

HASLETT PUBLIC SCHOOLS

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

YEAR ENDED JUNE 30, 2025

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2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
📠 517.323.6346

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Haslett Public Schools

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 15 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2025 on our consideration of Haslett 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 Haslett 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 Haslett Public Schools' internal control over financial reporting and compliance.

Maney Costeiron PC

October 14, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Haslett Public Schools' annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

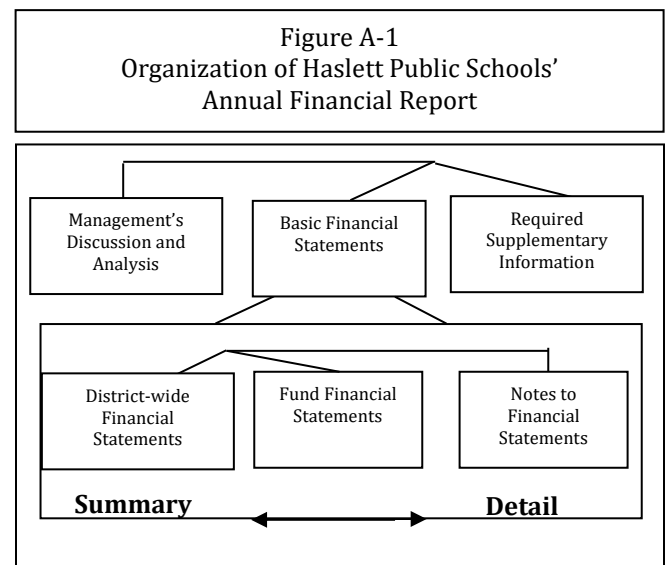
- Governmental funds revenues increased to \$49.7 million compared to \$49.3 million at June 30, 2024. Governmental fund expenditures were \$51.3 million compared to \$48.6 million at June 30, 2024.
- General Fund revenues and other financing sources were \$184,542 less than General Fund expenditures.
- State Aid Foundation Allowance remained the same as the prior year, \$9,608 per student.
- The District's fall student count increased to 2,595 pupils, an increase of 47 students over last year.
- The District participates in the School Loan Revolving Fund (SLRF) which allows districts to maintain a level debt millage throughout the life of a bond issue. This feature can, however, create a net deficit in the District-wide financial statements in the short term, with future debt millage restoring the net position of the District once the bonded debt is reduced. The District decreased its outstanding long-term obligations \$6.0 million or 9.8%.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations *in more detail* than the District-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short-term* as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year as well as required schedules related to the net pension liability and net OPEB asset. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Figure A-2 Major Features of District-wide and Fund Financial Statements		
Category	District-wide Statements	Governmental Funds
Scope	* Entire district (except fiduciary funds)	* The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance.
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances.
Accounting basis and measurement focus	* Accrual accounting and economic resources focus	* Modified accrual accounting and current financial resources focus.
Type of asset/liability information	* All assets and liabilities, both financial and capital, short-term and long-term	* Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.
Type of inflow/outflow information	* All revenues and expenses during year, regardless of when cash is received or paid	* Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

DISTRICT-WIDE STATEMENTS

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District's assets, deferred outflows, deferred inflows, and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The two District-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets, deferred outflows, deferred inflows and liabilities - is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities:

- *Governmental Activities* - All of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like food service and student/school activities).

The District has one kind of fund:

- *Governmental Funds* - Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position (Deficit) - The District's *combined* net deficit was lower on June 30, 2025, than the year before, decreasing to (\$24.475) million. The District's net deficit results from participating for many years in the School Loan Revolving Fund (SLRF) program as well as recording net unfunded pension liability and net unfunded other postemployment benefits liability and asset, as well as associated deferred inflows and outflows. The SLRF program allows districts to levy the same debt service property tax millage rate over the life of a bond issue. During the early years of participation in the SLRF, the property tax levy is less than is required for debt service and districts in the program borrow from the SLRF to make up the difference. During the later years of participation, the property tax levy remains level and is greater than is required for debt service. Districts use the excess to pay back the SLRF. The District has been in the SLRF since 2006. It is important to note that the Board of Education has full authority to levy the necessary taxes to meet bond issue debt service requirements.

