

Marshall Public Schools

Financial Statements

June 30, 2025



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**BUSINESS SUCCESS
PARTNERS**

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Marshall Public Schools
Members of the Board of Education and Administration
June 30, 2025

Members of the Board of Education

Ms. Amanda Lanker -- President

Ms. Shawna Gamble – Vice President

Mr. Matt Davis -- Treasurer

Mr. Derek Allen -- Secretary

Ms. Lauren Brown -- Trustee

Mr. Mark Machalka -- Trustee

Mr. Gerald Underhill-- Trustee

Administration

Ms. Rebecca Jones -- Superintendent

Mrs. Kendra Leib – Director of Finance

Independent Auditors' Report

Management and the Board of Education
Marshall Public Schools
Marshall, Michigan

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 15 to the financial statements, during the year ended June 30, 2025, the School District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marshall Public Schools' basic financial statements. The other 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 other supplementary information, as identified in the table of contents, 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, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2025 on our consideration of Marshall Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Marshall Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Marshall Public Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Kalamazoo, Michigan
October 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Marshall Public Schools
Management's Discussion and Analysis
June 30, 2025

This section of Marshall Public Schools' (the "District") annual financial report presents its discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

• Total net position	\$ (12,045,462)
• Change in total net position	9,998,498
• Fund balances, governmental funds	24,386,301
• Change in fund balances, governmental funds	3,393,322
• Unassigned fund balance, general fund	5,433,318
• Change in fund balance, general fund	790,813
• Installment debt outstanding	36,800,000
• Change in installment debt	(310,000)

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Marshall Public Schools
Management's Discussion and Analysis
June 30, 2025

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, supporting services, community service, athletics and food service. The District had no business-type activities during the year.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District are *governmental funds*.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains numerous individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and the 2010A debt service fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its general and special revenue funds. A budgetary comparison statement has been provided for the general fund herein to demonstrate compliance with that budget.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Marshall Public Schools

Management's Discussion and Analysis

June 30, 2025

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management's discussion and analysis and the schedules for the MPSERS pension and other postemployment benefit plan immediately following the notes to the financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the above required supplementary information.

Financial Analysis of the District as a Whole

On June 30, 2025, the District had total assets of \$98.5 million, liabilities of \$110.5 million, and net position of \$(12) million. Figure Table 1, provides a summary of net position as of June 30, 2025 and June 30, 2024.

Table 1

	Governmental Activities	
	June 30	
	2025	2024
Assets		
Current and other assets	\$ 32,257,931	\$ 30,438,384
Property and equipment	45,008,776	43,248,485
Net OPEB asset	7,059,238	-
Deferred outflows of resources	14,203,768	20,313,985
Totals assets	<u>98,529,713</u>	<u>94,000,854</u>
Liabilities		
Current liabilities	8,165,460	9,207,890
Noncurrent liabilities	78,654,281	92,684,342
Deferred inflows of resources	23,755,434	13,896,980
Total liabilities	<u>110,575,175</u>	<u>115,789,212</u>
Net Position		
Net investment in capital assets	7,457,732	5,623,385
Restricted	22,348,080	13,782,413
Unrestricted (deficit)	(41,851,274)	(41,194,156)
Total net position	<u>\$ (12,045,462)</u>	<u>\$ (21,788,358)</u>

Table 2

	Governmental Activities	
	June 30	
	2025	2024
Revenue		
Program revenue:		
Charges for services	\$ 1,400,780	\$ 1,478,363
Operating grants and contributions	22,031,615	20,310,993
Capital grants and contributions	474,653	
General Revenue:		
Property taxes	11,674,724	10,926,323
State foundation allowance	17,845,633	17,816,017
Other	912,194	762,158
Total revenue	<u>54,339,599</u>	<u>51,293,854</u>
Functions/Program Expenses		
Instruction	22,128,694	20,067,453
Support services	17,873,043	19,482,907
Food services	2,184,952	1,950,589
Athletics	-	752,387
Community services	497,143	373,472
Depreciation (unallocated)	-	-
Interest and other charges on long-term debt	1,657,269	1,753,087
Total functions/program expenses	<u>44,341,101</u>	<u>44,379,895</u>
Change in Net Position	9,998,498	6,913,959

Marshall Public Schools
Management's Discussion and Analysis
June 30, 2025

The District is required to report its proportionate share of the MPSERS net pension liability and net other postemployment benefits asset on the statement of net position. This results in a negative total net position of governmental activities of \$12,045,462. Of this amount, \$(41,851,274) is unrestricted net position (deficit) and \$22,348,080 represents resources that are subject to external restrictions on how they may be used. The operating results of the general fund will have a significant impact on the change in unrestricted net position from year to year. Operating grants and contributions increased by \$1,720,622 from 2024 to 2025 as a result of ESSER formula funds. Charges for services decreased by \$77,583 in the current year due to the decrease in FTE from the special education reimbursement allowed costs. Property tax revenues increased by \$748,401 from 2024 to 2025 as a result of an increase in property tax values. Instruction expenses increased by \$2,061,241 in 2025 in comparison to 2024 primarily due to wage increases. Supporting services expenses decreased by \$1,609,864 in 2025 in comparison to 2024 primarily due to decreased support staff positions from grant funding.

Financial Analysis of the District's Funds

For the 2024-25 school year, the District's combined governmental fund balances increased by approximately \$3.3 million.

General Fund. The general fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the general fund was \$8.2 million. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Total fund balance represents approximately 18% of general fund expenditures.

The fund balance of the District's general fund increased \$790,813 during the current fiscal year. This is attributable to an increase in MSPERS off setting revenues.

2010A Debt Service Fund. Fund balance for this fund was \$12.6 million as of June 30, 2025, which is restricted for debt service.

Marshall Public Schools
Management's Discussion and Analysis
June 30, 2025

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget to recognize unexpected changes in revenues and expenditures. The final budgeted amounts for revenue were greater than originally budgeted and the expenditures were more than originally budgeted. Significant items causing budget adjustments are discussed below:

- By state law, Marshall Public Schools' Board of Education must approve a balanced budget, effective July 1 of each year. At the same time, the State Legislature's fiscal year does not begin until October 1 of the same year.
- Over the course of the year, the District must revise its budgets as additional information ranging from student enrollment counts to unanticipated changes in costs. These budget adjustments are necessary to ensure that expenditures do not exceed the Board authorized budget in violation of State law.

