on a first-in, first-out basis. Inventories are accounted for using the consumption method, are recorded as expenditures when consumed rather than when purchased, and include commodities within the Cafeteria Fund. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Restricted Assets

The unspent bond proceeds and related interest of the 2025, 2023, and 2020 capital projects bonds, the cash proceeds from the sinking fund millage, and cash proceeds from the issuance of a term note for the Sinking Fund are required to be set aside for capital projects. Additionally, the Debt Fund's cash is required to be used for future bond payments. As such, these amounts have been classified as restricted assets.

Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and leased assets (further defined in the lease section below), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets also include leased assets, which the accounting for is further defined in the leases paragraph that follows. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repairs and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

June 30, 2025

Note 2 - Significant Accounting Policies (Continued)

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

	Depreciable Life - Years
Buildings and improvements	5 to 50
Furniture and equipment	5 to 25
Buses and other vehicles	5 to 15
Leased assets	5

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

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

The School District reports deferred outflows related to the deferred charges for the unfunded pension and OPEB benefit obligation.

In addition to liabilities, the statement of net position and/or balance sheet reports deferred inflows of resources, which represent acquisitions of net position that apply to future periods and will not be recognized as inflows of resources (revenue) until that time.

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

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted 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 investment in capital assets or restricted.

Net Position Flow Assumption

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

June 30, 2025**Note 2 - Significant Accounting Policies (Continued)****Fund Balance Flow Assumptions**

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

Fund Balance Policies

Fund balances of governmental funds are 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 School District can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

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

The School District's fund balance policy prescribes the minimum fund balance as 15 percent of expenditures in the General Fund. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year.

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1. Taxes are considered to be delinquent on March 1 of the following year. At this time, penalties and interest are assessed, and the total obligation is added to the county tax rolls. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

June 30, 2025**Note 2 - Significant Accounting Policies (Continued)****Grants and Contributions**

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

Pension and Other Postemployment Benefit (OPEB) Plans

For the purpose of measuring the net pension liability and net OPEB asset deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (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.

Unearned/Unavailable Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the fiscal year, the School District recorded unearned revenue related to unspent state grants and the over levy of the hold harmless millage totaling \$1,735,277.

Compensated Absences (Vacation and Sick Leave)

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

Use of Estimates

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

Adoption of New Accounting Pronouncement

During the year, the School District adopted GASB 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. The adoption of this pronouncement did not have a significant impact to the School District's financial statements.

June 30, 2025

Note 2 - Significant Accounting Policies (Continued)***Upcoming Accounting Pronouncements***

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

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104, *Disclosure of Certain Capital Assets*, which requires certain types of capital assets, such as lease assets, intangible right-of-use assets, subscription assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital assets note. This statement also requires additional disclosures for capital assets held for sale. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2026.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 15, 2025, which is the date the financial statements were available to be issued.

Accounting Changes and Error Corrections**Changes to or within the Financial Reporting Entity*****Change in Major Funds***

The 2020 Capital Projects Fund was previously reported as major fund but is now reported as nonmajor fund for fiscal year 2025. The effects of this change in major funds are shown in the table below.

Adjustments to and Restatements of Beginning Balances

During fiscal year 2025, the changes noted above resulted in adjustments to and restatements of beginning net position and fund net position as follows:

	<u>June 30, 2024</u>		<u>June 30, 2024</u>
	As Previously Reported	Change to or within the Financial Reporting Entity	As Restated
Governmental funds:			
Major funds:			
General Fund	\$ 14,403,956	\$ -	\$ 14,403,956
Formerly major - 2020 Capital Projects Fund	6,107,838	(6,107,838)	-
2023 Capital Projects Fund	78,396,071	-	78,396,071
Debt Fund	2,752,628	-	2,752,628
Nonmajor funds	<u>7,533,543</u>	<u>6,107,838</u>	<u>13,641,381</u>
Total governmental funds	<u>\$ 109,194,036</u>	<u>\$ -</u>	<u>\$ 109,194,036</u>

June 30, 2025**Note 3 - Stewardship, Compliance, and Accountability*****Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds, except that capital outlay is budgeted in other expenditure categories on a functional basis. The actual amounts in the budget-to-actual statement have been presented in the same classification as the budget. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc. are not recorded during the year. Budget appropriations are considered to be spent once goods are delivered or services are rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant unfavorable expenditure budget variances.