Table A-3
Haslett Public Schools Net Position

	2025	2024*
ASSETS		
Current assets	\$ 11,770,611	\$ 12,703,172
Net other postemployment benefits asset	7,246,283	984,423
Capital assets, net of depreciation/amortization	70,009,454	71,698,154
TOTAL ASSETS	89,026,348	85,385,749
DEFERRED OUTFLOWS OF RESOURCES	15,162,185	20,955,112
LIABILITIES		
Noncurrent liabilities	55,291,833	60,359,080
Other liabilities	6,885,799	6,288,171
Net pension liability	42,073,614	56,378,833
TOTAL LIABILITIES	104,251,246	123,026,084
DEFERRED INFLOWS OF RESOURCES	24,412,668	17,739,235
NET POSITION		
Net investment in capital assets	16,758,328	13,837,578
Restricted for debt service	1,934,434	2,790,844
Restricted for net other postemployment benefits	7,246,283	984,423
Unrestricted	(50,414,426)	(52,037,303)
TOTAL NET POSITION	\$ (24,475,381)	\$ (34,424,458)
*The 2024 numbers have not been updated for the adoption of GASB 101		

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-4
Changes in Haslett Public Schools Net Position

	2025	2024*
REVENUES		
Program revenues		
Charges for services	\$ 912,061	\$ 893,461
Operating grants and contributions	12,643,899	13,064,874
General revenues		
Property taxes	11,194,908	10,207,643
State aid - unrestricted	21,593,537	22,078,131
Other	4,614,737	4,270,479
TOTAL REVENUES	50,959,142	50,514,588
EXPENSES		
Instruction	15,870,692	18,794,602
Support services	14,557,964	15,762,756
Community services	898,380	854,908
Transfers and other transactions	773,497	788,041
Food services	1,211,354	1,283,356
Student/school activities	755,932	751,087
Interest on long-term debt	2,470,983	2,541,530
Unallocated depreciation	3,540,361	3,491,886
TOTAL EXPENSES	40,079,163	44,268,166
Change in net position	\$ 10,879,979	\$ 6,246,422
*The 2024 numbers have not been updated for the adoption of GASB 101		

District Governmental Activities

The District seeks a balance between maximizing resources for the education of our students and maintaining the long-term financial health of the District. The governmental activities mirror that goal. Our support services seek to be efficient at providing the necessary safe, orderly, and positive learning environment so that more dollars are available for the direct instruction of students. Our before-and-after-care program, Kids Connection, and our school breakfast and lunch program seek to be self-supporting and cost effective.

- The state per pupil foundation allowance remained at \$9,608 per student.
- Food Service fund balance increased \$47,883 on revenues of \$1,595,762.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported *combined* fund balances of \$5.0 million. The General Fund's fund balance decreased \$184,542 to \$2.4 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

General Fund Budgetary Highlights

The District is required to adopt an operating budget prior to the start of the fiscal year. Certain information is not known at the time of budget adoption, such as the amount of state aid, the actual number of students and the cost of employee contracts, and must be estimated or projected. Over the course of the budget year, the District revises the annual operating budget several times. For fiscal year 2024 - 2025, these budget amendments included:

- Changes adopted in the fourth quarter of the fiscal year to account for final enrollment counts, changes in assumptions since the original budget was adopted.

The District's original budget called for a balanced budget. Budget amendment approved in June of 2025 called for a balanced after other financing sources. Actual revenues and other financing sources were less than expenditures and transfers out by \$184,542 at year end. Actual budget variance at year-end June 30, 2025 was 0.47% of expenditures.