The change between the original and final amended budget for revenues was an increase of \$6.4 million. State sources increased by \$3 million due to the original budget being adopted by the Board of Education when the State's budget had not been finalized. It was estimated that the foundation allowance would increase by \$241 which would have been \$9,849 per pupil, but the actual received was a \$0 change keeping it at \$9,608 per pupil. We also received an increase in At-Risk funds and additional MPSERS contributions. For 2025-26 it was estimated that the foundation allowance would increase by \$392 which would be \$10,000 per pupil. Federal sources increased by \$528,000 to match the District's final allocation of the ESSER and Title awards. Local sources increased by \$2.1 million due to local grants and donations to support the district stadium project.

The change between the original and final amended budget for expenditures was an increase of \$4.7 million over the original budget. Total instruction costs decreased by \$1,062,696, which included increased wages, benefits, but most of the costs were moved to supporting services due to grant funding. Total supporting services decreased by \$4,203,560, mostly due to moving the ESSER projects from our Operations support services to capital outlay. Capital outlay increased by \$7,640,110 because some of the ESSER projects experienced supply chain issues, so the funds were not expensed until FY 2025. Also in June 2025 the MCCU Stadium project began.

The actual revenues of \$45.7 million were less than budgeted by \$1.5 million whereas the \$45 million of expenditures were \$2.4 million lower than budget. The actual revenues were greater than budget as a result of additional state and federal revenues. The actual expenditures were less than budget as a result of grant dollars expended in the next fiscal year, and some major capital projects that occur in the summer.

Marshall Public Schools

Management's Discussion and Analysis

June 30, 2025

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2025, the District had invested \$102.5 million in a broad range of capital assets, including school buildings, athletic facilities, computer hardware, and school buses. Accumulated depreciation/amortization was \$57.5 million, resulting in the net value of capital assets to be approximately \$45 million. Additions to capital assets totaled approximately \$7 million. Total depreciation/amortization expense for the year was approximately \$5.2 million. Figure A-3 details the historical costs, accumulated depreciation/amortization, and net book value of the District's capital assets.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 471,532	\$ -	\$ 471,532
Land	<u>519,785</u>	<u>-</u>	<u>-</u>	<u>519,785</u>
Total capital assets not being depreciated	<u>519,785</u>	<u>471,532</u>	<u>-</u>	<u>991,317</u>
Capital assets being depreciated				
Buildings	85,549,068	706,286	42,550	86,212,804
Vehicles	3,200,208	352,692	395,280	3,157,620
Equipment	6,613,824	5,250,061	393,171	11,470,714
Lease vehicles	71,675	168,247	71,675	168,247
Lease equipment	<u>335,262</u>	<u>543,668</u>	<u>335,262</u>	<u>543,668</u>
Total capital assets being depreciated	<u>95,770,037</u>	<u>7,020,954</u>	<u>1,237,938</u>	<u>101,553,053</u>
Less accumulated depreciation for				
Buildings	46,964,432	3,977,710	32,259	50,909,883
Vehicles	1,564,559	335,229	52,668	1,847,120
Equipment	4,189,223	796,963	347,174	4,639,012
Lease vehicles	71,675	30,845	71,675	30,845
Lease equipment	<u>251,448</u>	<u>108,734</u>	<u>251,448</u>	<u>108,734</u>
Total accumulated depreciation	<u>53,041,337</u>	<u>5,249,481</u>	<u>755,224</u>	<u>57,535,594</u>
Net capital assets being depreciated	<u>42,728,700</u>	<u>1,771,473</u>	<u>482,714</u>	<u>44,017,459</u>
Net capital assets	<u>\$43,248,485</u>	<u>\$2,243,005</u>	<u>\$ 482,714</u>	<u>\$45,008,776</u>

Additional information regarding the District's capital assets can be found in the notes to the financial statements.

Marshall Public Schools
Management's Discussion and Analysis
June 30, 2025

Long-Term Debt

At year-end, the District had approximately \$36.8 million outstanding in bonds payable. This amount is approximately \$310,000 less than the prior year, as shown in Figure A-4.

	(As restated) Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	\$37,110,000	\$ -	\$ 310,000	\$36,800,000	\$ 310,000
Bond premiums	1,057,705	-	516,621	541,084	-
Bond discounts	<u>(15,884)</u>	<u>-</u>	<u>(5,294)</u>	<u>(10,590)</u>	<u>-</u>
Total bonds payable	<u>38,151,821</u>	<u>-</u>	<u>821,327</u>	<u>37,330,494</u>	<u>310,000</u>
Other liabilities					
Leases	87,619	711,915	214,881	584,653	155,455
Compensated absences	<u>552,756</u>	<u>-</u>	<u>20,262</u>	<u>532,494</u>	<u>106,500</u>
Total other liabilities	<u>640,375</u>	<u>711,915</u>	<u>235,143</u>	<u>1,117,147</u>	<u>261,955</u>
Total	<u>\$38,792,196</u>	<u>\$ 711,915</u>	<u>\$1,056,470</u>	<u>\$38,447,641</u>	<u>\$ 571,955</u>

Additional information regarding the District's long-term debt can be found in the notes to the financial statements.

Marshall Public Schools
Management's Discussion and Analysis
June 30, 2025

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following that could affect its financial health in the future:

- One of the most important factors affecting the District's budget is student count. The other is the state foundation revenue that is determined by multiplying the blended student count by the foundation allowance per pupil. Analyzing enrollment projections at the end of the 2024-25 school year, we anticipated that the fall student count would remain flat, no increase or decrease in enrollment. Over the past few years, the District has made a series of budget adjustments to protect its financial future. The business office stays very conservative in all budget projections when looking at student count.

Requests for Information

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Marshall Public Schools Business Office, 100 East Green Street, Marshall, MI 49068.