Capital Projects Fund Compliance

The 2023 and 2025 Capital Projects funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

Beginning with the year of bond issuance, the School District has reported the annual construction activity in the 2020 Capital Projects Fund. The projects for which the 2020 Capital Projects bond were issued were considered substantially complete on June 30, 2025, and the cumulative expenditures recognized for the construction period were \$70,091,105.

The Sinking Fund accounts for capital expenditures funded with the sinking fund millage. For these funds, the School District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code.

Note 4 - Deposits and Investments

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

The School District has designated two banks 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 Michigan Liquid Asset Fund (MILAF) cash management funds and a 14-day redemption limitation on MILAF MAX Class funds. Redemptions made prior to the applicable 14-day period are subject to penalty equal to 15 days' interest on the amounts redeemed.

June 30, 2025

Note 4 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of \$28,681,700 included bank deposits of \$28,181,700 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. There were no investment securities held at June 30, 2025 that were uninsured and unregistered.

Interest Rate Risk

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

Investment	Carrying Value	Weighted- average Maturity (Years)
U.S. Treasury bonds/notes	\$ 16,627,757	0.57
Federal agency bonds/notes	39,436,553	0.80
Total	<u>\$ 56,064,310</u>	

June 30, 2025

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 School District's investment policy does not further limit its investment choices. The School District has no oversight of the investee organizations, and the fair value of the pool approximates the fair value of the shares owned. The School District's investments in the Michigan Liquid Asset Fund are broken out as follows:

Investment	Carrying Value	Rating	Rating Organization
MILAF+ Cash Management Class	\$ 62,631,521	AAAm	S&P
MILAF Managed Account	56,064,310	AA+	S&P
MILAF+ MAX Class	1,107,531	AAAm	S&P
Total	<u>\$ 119,803,362</u>		

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The School District minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. All of the School District's investments are in money market funds and other qualified stable investments.

At June 30, 2025, the investments in U.S. Treasury bonds/notes and federal agency bonds/notes represent approximately 14 percent and 33 percent, respectively, of total investments.

Foreign Currency Risk

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

June 30, 2025

Note 5 - Capital Assets

Capital asset activity of the School District was as follows:

Governmental Activities

	Balance July 1, 2024	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated or amortized:					
Land	\$ 7,764,664	\$ -	\$ -	\$ -	\$ 7,764,664
Construction in progress	3,956,860	(2,989,219)	13,398,828	-	14,366,469
Capital assets being depreciated or amortized:	11,721,524	(2,989,219)	13,398,828	-	22,131,133
Capital assets being depreciated:					
Buildings and improvements	219,833,697	2,989,219	7,287,638	-	230,110,554
Furniture and equipment	41,208,460	-	1,890,844	-	43,099,304
Buses and other vehicles	6,863,549	-	18,459	(57,491)	6,824,517
Financed purchase - Copiers	323,095	-	-	-	323,095
Leased assets - Buildings	504,790	-	-	-	504,790
Subtotal	268,733,591	2,989,219	9,196,941	(57,491)	280,862,260
Accumulated depreciation:					
Buildings and improvements	75,092,281	-	5,975,804	-	81,068,085
Furniture and equipment	24,775,829	-	2,675,217	-	27,451,046
Buses and other vehicles	4,782,996	-	419,533	(51,742)	5,150,787
Accumulated amortization - Financed purchase - Copiers	188,472	-	64,619	-	253,091
Accumulated amortization - Leased assets - Buildings	378,592	-	126,197	-	504,789
Subtotal	105,218,170	-	9,261,370	(51,742)	114,427,798
Net capital assets being depreciated	163,515,421	2,989,219	(64,429)	(5,749)	166,434,462
Net governmental activities capital assets	\$ 175,236,945	\$ -	\$ 13,334,399	\$ (5,749)	\$ 188,565,595