- Actual revenues were \$58,105 greater than budgeted. This variance was due primarily to normal anticipated budget variances.
- Actual expenditures were \$288,097 greater than budgeted. This variance was due primarily to expenditures that were not anticipated at the time the final budget was adopted.
- Actual other financing sources and uses were \$45,450 more than budgeted. This variance was due primarily to a larger transfer from the food service fund to the general fund than anticipated.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2025, the District had invested over \$125.1 million in a broad range of capital assets, including school buildings, athletic and support facilities, computer and transportation equipment. (More detailed information about capital assets can be found in Note 3 to the financial statements.) Total depreciation/amortization expense for the year exceeded \$3.54 million.

Table A-5		
Haslett Public Schools Capital Assets		
	2025	2024
Land	\$ 330,000	\$ 330,000
Buildings and additions	98,098,055	96,803,031
Right to use-subscription-based IT	295,015	295,015
Site improvements	8,902,184	8,872,184
Equipment, furniture, and technology	17,267,453	16,740,816
Right to use-equipment	192,188	192,188
	125,084,895	123,233,234
Accumulated depreciation/amortization	55,075,441	51,535,080
Total	<u>\$ 70,009,454</u>	<u>\$ 71,698,154</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term Obligations

At year-end the District had \$55.3 million in general obligation bonds and other long-term debt outstanding - a net decrease of 8.4% from last year. (More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.)

Table A-6 Haslett Public Schools Outstanding Long-term Debt (in millions of dollars)		
	2025	2024*
General obligation debt and direct borrowings	\$ 53.6	\$ 59.4
Other	1.7	1.0
Total	<u>\$ 55.3</u>	<u>\$ 60.4</u>
*The 2024 numbers have not been updated for the adoption of GASB 101		

The District continued to pay down its debt, retiring \$5.8 million of outstanding bonds and direct borrowings.

- The District paid down \$3,220,101 on the School Loan Revolving Fund during 2024-2025. This leaves an outstanding SLRF balance of approximately \$11.6 million at year-end.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- The District's 2025-26 budget was developed using the governor's proposed budget assumptions, which include a \$392 per-pupil foundation allowance increase and projected enrollment growth of ten students. Given the historical delays in the State's budget adoption process, there is a substantial risk that a final State budget will not be approved by October 1, 2025. Any deviation from the governor's proposal could result in reduced revenues and necessitate mid-year budgetary adjustments.
- The Senate and House proposed School Aid budgets contain significant variances in categorical funding compared to prior years. These differences create considerable uncertainty regarding the level of categorical revenues the District will ultimately receive. A material reduction in such funding would adversely affect the District's financial position, and management will be required to implement expenditure reductions or other corrective measures throughout 2025-26.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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 information, contact the Business Office, Haslett Public Schools, 5593 Franklin Street, Haslett, Michigan 48840.

BASIC FINANCIAL STATEMENTS

HASLETT PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 4,721,263
Investments	28,898
Receivables	
Accounts receivable	100,721
Intergovernmental	6,090,699
Inventories	81,384
Prepays	747,646
Net other postemployment benefits asset	7,246,283
Capital assets, not being depreciated	330,000
Capital assets, net of accumulated depreciation/amortization	<u>69,679,454</u>
TOTAL ASSETS	<u>89,026,348</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding, net of amortization	94,628
Related to pensions	13,292,054
Related to other postemployment benefits	<u>1,775,503</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>15,162,185</u>
LIABILITIES	
Accounts payable	160,128
Accrued salaries and related items	2,050,647
Accrued retirement	1,135,636
Accrued interest	386,179
Unearned revenue	153,209
Notes payable	3,000,000
Noncurrent liabilities	
Due within one year	3,120,960
Due in more than one year	52,170,873
Net pension liability	<u>42,073,614</u>
TOTAL LIABILITIES	<u>104,251,246</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	12,594,887
Related to state aid funding for pension	2,262,402
Related to other postemployment benefits	<u>9,555,379</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>24,412,668</u>
NET POSITION	
Net investment in capital assets	16,758,328
Restricted for debt service	1,934,434
Restricted for net other postemployment benefits	7,246,283
Unrestricted	<u>(50,414,426)</u>
TOTAL NET POSITION	<u><u>\$ (24,475,381)</u></u>

See notes to financial statements.