BASIC FINANCIAL STATEMENTS

Marshall Public Schools
Statement of Net Position
June 30, 2025

	<u>Governmental Activities</u>
Assets	
Cash	\$ 2,363,556
Taxes receivable	2,429
Accounts receivable	683,341
Due from other governmental units	5,108,352
Inventory	23,804
Investments	23,770,005
Prepaid items	306,444
Capital assets not being depreciated	991,317
Capital assets - net of accumulated depreciation	44,017,459
Net OPEB asset	<u>7,059,238</u>
 Total assets	 <u>84,325,945</u>
 Deferred Outflows of Resources	
Deferred amount on debt refunding	364,103
Deferred amount relating to the net pension liability	12,041,023
Deferred amount relating to the net OPEB asset	<u>1,798,642</u>
 Total deferred outflows of resources	 <u>14,203,768</u>

See Accompanying Notes to the Financial Statements

Marshall Public Schools
Statement of Net Position
June 30, 2025

	<u>Governmental Activities</u>
Liabilities	
Accounts payable	335,143
Due to other governmental units	402,396
Payroll deductions and withholdings	14,554
Accrued expenditures	293,830
Accrued salaries payable	2,735,376
Unearned revenue	4,384,161
Long-term liabilities	
Net pension liability	40,206,640
Due within one year	571,955
Due in more than one year	<u>37,875,686</u>
Total liabilities	<u>86,819,741</u>
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	14,471,216
Deferred amount relating to the net OPEB asset	<u>9,284,218</u>
Total deferred inflows of resources	<u>23,755,434</u>
Net Position	
Net investment in capital assets	7,457,732
Restricted for:	
Food service	561,325
Debt service	12,324,158
Capital projects	2,170,869
Net OPEB asset	7,059,238
Private donor specifications	181,580
Student scholarships	50,910
Unrestricted	<u>(41,851,274)</u>
Total net position	<u>\$ (12,045,462)</u>

See Accompanying Notes to the Financial Statements

Marshall Public Schools
Statement of Activities
For the Year Ended June 30, 2025

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Governmental activities					
Instruction	\$ 22,128,694	\$ -	\$ 15,014,357	\$ -	\$ (7,114,337)
Supporting services	17,873,043	698,894	3,980,757	474,653	(12,718,739)
Food services	2,184,952	79,028	2,106,303	-	379
Community services	497,143	622,858	155,052	-	280,767
Interest and fiscal charges on long-term debt	<u>1,657,269</u>	<u>-</u>	<u>775,146</u>	<u>-</u>	<u>(882,123)</u>
Total governmental activities	<u>\$ 44,341,101</u>	<u>\$ 1,400,780</u>	<u>\$ 22,031,615</u>	<u>\$ 474,653</u>	<u>(20,434,053)</u>
General revenues					
Property taxes, levied for general purposes					7,184,604
Property taxes, levied for debt service					3,354,344
Property taxes, levied for sinking fund					1,135,776
State aid - unrestricted					17,845,633
Interest and investment earnings					840,998
Other					<u>71,196</u>
Total general revenues					<u>30,432,551</u>
Change in net position					<u>9,998,498</u>
Net position - beginning, as previously reported					(21,788,358)
Change in accounting principle (GASB 101)					<u>(255,602)</u>
Net position - beginning, as restated					<u>(22,043,960)</u>
Net position - ending					<u>\$ (12,045,462)</u>

See Accompanying Notes to the Financial Statements

Marshall Public Schools
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	Part of Fund was Formerly a Nonmajor Fund Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 949,715	\$ 247,804	\$ 1,166,037	\$ 2,363,556
Taxes receivable	-	1,527	902	2,429
Accounts receivable	683,341	-	-	683,341
Due from other funds	-	-	108,217	108,217
Due from other governmental units	5,091,517	-	16,835	5,108,352
Inventory	-	-	23,804	23,804
Investments	9,375,812	12,368,657	2,025,536	23,770,005
Prepaid items	127,447	-	178,997	306,444
Total assets	<u>\$ 16,227,832</u>	<u>\$ 12,617,988</u>	<u>\$ 3,520,328</u>	<u>\$ 32,366,148</u>
Liabilities				
Accounts payable	\$ 304,619	\$ -	\$ 30,524	\$ 335,143
Due to other funds	107,972	-	245	108,217
Due to other governmental units	402,396	-	-	402,396
Payroll deductions and withholdings	14,554	-	-	14,554
Accrued salaries payable	2,735,376	-	-	2,735,376
Unearned revenue	4,379,040	-	5,121	4,384,161
Total liabilities	<u>7,943,957</u>	<u>-</u>	<u>35,890</u>	<u>7,979,847</u>
Fund Balances				
Non-spendable				
Inventory	-	-	23,804	23,804
Prepaid items	127,447	-	178,997	306,444
Restricted for				
Food service	-	-	537,521	537,521
Debt service	-	12,617,988	-	12,617,988
Capital projects	-	-	2,170,869	2,170,869
Private donor specifications	181,580	-	-	181,580
Student scholarships	-	-	50,910	50,910
Committed for				
Student/school activities	-	-	522,337	522,337
Capital projects	100,000	-	-	100,000
Assigned for 2025-2026 budget appropriations	2,441,530	-	-	2,441,530
Unassigned	5,433,318	-	-	5,433,318
Total fund balances	<u>8,283,875</u>	<u>12,617,988</u>	<u>3,484,438</u>	<u>24,386,301</u>
Total liabilities and fund balances	<u>\$ 16,227,832</u>	<u>\$ 12,617,988</u>	<u>\$ 3,520,328</u>	<u>\$ 32,366,148</u>

See Accompanying Notes to the Financial Statements

Marshall Public Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

Total fund balances for governmental funds	\$ 24,386,301
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	991,317
Capital assets - net of accumulated depreciation	44,017,459
Net OPEB asset is not recorded as an asset in the governmental funds	7,059,238
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	364,103
Deferred outflows of resources resulting from the net pension liability	12,041,023
Deferred outflows of resources resulting from the net OPEB asset	1,798,642
Deferred inflows of resources resulting from the net pension liability	(14,471,216)
Deferred inflows of resources resulting from the net OPEB asset	(9,284,218)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(293,830)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(40,206,640)
Compensated absences	(532,494)
Bonds payable	(37,330,494)
Other loans payable and liabilities	<u>(584,653)</u>
Net position of governmental activities	<u>\$ (12,045,462)</u>