Depreciation and amortization expense was charged to programs of the School District as follows:

Governmental activities:	
Instruction	\$ 5,556,822
Support services	3,704,548
Total governmental activities	\$ 9,261,370

Construction Commitments

The School District has active construction projects at year end related to the Sinking Fund and the 2020, 2023, and 2025 Capital Projects funds. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Sinking Fund and 2023 and 2025 Capital Projects funds	\$ 14,366,469	\$ 41,367,533

June 30, 2025

Note 6 - Interfund Receivables, Payables, and Transfers

Interfund transfers include transfers between the special revenue funds and the General Fund. Transfers to the General Fund from the Community Education Fund totaled \$97,329 to transfer a portion of the fund's surplus to the General Fund. Additionally, there was a transfer of \$41,274 from the Cafeteria Fund to the General Fund related to indirect cost charges, as allowed by federal and state regulation.

Note 7 - Long-term Debt

Long-term debt activity for the year ended June 30, 2025 can be summarized as follows:

Governmental Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and notes payable:					
Direct borrowings - Sinking Fund loan	\$ 2,000,000	\$ -	\$ (650,000)	\$ 1,350,000	\$ 665,000
Other debt - General obligation bonds payable	161,640,000	44,790,000	(9,025,000)	197,405,000	7,900,000
Unamortized bond premiums	13,924,261	2,250,419	(865,912)	15,308,768	978,333
Total bonds and notes payable	177,564,261	47,040,419	(10,540,912)	214,063,768	9,543,333
Leases	93,549	-	(93,549)	-	-
Financed purchase - Copier lease	151,004	-	(83,888)	67,116	61,939
Compensated absences	1,230,704	-	(76,499)	1,154,205	288,551
Arbitrage liability	1,760,925	902,855	-	2,663,780	306,408
Total governmental activities long-term debt	<u>\$ 180,800,443</u>	<u>\$ 47,943,274</u>	<u>\$ (10,794,848)</u>	<u>\$ 217,948,869</u>	<u>\$ 10,200,231</u>

Sinking Fund Loan

During the year ended June 30, 2019, the School District borrowed \$5,000,000 from a bank for the purpose of financing certain critical authorized improvements to school facilities that are eligible for payment from the School District's sinking fund millage. The loan matures on June 1, 2027 and requires annual principal payments due on June 1 and semiannual interest payments due on June 1 and December 1 at a 2.30 percent interest rate. The loan is considered a direct borrowing, as the School District has engaged in a loan directly with a bank. The School District has pledged dollars to be collected from its voter-approved Sinking Fund levy as collateral against the required principal and interest payments of the loan.

June 30, 2025

Note 7 - Long-term Debt (Continued)

General Obligation Bonds

The School District issues general obligation bonds to provide for the acquisition of certain equipment and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. General obligations outstanding at June 30, 2025 are as follows:

	Annual Installments	Interest Rates (Percent)	Maturing	Outstanding
Governmental Activities				
2010 Bond Issue - \$15,000,000 serial nonqualified bonds	\$1,250,000	6.70*	2027	\$ 2,500,000
2017 Bond Issue - \$42,915,000 serial nonqualified bonds	\$2,200,000 - \$3,075,000	5.00	2037	32,250,000
2020 Bond Issue - \$68,710,000 serial nonqualified bonds	\$2,850,000 - \$4,185,000	3.00	2040	52,710,000
2023 Bond Issue - \$70,030,000 serial nonqualified bonds	\$1,000,000 - \$5,965,000	5.00	2043	65,155,000
2025 Bond Issue - \$44,790,000 serial nonqualified bonds	500,000 - 8,330,000	5.00	2045	44,790,000
Total				<u>\$ 197,405,000</u>

*Interest is subsidized up to a maximum of 5.90 percent.