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

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 15,870,692	\$ -	\$ 9,903,359	\$ (5,967,333)
Support services	14,557,964	150,481	521,230	(13,886,253)
Community services	898,380	611,815	-	(286,565)
Outgoing transfers and other transactions	773,497	-	-	(773,497)
Food services	1,211,354	149,765	1,445,997	384,408
Student/school activities	755,932	-	773,313	17,381
Interest on long-term debt	2,470,983	-	-	(2,470,983)
Unallocated depreciation/amortization	3,540,361	-	-	(3,540,361)
Total governmental activities	<u>\$ 40,079,163</u>	<u>\$ 912,061</u>	<u>\$ 12,643,899</u>	<u>(26,523,203)</u>
General revenues				
Property taxes, levied for general purposes				2,789,209
Property taxes, levied for debt service				6,826,466
Property taxes, levied for sinking fund				1,579,233
Investment earnings				15,513
State sources - unrestricted				21,593,537
Intermediate sources				4,224,162
Other				375,062
Total general revenues				<u>37,403,182</u>
CHANGE IN NET POSITION				<u>10,879,979</u>
NET POSITION, beginning of year, as previously reported				(34,424,458)
Adjustment to beginning net position				<u>(930,902)</u>
NET POSITION, beginning of year, as restated				<u>(35,355,360)</u>
NET POSITION, end of year				<u>\$ (24,475,381)</u>

See notes to financial statements.

**HASLETT PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,411,753	\$ 1,778,107	\$ 1,531,403	\$ 4,721,263
Investments	1,720	4,031	23,147	28,898
Receivables				
Accounts receivable	27,498	-	73,223	100,721
Intergovernmental	6,076,336	-	14,363	6,090,699
Due from other funds	788,844	-	1,470,637	2,259,481
Inventories	72,270	-	9,114	81,384
Prepays	747,646	-	-	747,646
TOTAL ASSETS	<u>\$ 9,126,067</u>	<u>\$ 1,782,138</u>	<u>\$ 3,121,887</u>	<u>\$ 14,030,092</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Payables				
Accounts payable	\$ 159,842	\$ -	\$ 286	\$ 160,128
Due to other funds	-	1,935,301	324,180	2,259,481
Accrued salaries and related items	2,048,460.00	-	2,187	2,050,647
Accrued retirement	1,132,359	-	3,277	1,135,636
Accrued interest	98,058	-	-	98,058
Unearned revenue	110,589	-	42,620	153,209
Notes payable	3,000,000	-	-	3,000,000
TOTAL LIABILITIES	<u>6,549,308</u>	<u>1,935,301</u>	<u>372,550</u>	<u>8,857,159</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>148,712</u>	<u>-</u>	<u>-</u>	<u>148,712</u>
FUND BALANCES				
Nonspendable				
Inventories	72,270	-	9,114	81,384
Prepays	747,646	-	-	747,646

See notes to financial statements.