See Accompanying Notes to the Financial Statements

Marshall Public Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

		<i>Part of Fund was Formerly a Nonmajor Fund</i>		
	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 8,960,328	\$ 3,810,664	\$ 1,856,563	\$ 14,627,555
State sources	28,187,563	-	533,511	28,721,074
Federal sources	6,787,695	775,146	1,572,792	9,135,633
Interdistrict sources	<u>1,855,337</u>	<u>-</u>	<u>-</u>	<u>1,855,337</u>
Total revenues	<u>45,790,923</u>	<u>4,585,810</u>	<u>3,962,866</u>	<u>54,339,599</u>
Expenditures				
Current				
Education				
Instruction	21,626,200	-	-	21,626,200
Supporting services	16,871,074	-	596,108	17,467,182
Food services	-	-	2,136,635	2,136,635
Community services	487,480	-	-	487,480
Capital outlay	6,716,707	-	1,003,362	7,720,069
Debt service				
Principal	127,262	310,000	-	437,262
Interest and other expenditures	<u>11,471</u>	<u>1,771,893</u>	<u>-</u>	<u>1,783,364</u>
Total expenditures	<u>45,840,194</u>	<u>2,081,893</u>	<u>3,736,105</u>	<u>51,658,192</u>
Excess (deficiency) of revenues over expenditures	<u>(49,271)</u>	<u>2,503,917</u>	<u>226,761</u>	<u>2,681,407</u>
Other Financing Sources (Uses)				
Proceeds from issuance of leases	711,915	-	-	711,915
Transfers in	128,169	-	-	128,169
Transfers out	<u>-</u>	<u>-</u>	<u>(128,169)</u>	<u>(128,169)</u>
Total other financing sources (uses)	<u>840,084</u>	<u>-</u>	<u>(128,169)</u>	<u>711,915</u>
Net change in fund balances	790,813	2,503,917	98,592	3,393,322
Fund balances - beginning, as previously presented	<u>7,493,062</u>	<u>7,945,603</u>	<u>5,554,314</u>	<u>20,992,979</u>
Change within financial reporting entity (nonmajor to major fund)	<u>-</u>	<u>2,168,468</u>	<u>(2,168,468)</u>	<u>-</u>
Fund balances, beginning, as adjusted	<u>7,493,062</u>	<u>10,114,071</u>	<u>3,385,846</u>	<u>20,992,979</u>
Fund balances - ending	<u>\$ 8,283,875</u>	<u>\$ 12,617,988</u>	<u>\$ 3,484,438</u>	<u>\$ 24,386,301</u>

See Accompanying Notes to the Financial Statements

Marshall Public Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balances - Total governmental funds	\$ 3,393,322
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Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation and amortization expense	(5,249,481)
Capital outlay	7,492,486
Disposal of capital assets (net book value)	(482,714)

Expenses are recorded when incurred in the statement of activities.

Interest	(134,995)
Gain on disposal of leased debt	87,619
Compensated absences	20,262

The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.

Net change in net pension liability	14,486,031
Net change in deferrals of resources related to the net pension liability	(12,442,423)

The statement of net position reports the net OPEB liability (asset) and deferred outflows of resources and deferred inflows related to the net OPEB liability (asset) and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.

Net change in net OPEB liability (asset)	6,117,965
Net change in deferrals of resources related to the net OPEB liability (asset)	(3,276,011)

Bond and note proceeds and leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.

Debt issued	(711,915)
Repayments of long-term debt	437,262
Amortization of premiums	516,621
Amortization of deferred amount on debt refunding	(250,237)
Amortization of bond discount	(5,294)

Change in net position of governmental activities	\$ <u>9,998,498</u>
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See Accompanying Notes to the Financial Statements

Marshall Public Schools
Notes to the Financial Statements
June 30, 2025

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Marshall Public Schools (School District) conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all non-fiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted assets. The School District first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by

general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

Fund Financial Statements

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the district.

Marshall Public Schools
Notes to the Financial Statements
June 30, 2025

The School District reports the following major governmental funds:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Debt Service Fund – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Additionally, the School District reports the following nonmajor funds:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service Fund, Student Scholarship Fund, and Student/School Activity Fund.

Sinking Fund – The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for acquiring new school sites, construction, or repair of school buildings.

Assets, Liabilities and Net Position or Fund Balance

Receivables and Payables - Generally, outstanding amounts owed between funds are classified as "due from/to other funds." These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Property taxes and other receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2025, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence exemption	17.82930
Commercial personal property	5.82930
Debt Service Funds	4.00000
Sinking Fund	0.49890

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the Counties of Jackson and Calhoun and remitted to the School District by May 15.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets.

Marshall Public Schools
Notes to the Financial Statements
June 30, 2025

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 50 years
Buses and other vehicles	5 - 10 years
Furniture and equipment	5 - 30 years

Deferred Outflows of Resources - A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities (assets) in the following year.

Long-term Obligations - In the district-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 bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

Pension - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension 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. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions - For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, 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. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences - The accrued compensated absence liability consists of earned leave that is more likely than not to be utilized by employees, or unutilized but paid in cash. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions

Marshall Public Schools
Notes to the Financial Statements
June 30, 2025

and experience differences relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance - In the fund financial statements, governmental funds report fund balances in the following categories:

Non-spendable - amounts that are not available in a spendable form.

Restricted - amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed - amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned - amounts intended to be used for specific purposes, as determined by the Board of Education. The board of education has granted the finance committee and Superintendent the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned - all other resources; the remaining fund balances after non-spendable, restrictions, commitments, and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's

policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

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, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Adoption of New Accounting Standards

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization's vulnerabilities due to certain concentrations or constraints

Upcoming Accounting and Reporting Changes

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization's accountability while also addressing certain application issues. This statement includes changes

Marshall Public Schools
Notes to the Financial Statements
June 30, 2025

to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This statement is effective for the year ending June 30, 2026.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. This statement is effective for the year ending June 30, 2026.

The School District is evaluating the impact that the above pronouncements will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal yearend, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if

reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education. Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Pupil	\$ 3,579,595	\$ 3,591,002	\$ 11,407
Operations and maintenance	4,406,883	4,409,691	2,808
Food Service Fund	2,120,901	2,264,804	143,903
Student Scholarship Fund	-	45,318	45,318

Compliance - Sinking Funds

The School District's Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the school district has complied with the applicable provisions of Section 1212 of the Revised School Code.