Other Long-term Liabilities

Other long-term obligations include employee compensated absences, leases, and financed purchases, which will be liquidated primarily by the General Fund. The table above discloses the net change in the compensated absence liability of the School District. The net pension liability will be liquidated from the funds from which the individual employee's salaries are paid, generally the General Fund. The arbitrage liability is attributable to the 2020, 2023, and 2025 School Building and Site bonds and will be satisfied using investment earnings from those bond funds as it becomes due and payable.

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities					
	Bonds Payable			Direct Placement Borrowings		
	Principal	Interest	Interest Subsidy	Principal	Interest	Total
2026	\$ 7,900,000	\$ 8,603,496	\$ (142,500)	\$ 665,000	\$ 18,055	\$ 17,044,051
2027	8,230,000	8,499,300	(71,250)	685,000	2,760	17,345,810
2028	7,815,000	8,125,050	-	-	-	15,940,050
2029	8,565,000	7,794,800	-	-	-	16,359,800
2030	8,770,000	7,428,550	-	-	-	16,198,550
2031-2035	51,085,000	31,048,500	-	-	-	82,133,500
2036-2040	57,530,000	19,284,250	-	-	-	76,814,250
2041-2045	47,510,000	7,092,000	-	-	-	54,602,000
Total	<u>\$ 197,405,000</u>	<u>\$ 97,875,946</u>	<u>\$ (213,750)</u>	<u>\$ 1,350,000</u>	<u>\$ 20,815</u>	<u>\$ 296,438,011</u>

June 30, 2025**Note 8 - Risk Management**

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for property loss, general liability, and medical claims. The School District participates in the SET-SEG shared-risk pool for claims relating to workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the School District 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. The SET-SEG risk pool operates as a claims servicing pool for amounts up to member retention limits and operates as a common risk-sharing management program for losses in excess of member retention amounts. Although premiums are paid annually to the service pool that the service pool uses to pay claims up to the retention limits, the ultimate liability for those claims remains with the School District.

Note 9 - Michigan Public School Employees' Retirement System***Plan Description***

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

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools> or by writing to the Office of Retirement Services at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

Benefits Provided

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

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

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

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

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

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

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

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

Contributions

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

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

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

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

The ranges of rates are as follows:

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

June 30, 2025**Note 9 - Michigan Public School Employees' Retirement System (Continued)**

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2025 were \$14,585,159, which includes the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$3,816,333 in revenue received from the State of Michigan and remitted to the System to fund the MPERS unfunded actuarial accrued liability (UAAL) stabilization rate as well as \$867,468 of a one-time state payment received and remitted to the System for the purpose of contribution additional assets to the System.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2025 were \$1,262,702, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2025, the School District reported a liability of \$87,674,504 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated liability to September 30, 2024. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the School District's proportion was 0.36 and 0.38 percent, respectively, representing a change of (4.69) percent.

Net OPEB Asset

At June 30, 2025, the School District reported an asset of \$14,971,373 for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2025 was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated asset to September 30, 2024. The School District's proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the School District's proportion was 0.35 and 0.36 percent, respectively, representing a change of (4.23) percent.

June 30, 2025

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

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

For 2025, the School District recognized pension expense of \$6,354,320, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,378,671	\$ (952,595)
Changes in assumptions	9,140,587	(6,423,768)
Net difference between projected and actual earnings on pension plan investments	-	(16,732,012)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	1,158,320	(5,746,186)
The School District's contributions to the plan subsequent to the measurement date	12,300,037	-
Total	<u>\$ 24,977,615</u>	<u>\$ (29,854,561)</u>

The \$4,683,801 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, 2026. 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
2026	\$ (3,681,052)
2027	(945,134)
2028	(7,643,190)
2029	(4,907,607)
Total	<u>\$ (17,176,983)</u>