	General Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
FUND BALANCES (continued)				
Restricted for				
Debt service	\$ -	\$ -	\$ 2,222,555	\$ 2,222,555
Food service	-	-	364,026	364,026
Capital projects	-	-	41,005	41,005
Committed for student/school activities	-	-	112,637	112,637
Unassigned - Capital projects	-	(153,163)	-	(153,163)
Unassigned - General fund	1,608,131	-	-	1,608,131
TOTAL FUND BALANCES	2,428,047	(153,163)	2,749,337	5,024,221
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 9,126,067	\$ 1,782,138	\$ 3,121,887	\$ 14,030,092
Total governmental fund balances				\$ 5,024,221
Amounts reported for governmental activities in the statement of net position are different because:				
Deferred outflows of resources - deferred charge on refunding, net of amortization				94,628
Deferred outflows of resources - related to pensions				13,292,054
Deferred outflows of resources - related to other postemployment benefits				1,775,503
Deferred inflows of resources - related to pensions				(12,594,887)
Deferred inflows of resources - related to other postemployment benefits				(9,555,379)
Deferred inflows of resources - related to state pension funding				(2,262,402)
Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.				
Noncurrent assets at year-end consist of:				
Net other postemployment benefits asset				7,246,283
Capital assets used in governmental activities are not financial resources and are not reported in the funds:				
The cost of the capital assets is			\$ 125,084,895	
Accumulated depreciation/amortization is			(55,075,441)	
				70,009,454
Because the focus of governmental funds is on short term-financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by unavailable revenues in the government funds, and thus are not included in fund balance:				
Unavailable revenue expected to be collected after September 1				148,712
Long-term liabilities are not due and payable in the current period and are not reported in the funds:				
General obligation bonds and notes from direct borrowing and direct placements				(53,628,047)
Compensated absences and severance benefits				(1,663,786)
Accrued interest				(288,121)
Net pension liability				(42,073,614)
Net position of governmental activities				\$ (24,475,381)

See notes to financial statements.

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

	General Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Local sources				
Property taxes	\$ 2,789,209	\$ 1,579,233	\$ 6,826,466	\$ 11,194,908
Tuition	611,815	-	-	611,815
Investment earnings	2,027	3,092	10,394	15,513
Food sales, athletics, and community service	150,481	-	149,765	300,246
Student/school activities income	-	-	773,313	773,313
Other	367,812	-	-	367,812
Total local sources	3,921,344	1,582,325	7,759,938	13,263,607
State sources	30,446,060	3,216	692,857	31,142,133
Federal sources	323,704	-	767,029	1,090,733
Incoming transfers and other	4,224,162	-	-	4,224,162
TOTAL REVENUES	38,915,270	1,585,541	9,219,824	49,720,635
EXPENDITURES				
Current				
Instruction	20,944,959	-	-	20,944,959
Supporting services	16,961,515	-	-	16,961,515
Food service activities	-	-	1,420,135	1,420,135
Student/school activities	-	-	755,932	755,932
Community service activities	1,037,568	-	-	1,037,568
Outgoing transfers and other transactions	116,543	-	-	116,543

See notes to financial statements.

	General Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
EXPENDITURES (continued)				
Capital outlay	\$ -	\$ 1,190,359	\$ 915,139	\$ 2,105,498
Debt service				
Principal repayment	124,637	75,000	5,920,100	6,119,737
Interest	17,290	40,550	1,798,264	1,856,104
Other	-	-	385	385
TOTAL EXPENDITURES	<u>39,202,512</u>	<u>1,305,909</u>	<u>10,809,955</u>	<u>51,318,376</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(287,242)</u>	<u>279,632</u>	<u>(1,590,131)</u>	<u>(1,597,741)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	7,250	-	-	7,250
Transfers in	95,450	-	-	95,450
Transfers out	-	-	(95,450)	(95,450)
TOTAL OTHER FINANCING SOURCES (USES)	<u>102,700</u>	<u>-</u>	<u>(95,450)</u>	<u>7,250</u>
NET CHANGE IN FUND BALANCES	(184,542)	279,632	(1,685,581)	(1,590,491)
FUND BALANCES				
Beginning of year	<u>2,612,589</u>	<u>(432,795)</u>	<u>4,434,918</u>	<u>6,614,712</u>
End of year	<u>\$ 2,428,047</u>	<u>\$ (153,163)</u>	<u>\$ 2,749,337</u>	<u>\$ 5,024,221</u>

See notes to financial statements.