Marshall Public Schools
Notes to the Financial Statements
June 30, 2025

Note 3 - Deposits and Investments

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash	\$ 2,363,556
Investments	<u>23,770,005</u>
	<u><u>\$ 26,133,561</u></u>

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 2,418,034
Investments in securities, mutual funds, and similar vehicles	23,714,826
Petty cash and cash on hand	<u>701</u>
Total	<u><u>\$26,133,561</u></u>

As of year end, the School District had the following investments:

<u>Investment</u>	<u>Carrying Value</u>	<u>Maturities</u>	<u>Rating</u>	<u>Organization</u>
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
MAX Class	\$ 4,909,432	< 60 days	AAAm	S&P
Michigan Term	8,085,000	< 60 days	AAAF	Fitch
U.S. Treasury Note	<u>10,720,394</u>	<1 year	AAAm	S&P
	<u><u>\$ 23,714,826</u></u>			

Interest rate risk - The School District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Credit risk - 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 an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Concentration of credit risk - The School District has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$2,239,600 of the School District's bank balance of \$2,489,600 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Marshall Public Schools
Notes to the Financial Statements
June 30, 2025

Note 4 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 471,532	\$ -	\$ 471,532
Land	<u>519,785</u>	<u>-</u>	<u>-</u>	<u>519,785</u>
Total capital assets not being depreciated	<u>519,785</u>	<u>471,532</u>	<u>-</u>	<u>991,317</u>
Capital assets being depreciated				
Buildings	85,549,068	706,286	42,550	86,212,804
Vehicles	3,200,208	352,692	395,280	3,157,620
Equipment	6,613,824	5,250,061	393,171	11,470,714
Lease vehicles	71,675	168,247	71,675	168,247
Lease equipment	<u>335,262</u>	<u>543,668</u>	<u>335,262</u>	<u>543,668</u>
Total capital assets being depreciated	<u>95,770,037</u>	<u>7,020,954</u>	<u>1,237,938</u>	<u>101,553,053</u>
Less accumulated depreciation for				
Buildings	46,964,432	3,977,710	32,259	50,909,883
Vehicles	1,564,559	335,229	52,668	1,847,120
Equipment	4,189,223	796,963	347,174	4,639,012
Lease vehicles	71,675	30,845	71,675	30,845
Lease equipment	<u>251,448</u>	<u>108,734</u>	<u>251,448</u>	<u>108,734</u>
Total accumulated depreciation	<u>53,041,337</u>	<u>5,249,481</u>	<u>755,224</u>	<u>57,535,594</u>
Net capital assets being depreciated	<u>42,728,700</u>	<u>1,771,473</u>	<u>482,714</u>	<u>44,017,459</u>
Net capital assets	<u>\$43,248,485</u>	<u>\$2,243,005</u>	<u>\$ 482,714</u>	<u>\$45,008,776</u>

Depreciation expense of capital assets and amortization expense of right to use assets was charged to activities of the School District as follows:

Governmental activities

Instruction	\$ 2,729,730
Supporting services	2,204,782
Food services	262,474
Community services	<u>52,495</u>

Total governmental activities \$ 5,249,481

Construction Commitments

At year end, the School District has legally enforceable construction contracts in place of approximately \$4.4 million.

Note 5 - Leases

Lease Liabilities

The School District has operating lease arrangements for office equipment and school buses. Payments for school buses are due through the 2029-2030 fiscal year and range from annual payments of \$1,990 to \$64,710. Expenditures related to leasing these buses were \$50,812 for the year ended June 30, 2025. Payments for office equipment are due through the 2029-2030 fiscal year and are due at \$9,769 monthly.

Marshall Public Schools
Notes to the Financial Statements
June 30, 2025

Expenditures related to leasing this equipment were \$87,921 for the year ended June 30, 2025. Future principal and interest requirements for leases are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 155,455	\$ 18,986
2027	168,799	13,139
2028	112,988	6,425
2029	116,367	2,951
2030	<u>31,044</u>	<u>253</u>
Total	<u>\$ 584,653</u>	<u>\$ 41,754</u>

Note 6 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	\$ 4,379,040
Prepaid student lunch fees	<u>5,121</u>
Total	<u>\$ 4,384,161</u>

Note 7 - Interfund Receivables, Payables, and Transfers

At June 30, 2025, the School District had the following interfund receivables and payables:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor Funds	General Fund	\$ 107,972
Nonmajor Funds	Nonmajor Funds	<u>245</u>
		<u>\$ 108,217</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers consist of the following:

	<u>Transfers Out</u>
	Nonmajor Funds
Transfers in	
General Fund	<u>\$ 128,169</u>

Transfers of \$128,169 were made to reimburse indirect costs incurred in the General Fund on behalf of the Food Service Fund.

Note 8 - State Aid Anticipation Note

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending

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June 30th. The School District is required to pledge 100% of their state school aid, October through August, or until the note is repaid, whichever is longer. The State has discretion to accelerate repayment terms if they have cause for concern. If the note is in default status, there is a penalty interest rate that may apply.

Short-term debt activity for the year was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	\$ 2,500,000	\$2,000,000	\$4,500,000	\$ -

Note 9 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. Other long-term obligations include compensated absences. Compensated absence additions and deductions are reported net.

Long-term obligation activity is summarized as follows:

	(As restated) Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	\$37,110,000	\$ -	\$ 310,000	\$36,800,000	\$ 310,000
Bond premiums	1,057,705	-	516,621	541,084	-
Bond discounts	(15,884)	-	(5,294)	(10,590)	-
Total bonds payable	38,151,821	-	821,327	37,330,494	310,000
Other liabilities					
Leases	87,619	711,915	214,881	584,653	155,455
Compensated absences	552,756	-	20,262	532,494	106,500
Total other liabilities	640,375	711,915	235,143	1,117,147	261,955
Total	\$38,792,196	\$ 711,915	\$1,056,470	\$38,447,641	\$ 571,955

General obligation bonds payable at year end, consist of the following:

2010 Building & Site Bonds due in one installment of \$15,000,000 in 2027, interest at 6.375%	\$ 15,000,000
2015 Refunding Bonds due in annual installments of \$880,000 to \$4,750,000 through 2033, interest at 3.00-4.00%	18,005,000
2016 Refunding Bonds due in annual installments of \$85,000 to \$1,285,000 through 2034, interest at 2.50-4.00%	2,430,000
2017 Refunding Bonds due in annual installments of \$25,000 to \$350,000 through 2033, interest at 1.00-3.30%	1,365,000
Total general obligation bonded debt	\$ 36,800,000

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Future principal and interest requirements for bonded debt are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 310,000	\$ 1,756,969	\$ 2,066,969
2027	15,250,000	1,746,231	16,996,231
2028	1,085,000	766,498	1,851,498
2029	3,065,000	646,080	3,711,080
2030	3,280,000	517,970	3,797,970
2031-2034	<u>13,810,000</u>	<u>828,211</u>	<u>14,638,211</u>
Total	<u>\$36,800,000</u>	<u>\$ 6,261,959</u>	<u>\$43,061,959</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$12,617,988 to pay this debt. Future debt and interest will be payable from future tax levies.