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

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

For the year ended June 30, 2025, the School District recognized OPEB recovery of \$5,482,577.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (15,865,083)
Changes in assumptions	3,269,963	(375,855)
Net difference between projected and actual earnings on OPEB plan investments	-	(2,834,253)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	545,609	(1,105,045)
Employer contributions to the plan subsequent to the measurement date	256,635	-
Total	<u>\$ 4,072,207</u>	<u>\$ (20,180,236)</u>

June 30, 2025

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

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

Years Ending	Amount
2026	\$ (5,182,895)
2027	(3,151,295)
2028	(3,161,488)
2029	(2,940,589)
2030	(1,630,207)
Thereafter	(298,190)
Total	<u>\$ (16,364,664)</u>

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2024 are based on the results of an liability actuarial valuation as of September 30, 2023 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75 percent
Health care cost trend rate - OPEB	6.50% - 7.25%	Year 1 graded to 3.5 percent in year 15
Mortality basis		PubT-2010 Male and Female Employee Mortality Tables, scaled 100 percent (retirees: 116 percent for males and 116 percent for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension liability and OPEB liability as of September 30, 2024 are based on the results of an actuarial valuation date of September 30, 2023 and rolled forward using generally accepted actuarial procedures, including the experience study.

Significant assumption changes since the prior measurement date, September 30, 2023, for the OPEB plan include a decrease in the health care cost trend rate of 0.25 percentage points for members under 65 and an increase of 0.25 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, 2023.

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, 2025

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 %	5.30 %
Private equity pools	16.00	9.00
International equity pools	15.00	6.50
Fixed-income pools	13.00	2.20
Real estate and infrastructure pools	10.00	7.10
Absolute return pools	9.00	5.20
Real return/opportunistic pools	10.00	6.90
Short-term investment pools	2.00	1.40
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.3 percent.

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	\$ 128,531,765	\$ 87,674,504	\$ 53,652,973

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB asset of the School District	\$ 11,570,001	\$ 14,971,373	\$ 17,912,219

June 30, 2025

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 School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB asset would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1 Percentage Point Decrease</u>	<u>Current Rate</u>	<u>1 Percentage Point Increase</u>
Net OPEB asset of the School District	\$ 17,912,251	\$ 14,971,373	\$ 11,817,298

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, 2025, the School District reported a payable of \$2,993,022 and \$57,798 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2025.

Required Supplementary Information

West Bloomfield School District

Required Supplementary Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 14,460,524	\$ 14,259,395	\$ 14,193,123	\$ (66,272)
State sources	55,152,419	59,146,247	58,058,534	(1,087,713)
Federal sources	2,111,237	2,940,994	2,627,675	(313,319)
Interdistrict sources	6,764,220	6,950,814	7,014,612	63,798
Total revenue	78,488,400	83,297,450	81,893,944	(1,403,506)
Expenditures				
Current:				
Instruction:				
Basic programs	35,150,465	34,507,810	33,063,572	(1,444,238)
Added needs	12,269,848	12,784,648	12,244,423	(540,225)
Adult/Continuing education	157,070	164,746	156,269	(8,477)
Total instruction	47,577,383	47,457,204	45,464,264	(1,992,940)
Support services:				
Pupil	6,808,318	7,839,721	7,029,125	(810,596)
Instructional staff	5,942,566	6,138,163	5,295,635	(842,528)
General administration	946,590	918,635	817,751	(100,884)
School administration	4,391,146	4,477,332	4,319,594	(157,738)
Business	842,850	879,369	866,041	(13,328)
Operations and maintenance	5,936,698	5,913,261	6,031,292	118,031
Pupil transportation services	3,744,657	4,165,433	3,948,257	(217,176)
Central	3,057,313	3,213,323	2,984,765	(228,558)
Total support services	31,670,138	33,545,237	31,292,460	(2,252,777)
Athletics and co-curricular activities	1,379,564	1,405,431	1,256,942	(148,489)
Community services and nonpublic school pupils	399,442	412,183	393,792	(18,391)
Debt service:				
Principal	177,437	177,437	177,437	-
Interest	57,615	57,615	57,615	-
Total expenditures	81,261,579	83,055,107	78,642,510	(4,412,597)
Excess of Revenue (Under) Over Expenditures	(2,773,179)	242,343	3,251,434	3,009,091
Other Financing Sources (Uses)				
Transfers in	80,000	137,329	138,603	1,274
Transfers out	(80,685)	-	-	-
Total financing (uses) sources	(685)	137,329	138,603	1,274
Net Change in Fund Balance	(2,773,864)	379,672	3,390,037	3,010,365
Fund Balance - Beginning of year	14,403,956	14,403,956	14,403,956	-
Fund Balance - End of year	<u>\$ 11,630,092</u>	<u>\$ 14,783,628</u>	<u>\$ 17,793,993</u>	<u>\$ 3,010,365</u>