Interest and related expenditures for the fiscal year in the Debt Service Fund was \$1,771,893.

Compensated Absences

Accrued compensated absences at year end, consist of \$532,494 of accrued sick and vacation time benefits. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

Note 10 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The shared-risk pool program in which the District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchased commercial

excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 11 - Pension Plan

Plan Description

The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a

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pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2024.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	23.03%
Member Investment Plan	3.0 - 7.0%	23.03%
Pension Plus	3.0 - 6.4%	19.17%
Pension Plus 2	6.2%	20.10%
Defined Contribution	0.0%	13.90%

Required contributions to the pension plan from the School District were \$6,866,184 for the year ending September 30, 2024.

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

At June 30, 2025, the School District reported a liability of \$40,206,640 for its proportionate share of the MPERS 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 rolled forward from September 2023. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, the School District's proportion was .1642 percent, which was a decrease of .0048 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized pension expense of \$2,982,265 for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total pension contribution expense of \$6,861,363.

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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	Total
Difference between expected and actual experience	\$ 1,090,834	\$ (436,851)	\$ 653,983
Changes of assumptions	4,191,781	(2,945,875)	1,245,906
Net difference between projected and actual earnings on pension plan investments	-	(7,673,131)	(7,673,131)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>468,399</u>	<u>(1,609,351)</u>	<u>(1,140,952)</u>
Total to be recognized in future	5,751,014	(12,665,208)	(6,914,194)
School District contributions subsequent to the measurement date	<u>6,290,009</u>	<u>(1,806,008)</u>	<u>4,484,001</u>
Total	<u>\$12,041,023</u>	<u>\$(14,471,216)</u>	<u>\$(2,430,193)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. The District will offset the contribution expense in the year ended June 30, 2026 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be

recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)		
	2025	\$(1,657,618)
	2026	(8,929)
	2027	(3,100,083)
	2028	<u>(2,147,564)</u>
		<u>\$(6,914,194)</u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2023
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
 - MIP and Basic Plans: 6.00% net of investment expenses
 - Pension Plus Plan: 6.00% net of investment expenses
 - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members

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- Mortality:
 - Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
 - Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2024, is 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.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4612 years.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension 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 pension 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.

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024, are summarized in the following table:

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

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

Rate of Return

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

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer

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contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension plus plan, 6.00% for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
<u>\$ 58,943,366</u>	<u>\$ 40,206,640</u>	<u>\$ 24,604,710</u>

Michigan Public School Employees' Retirement System (MPERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPERS)

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

Note 12 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning with fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who

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first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

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

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and

retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2024.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.31%
Personal Healthcare Fund (PHF)	0.0%	7.06%

Required contributions to the OPEB plan from the School District were \$1,363,183 for the year ended September 30, 2024.

OPEB Liabilities or Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the School District reported an asset of \$7,059,238 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset 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 rolled forward from September 2023. The School District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the

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measurement period. At September 30, 2024, the School District's proportion was .1640 percent, which was a decrease of .0024 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized OPEB expense of \$(2,525,598) for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total OPEB contribution expense of \$346,297.

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	Total
Difference between expected and actual experience	\$ -	\$(7,480,636)	\$(7,480,636)
Changes of assumptions	1,541,839	(177,222)	1,364,617
Net difference between projected and actual earnings on OPEB plan investments	-	(1,336,395)	(1,336,395)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>128,827</u>	<u>(289,965)</u>	<u>(161,138)</u>
Total to be recognized in future	1,670,666	(9,284,218)	(7,613,552)
School District contributions subsequent to the measurement date	<u>127,976</u>	<u>-</u>	<u>127,976</u>
Total	<u>\$ 1,798,642</u>	<u>\$(9,284,218)</u>	<u>\$(7,485,576)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition to the net OPEB asset in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year
(To Be Recognized in Future OPEB Expenses)

2025	\$(2,440,574)
2026	(1,512,763)
2027	(1,460,251)
2028	(1,334,360)
2029	(730,542)
Thereafter	<u>(135,062)</u>
	<u><u>\$(7,613,552)</u></u>

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2023
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.00% net of investment expenses

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- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.25% Year 1 graded to 3.5% Year 15; Post-65: 6.50% Year 1 graded to 3.5% Year 15
- Mortality:
 - Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
 - Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other Assumptions:

- Opt Out Assumption: 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2024 is 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.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years is 6.2834.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2024, are summarized in the following table:

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

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

Rate of Return

For the plan year ended September 30, 2024, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan

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investment expense, was 15.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Changes in the Discount Rate

The following presents the School District's proportionate share of the net OPEB liability or asset calculated using the discount rate of 6.00%, as well as what the School District's proportionate share of the net OPEB liability or asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease	Current	1% Increase
5.00%	Discount Rate	7.00%
6.00%		
\$ (5,455,437)	\$ (7,059,238)	\$ (8,445,893)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Healthcare Cost Trend Rate

The following presents the School District's proportionate share of the net OPEB liability or asset calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability or asset would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Healthcare	1% Increase
	Cost Trend Rate	
\$ (8,445,908)	\$ (7,059,238)	\$ (5,572,041)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2024 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

Note 13 - Contingent Liabilities

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

Note 14 - Tax Abatements

The School District received reduced property tax revenues during the year as a result of industrial facilities tax exemptions (IFT's) entered into by cities, villages, townships, and authorities within the School District's boundaries. The IFT's were entered into based upon the Plant

Marshall Public Schools
Notes to the Financial Statements
June 30, 2025

Rehabilitation and Industrial Developments Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high-tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property within the District boundaries.

For the fiscal year ended June 30, 2025, the School District's property tax revenues were reduced by approximately \$400,000 for these agreements. Approximately 53% of this amount will be reimbursed through state aid.

There are no significant abatements made by the School District.

Note 15 - Change in Accounting Principle, Changes Within Financial Reporting Entity

During the year ended June 30, 2025, individual debt funds that had previously been reported as nonmajor were combined with a debt fund previously reported as major. Additionally, GASB Statement No. 101, *Compensated Absences*, was required to be adopted by the District. As a result, the following restatement and presentation change was necessary to be made in the financial statements:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances		
	Funds	District - Wide	
	Debt Service Fund	Nonmajor Governmental Funds	Governmental Activities
Net position, June 30, 2024, as previously presented	\$ 7,945,603	\$ 5,554,314	\$(21,788,358)
Change in accounting principle (GASB 101)	-	-	(255,602)
Change from non-major to major fund	<u>2,168,468</u>	<u>(2,168,468)</u>	<u>-</u>
Net position, July 1, 2024, as adjusted or restated	<u>\$10,114,071</u>	<u>\$ 3,385,846</u>	<u>\$(22,043,960)</u>

Note 16 - Subsequent Event

Subsequent to year end, the School District issued the 2025 Refunding Bonds at a par value of \$13,610,000 which partially refunded the 2015 Refunding Bonds. Payments of \$600,000 to \$3,300,000 are due annually through May 2033, plus interest payable semi-annually at 5%.

REQUIRED SUPPLEMENTARY INFORMATION

Marshall Public Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Revenues				
Local sources	\$ 6,890,495	\$ 9,028,154	\$ 8,960,328	\$ (67,826)
State sources	26,015,241	29,097,477	28,187,563	(909,914)
Federal sources	6,739,984	7,268,046	6,787,695	(480,351)
Interdistrict sources	<u>1,834,478</u>	<u>1,905,670</u>	<u>1,855,337</u>	<u>(50,333)</u>
Total revenues	<u>41,480,198</u>	<u>47,299,347</u>	<u>45,790,923</u>	<u>(1,508,424)</u>
Expenditures				
Instruction				
Basic programs	17,055,854	17,761,320	17,048,224	(713,096)
Added needs	4,620,498	4,977,728	4,577,976	(399,752)
Supporting services				
Pupil	3,194,257	3,579,595	3,591,002	11,407
Instructional staff	1,645,883	1,133,450	948,468	(184,982)
General administration	605,308	523,661	518,822	(4,839)
School administration	2,254,695	2,532,183	2,485,004	(47,179)
Business	677,606	712,244	670,629	(41,615)
Operations and maintenance	8,420,557	4,406,883	4,409,691	2,808
Pupil transportation services	2,349,259	1,991,031	1,955,700	(35,331)
Central	1,481,954	1,488,620	1,448,853	(39,767)
Athletic activities	810,830	869,122	842,905	(26,217)
Community services	535,534	526,242	487,480	(38,762)
Capital outlay	-	7,640,110	6,716,707	(923,403)
Debt service				
Principal	-	127,262	127,262	-
Interest and fiscal charges	<u>-</u>	<u>11,471</u>	<u>11,471</u>	<u>-</u>
Total expenditures	<u>43,652,235</u>	<u>48,280,922</u>	<u>45,840,194</u>	<u>(2,440,728)</u>
Excess (deficiency) of revenues over expenditures	<u>(2,172,037)</u>	<u>(981,575)</u>	<u>(49,271)</u>	<u>932,304</u>
Other Financing Sources (Uses)				
Proceeds from issuance of leases	-	656,751	711,915	55,164
Transfers in	<u>100,000</u>	<u>150,000</u>	<u>128,169</u>	<u>(21,831)</u>
Total other financing sources (uses)	<u>100,000</u>	<u>806,751</u>	<u>840,084</u>	<u>33,333</u>
Net change in fund balance	(2,072,037)	(174,824)	790,813	965,637
Fund balance - beginning	<u>7,493,062</u>	<u>7,493,062</u>	<u>7,493,062</u>	<u>-</u>
Fund balance - ending	<u>\$ 5,421,025</u>	<u>\$ 7,318,238</u>	<u>\$ 8,283,875</u>	<u>\$ 965,637</u>

Marshall Public Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School district's proportion of the net pension liability (%)	0.1642%	0.1690%	0.1662%	0.1696%	0.1694%	0.1655%	0.1633%	0.1625%	0.1661%	0.1452%
B. School district's proportionate share of the net pension liability	\$ 40,206,640	\$ 54,692,671	\$ 62,521,705	\$ 40,141,899	\$ 58,181,258	\$ 54,821,077	\$ 49,081,329	\$ 42,113,418	\$ 41,438,288	\$ 35,474,843
C. School district's covered payroll	\$ 17,370,854	\$ 16,637,786	\$ 16,593,866	\$ 15,293,700	\$ 15,129,391	\$ 14,665,783	\$ 13,915,421	\$ 13,735,145	\$ 13,476,627	\$ 11,590,074
D. School district's proportionate share of the net pension liability as a percentage of its covered payroll	231.46%	328.73%	376.78%	262.47%	384.56%	373.80%	352.71%	306.61%	307.48%	306.08%
E. Plan fiduciary net position as a percentage of total pension liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2024.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

Marshall Public Schools
Required Supplementary Information
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 6,861,363	\$ 6,757,625	\$ 6,072,678	\$ 5,536,983	\$ 5,093,354	\$ 4,624,866	\$ 4,398,519	\$ 4,508,292	\$ 3,777,078	\$ 3,146,358
B. Contributions in relation to statutorily required contributions	<u>6,861,363</u>	<u>6,757,625</u>	<u>6,072,678</u>	<u>5,536,983</u>	<u>5,093,354</u>	<u>4,624,866</u>	<u>4,398,519</u>	<u>4,508,292</u>	<u>3,777,078</u>	<u>3,146,358</u>
C. Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
D. School district's covered payroll	\$ 18,436,085	\$ 17,189,261	\$ 16,796,802	\$ 15,907,193	\$ 15,314,217	\$ 15,199,933	\$ 14,851,601	\$ 14,379,895	\$ 13,822,828	\$ 11,016,943
E. Contributions as a percentage of covered payroll	37.22%	39.31%	36.15%	34.81%	33.26%	30.43%	29.62%	31.35%	27.32%	28.56%