West Bloomfield School District

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

	Last Ten Plan Years									
	Plan Years Ended September 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	0.35812 %	0.37574 %	0.38323 %	0.37216 %	0.36805 %	0.36892 %	0.36343 %	0.35582 %	0.36392 %	0.38179 %
School District's proportionate share of the net pension liability	\$ 87,674,504	\$ 121,611,555	\$ 144,126,729	\$ 88,110,768	\$ 126,428,334	\$ 122,173,092	\$ 109,252,452	\$ 92,209,081	\$ 90,795,798	\$ 93,251,748
School District's covered payroll	\$ 36,614,974	\$ 36,251,664	\$ 37,333,568	\$ 33,871,056	\$ 32,688,786	\$ 32,150,589	\$ 31,453,597	\$ 29,693,733	\$ 30,006,650	\$ 31,726,461
School District's proportionate share of the net pension liability as a percentage of its covered payroll	239.45 %	335.46 %	386.05 %	260.14 %	386.76 %	380.00 %	347.34 %	310.53 %	302.59 %	293.92 %
Plan fiduciary net position as a percentage of total pension liability	74.44 %	65.91 %	60.77 %	72.32 %	59.49 %	62.12 %	62.12 %	63.96 %	63.01 %	62.92 %

West Bloomfield School District

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

	Last Ten Fiscal Years Years Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 14,193,203	\$ 14,591,674	\$ 17,206,283	\$ 12,470,545	\$ 10,767,136	\$ 10,120,528	\$ 9,735,253	\$ 8,941,001	\$ 8,631,430	\$ 8,534,354
Contributions in relation to the statutorily required contribution	14,193,203	14,591,674	17,206,283	12,470,545	10,767,136	10,120,528	9,735,253	8,941,001	8,631,430	8,534,354
Contribution Excess (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 36,499,170	\$ 36,727,047	\$ 36,381,502	\$ 35,545,206	\$ 32,963,984	\$ 32,721,784	\$ 31,971,237	\$ 29,776,265	\$ 31,203,571	\$ 30,032,324
Contributions as a Percentage of Covered Payroll	38.89 %	39.73 %	47.29 %	35.08 %	32.66 %	30.93 %	30.45 %	30.03 %	27.66 %	28.42 %

West Bloomfield School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability

Michigan Public School Employees' Retirement System

	Last Eight Plan Years							
	Plan Years Ended September 30							
	2024	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB (asset) liability	0.34782 %	0.36318 %	0.38390 %	0.37461 %	0.36868 %	0.36800 %	0.37001 %	0.35530 %
School District's proportionate share of the net OPEB (asset) liability	\$ (14,971,373)	\$ (2,054,491)	\$ 8,131,207	\$ 5,717,924	\$ 19,751,407	\$ 26,414,114	\$ 29,412,219	\$ 31,463,232
School District's covered payroll	\$ 36,614,974	\$ 36,251,664	\$ 37,333,568	\$ 33,871,056	\$ 32,688,786	\$ 32,150,589	\$ 31,453,597	\$ 29,693,733
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(40.89)%	(5.67)%	21.78 %	16.88 %	60.42 %	82.16 %	93.51 %	105.96 %
Plan fiduciary net position as a percentage of total OPEB liability	143.08 %	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