Marshall Public Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School district's proportion of the net OPEB liability (asset) (%)	0.1640%	0.1664%	0.1704%	0.1686%	0.1701%	0.1675%	0.1634%	0.1623%		
B. School district's proportionate share of the net OPEB liability (asset)	\$ (7,059,238)	\$ (941,273)	\$ 3,608,536	\$ 2,572,800	\$ 9,114,133	\$ 12,021,679	\$ 12,986,616	\$ 14,370,404		
C. School district's covered payroll	\$ 17,370,854	\$ 16,637,786	\$ 16,593,866	\$ 15,293,700	\$ 15,129,391	\$ 14,665,783	\$ 13,915,421	\$ 13,735,145		
D. School district's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-40.64%	-5.66%	21.75%	16.82%	60.24%	81.97%	93.33%	104.63%		
E. Plan fiduciary net position as a percentage of total OPEB liability	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%		

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2024.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

Marshall Public Schools
Required Supplementary Information
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 346,297	\$ 1,353,738	\$ 1,290,635	\$ 1,370,407	\$ 1,239,043	\$ 1,185,497	\$ 1,140,019	\$ 1,045,411		
B. Contributions in relation to statutorily required contributions	<u>346,297</u>	<u>1,353,738</u>	<u>1,290,635</u>	<u>1,370,407</u>	<u>1,239,043</u>	<u>1,185,497</u>	<u>1,140,019</u>	<u>1,045,411</u>		
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
D. School district's covered payroll	\$ 18,436,085	\$ 17,189,261	\$ 16,796,802	\$ 15,907,193	\$ 15,314,217	\$ 15,199,933	\$ 14,851,601	\$ 14,379,895		
E. Contributions as a percentage of covered payroll	1.88%	7.88%	7.68%	8.62%	8.09%	7.80%	7.68%	7.27%		

OTHER SUPPLEMENTARY INFORMATION

Marshall Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2025

	Special Revenue Funds			Sinking Fund	Total Nonmajor Governmental Funds
	Food Service	Student Scholarship	Student/School Activity		
Assets					
Cash	\$ 422,710	\$ 50,910	\$ 523,897	\$ 168,520	\$ 1,166,037
Taxes receivable	-	-	-	902	902
Due from other funds	107,205	-	1,012	-	108,217
Due from other governmental units	16,835	-	-	-	16,835
Inventory	23,804	-	-	-	23,804
Investments	-	-	-	2,025,536	2,025,536
Prepaid items	-	-	-	178,997	178,997
	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,997</u>	<u>178,997</u>
Total assets	<u>\$ 570,554</u>	<u>\$ 50,910</u>	<u>\$ 524,909</u>	<u>\$ 2,373,955</u>	<u>\$ 3,520,328</u>
Liabilities					
Accounts payable	\$ 4,108	\$ -	\$ 2,572	\$ 23,844	\$ 30,524
Due to other funds	-	-	-	245	245
Unearned revenue	5,121	-	-	-	5,121
	<u>9,229</u>	<u>-</u>	<u>2,572</u>	<u>24,089</u>	<u>35,890</u>
Total liabilities	<u>9,229</u>	<u>-</u>	<u>2,572</u>	<u>24,089</u>	<u>35,890</u>
Fund Balances					
Non-spendable					
Inventory	23,804	-	-	-	23,804
Prepaid items	-	-	-	178,997	178,997
Restricted for					
Food service	537,521	-	-	-	537,521
Capital projects	-	-	-	2,170,869	2,170,869
Student scholarships	-	50,910	-	-	50,910
Committed for student/school activities	-	-	522,337	-	522,337
	<u>561,325</u>	<u>50,910</u>	<u>522,337</u>	<u>2,349,866</u>	<u>3,484,438</u>
Total fund balances	<u>561,325</u>	<u>50,910</u>	<u>522,337</u>	<u>2,349,866</u>	<u>3,484,438</u>
Total liabilities and fund balances	<u>\$ 570,554</u>	<u>\$ 50,910</u>	<u>\$ 524,909</u>	<u>\$ 2,373,955</u>	<u>\$ 3,520,328</u>

Marshall Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	Special Revenue Funds			Debt Service Funds				Capital Project Fund	Total Nonmajor Governmental Funds
	Food Service	Student Scholarship	Student/School Activity	2017 Debt Service	2016 Debt Service	2015 Debt Service	2014 Debt Service	Sinking Fund	
Revenues									
Local sources	\$ 82,931	\$ 1,742	\$ 573,185					\$ 1,198,705	\$ 1,856,563
State sources	533,511	-	-					-	533,511
Federal sources	<u>1,572,792</u>	<u>-</u>	<u>-</u>					<u>-</u>	<u>1,572,792</u>
Total revenues	<u>2,189,234</u>	<u>1,742</u>	<u>573,185</u>					<u>1,198,705</u>	<u>3,962,866</u>
Expenditures									
Current									
Education									
Supporting services	-	45,318	550,790					-	596,108
Food services	2,136,635	-	-					-	2,136,635
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>					<u>1,003,362</u>	<u>1,003,362</u>
Total expenditures	<u>2,136,635</u>	<u>45,318</u>	<u>550,790</u>					<u>1,003,362</u>	<u>3,736,105</u>
Excess (deficiency) of revenues over expenditures	52,599	(43,576)	22,395					195,343	226,761
Other Financing Uses									
Transfers out	<u>(128,169)</u>	<u>-</u>	<u>-</u>					<u>-</u>	<u>(128,169)</u>
Net change in fund balances	<u>(75,570)</u>	<u>(43,576)</u>	<u>22,395</u>					<u>195,343</u>	<u>98,592</u>
Fund balances - beginning, as previously presented	636,895	94,486	499,942	\$ 753,950	\$ 1,067,174	\$ 59,179	\$ 288,165	2,154,523	5,554,314
Change within financial reporting entity (nonmajor to major fund)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(753,950)</u>	<u>(1,067,174)</u>	<u>(59,179)</u>	<u>(288,165)</u>	<u>-</u>	<u>(2,168,468)</u>
Fund balances, beginning, as adjusted	<u>636,895</u>	<u>94,486</u>	<u>499,942</u>					<u>2,154,523</u>	<u>3,385,846</u>
Fund balances - ending	<u>\$ 561,325</u>	<u>\$ 50,910</u>	<u>\$ 522,337</u>					<u>\$ 2,349,866</u>	<u>\$ 3,484,438</u>