West Bloomfield School District

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

	Last Eight Fiscal Years Years Ended June 30							
	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution \$	986,390	\$ 2,924,162	\$ 2,859,586	\$ 2,829,398	\$ 2,686,977	\$ 2,618,397	\$ 2,503,907	\$ 2,145,603
Contributions in relation to the statutorily required contribution	986,390	2,924,162	2,859,586	2,829,398	2,686,977	2,618,397	2,503,907	2,145,603
Contribution Excess (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 36,499,170	\$ 36,727,047	\$ 36,381,502	\$ 35,545,206	\$ 32,963,984	\$ 32,721,784	\$ 31,971,237	\$ 29,776,265
Contributions as a Percentage of Covered Payroll	2.70 %	7.96 %	7.86 %	7.96 %	8.15 %	8.00 %	7.83 %	7.21 %

June 30, 2025

Pension Information

The required contributions for the year ended June 30, 2025 include a one-time contribution of \$867,468, referred to as 147c(2), related to funding received from the State and remitted to the System for the purpose of contributing additional assets to the System.

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 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:

- 2024 - The health care cost trend rate used in the September 30, 2024 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage points for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2022 actuarial valuation decreased by 0.95 percentage points. This resulted in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.

June 30, 2025

- 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.
- 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

West Bloomfield School District

Other Supplementary Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2025

	Special Revenue Funds			Capital Project Funds		
	Cafeteria	Student Activities	Community Education	Sinking	2020 Capital Projects	Total
Assets						
Cash and investments	\$ 3,332,379	\$ 785,979	\$ 342,948	\$ -	\$ -	\$ 4,461,306
Receivables - Due from other governments	56,027	-	-	-	-	56,027
Inventory	26,002	-	-	-	-	26,002
Prepaid costs and other assets	8,895	-	-	-	-	8,895
Restricted assets	-	-	-	4,456,910	2,029,882	6,486,792
Total assets	<u>\$ 3,423,303</u>	<u>\$ 785,979</u>	<u>\$ 342,948</u>	<u>\$ 4,456,910</u>	<u>\$ 2,029,882</u>	<u>\$ 11,039,022</u>
Liabilities						
Accounts payable	\$ 702,962	\$ 7,789	\$ -	\$ 1,488,968	\$ 38,839	\$ 2,238,558
Accrued liabilities and other	7,055	-	35,085	-	-	42,140
Unearned revenue	59,982	-	61,136	-	-	121,118
Total liabilities	769,999	7,789	96,221	1,488,968	38,839	2,401,816
Fund Balances						
Nonspendable:						
Inventory	26,002	-	-	-	-	26,002
Prepaid costs	8,895	-	-	-	-	8,895
Restricted:						
Capital projects	-	-	-	2,967,942	1,991,043	4,958,985
Food service	2,618,407	-	-	-	-	2,618,407
Committed	-	778,190	246,727	-	-	1,024,917
Total fund balances	2,653,304	778,190	246,727	2,967,942	1,991,043	8,637,206
Total liabilities and fund balances	<u>\$ 3,423,303</u>	<u>\$ 785,979</u>	<u>\$ 342,948</u>	<u>\$ 4,456,910</u>	<u>\$ 2,029,882</u>	<u>\$ 11,039,022</u>

West Bloomfield School District

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

Year Ended June 30, 2025

	Special Revenue Funds			Capital Project Funds		
	Cafeteria	Student Activities	Community Education	Sinking	2020 Capital Projects	Total
Revenue						
Local sources	\$ 375,508	\$ 818,340	\$ 1,876,627	\$ 3,011,762	\$ -	\$ 6,082,237
State sources	1,584,142	-	-	-	-	1,584,142
Federal sources	1,308,900	-	-	-	-	1,308,900
Total revenue	3,268,550	818,340	1,876,627	3,011,762	-	8,975,279
Expenditures						
Current:						
Support services	-	918,934	-	215,175	-	1,134,109
Food services	3,043,631	-	-	-	-	3,043,631
Community services	-	-	1,571,657	-	-	1,571,657
Debt service:						
Principal	-	-	-	650,000	-	650,000
Interest	-	-	-	46,639	-	46,639
Capital outlay	612,397	-	-	2,665,623	4,116,795	7,394,815
Total expenditures	3,656,028	918,934	1,571,657	3,577,437	4,116,795	13,840,851
Excess of Revenue (Under) Over Expenditures	(387,478)	(100,594)	304,970	(565,675)	(4,116,795)	(4,865,572)
Other Financing Uses - Transfers out	(41,274)	-	(97,329)	-	-	(138,603)
Net Change in Fund Balances	(428,752)	(100,594)	207,641	(565,675)	(4,116,795)	(5,004,175)
Fund Balances - Beginning of year, as previously reported	3,082,056	878,784	39,086	3,533,617	-	7,533,543
Change within Financial Reporting Entity (Note 2)	-	-	-	-	6,107,838	6,107,838
Fund Balances - Beginning of year, as adjusted or restated	3,082,056	878,784	39,086	3,533,617	6,107,838	13,641,381
Fund Balances - End of year	\$ 2,653,304	\$ 778,190	\$ 246,727	\$ 2,967,942	\$ 1,991,043	\$ 8,637,206

West Bloomfield School District

Other Supplementary Information Schedule of Bonded Indebtedness

June 30, 2025

Years Ending June 30	2010 Bond	2017 Bond	2020 Bond	2023 Bond	2025 Bond	Total
	Principal	Principal	Principal	Principal	Principal	
2026	\$ 1,250,000	\$ 2,200,000	\$ 2,850,000	\$ 1,000,000	\$ 600,000	\$ 7,900,000
2027	1,250,000	2,300,000	2,925,000	1,155,000	600,000	8,230,000
2028	-	2,400,000	3,025,000	1,890,000	500,000	7,815,000
2029	-	2,500,000	3,100,000	2,465,000	500,000	8,565,000
2030	-	2,600,000	3,175,000	2,495,000	500,000	8,770,000
2031	-	2,675,000	3,300,000	2,915,000	500,000	9,390,000
2032	-	2,750,000	3,400,000	3,165,000	500,000	9,815,000
2033	-	2,825,000	3,500,000	3,320,000	535,000	10,180,000
2034	-	2,900,000	3,600,000	3,445,000	675,000	10,620,000
2035	-	2,975,000	3,700,000	3,580,000	825,000	11,080,000
2036	-	3,050,000	3,825,000	3,715,000	840,000	11,430,000
2037	-	3,075,000	3,925,000	3,850,000	1,075,000	11,925,000
2038	-	-	4,050,000	4,680,000	2,310,000	11,040,000
2039	-	-	4,150,000	4,810,000	2,440,000	11,400,000
2040	-	-	4,185,000	4,940,000	2,610,000	11,735,000
2041	-	-	-	5,815,000	4,100,000	9,915,000
2042	-	-	-	5,950,000	4,460,000	10,410,000
2043	-	-	-	5,965,000	4,960,000	10,925,000
2044	-	-	-	-	7,930,000	7,930,000
2045	-	-	-	-	8,330,000	8,330,000
Total remaining payments	<u>\$ 2,500,000</u>	<u>\$ 32,250,000</u>	<u>\$ 52,710,000</u>	<u>\$ 65,155,000</u>	<u>\$ 44,790,000</u>	<u>\$ 197,405,000</u>
Interest rate	6.70%	5.00%	3.00%	5.00%	5.00%	
Original issue	<u>\$ 15,000,000</u>	<u>\$ 42,915,000</u>	<u>\$ 68,710,000</u>	<u>\$ 70,030,000</u>	<u>\$ 44,790,000</u>	<u>\$ 241,445,000</u>

Principal payments for the bond issues are due on May 1 of each year.

Interest payments for the bond issues are due on May 1 and November 1 of each year.