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

Net Change in Fund Balances Total Governmental Funds \$ (1,590,491)

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

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

Depreciation/amortization expense	(3,540,361)
Capital outlay	1,851,661

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

Accrued interest payable, beginning of the year	299,711
Accrued interest payable, end of the year	(288,121)

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

Amortization of deferred charge on refunding	(41,228)
Long-term interest on school loan revolving fund (accrued)	(626,470)
Payments on debt	6,119,738
Amortization of bond premium	231,043

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Unavailable revenue, beginning of the year	(100,000)
Unavailable revenue, end of the year	148,712

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

Accrued compensated absences and severance benefits, beginning of the year, as restated	1,937,624
Accrued compensated absences and severance benefits, end of the year	(1,663,786)

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

Pension related items	4,165,535
Other postemployment benefit items	2,793,867

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

Change in State aid funding for pension	1,182,545
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Change in Net Position of Governmental Activities	<u>\$ 10,879,979</u>
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**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

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

Reporting Entity

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

Basis of Presentation

Government-wide Financial Statements

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

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

Fund Financial Statements

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

The District reports the following *Major Governmental Funds*:

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

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

The District reports the following *Other Non-Major Funds*:

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

The *2024 Capital Projects Fund* accounts for the receipt of bond proceeds and the acquisition of fixed assets or construction of major capital projects.

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

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

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

Measurement Focus and Basis of Accounting

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

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

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

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

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

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

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

Budgetary Information

Budgetary Basis of Accounting

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information (continued)

Budgetary Basis of Accounting (continued)

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments (continued)

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

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

Inventories and Prepaid Items

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets (continued)

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

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

Buildings and additions	20 - 50 years
Site improvements	10 - 20 years
Right to use - subscription-based IT	2 - 7 years
Technology	5 - 10 years
Furniture and fixtures	5 - 20 years
Machinery and equipment	5 - 20 years
Transportation equipment	8 years
Right to use - equipment	6 years

Defined Benefit Plans

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

Deferred Outflows

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualifies for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary. The fourth item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year end. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

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

In the computation of invested in capital assets, net of related debt, school loan revolving fund principal proceeds of \$11,634,024 are considered capital-related debt. Accrued interest on the school loan revolving fund of \$36,238 is not considered capital related debt.

In addition, during the year ended June 30, 2020, the District issued bonded debt in the amount of \$6,835,000 used to make principal and interest payments related to the School Loan Revolving fund and the School Bond Loan Fund. Three percent of these proceeds are not considered capital related debt as this amount was used to pay off accrued interest. The remaining allocation of this debt not considered capital related debt at June 30, 2025 is \$205,050.

Fund Balance Flow Assumptions

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies

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

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

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

Subscription-based IT Arrangements

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

The SBITA asset is amortized on a straight-line basis over its useful life.

SBITA assets are reported with other capital assets.

Leases

Lessee: The District is a lessee for a noncancelable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Leases (continued)

- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

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

Revenues and Expenditures/Expenses

Program Revenues

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

Property Taxes

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

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

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	8.3300
Sinking fund	
PRE, Non-PRE, Commercial Personal Property	1.9528

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Compensated Absences and Severance Benefits

The District recognizes a liability for compensated absences and severance benefits for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences and severance benefits is reported as incurred in the government-wide financial statements. The liability for compensated absences and severance benefits includes salary and related benefits, where applicable.

Long-Term Obligations

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2025, \$5,072,613 of the District's bank balance of \$5,322,613 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$4,721,263.

Custodial Credit Risk - Investments

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

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

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

Investment Type	Fair Value	Weighted Average Maturity (years)
Michigan Class - pooled short term investments	\$ 28,898	0.1070
Portfolio weighted average maturity		0.1070

One day maturity equals 0.0027, one year equals 1.00.

Concentration of Credit Risk

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

Investment Type	Fair Value	Rating	Rating Agency
Michigan Class - pooled short term investments	\$ 28,898	AAAm	Standard & Poor's

Foreign Currency Risk

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

Fair Value Measurement

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

Level 1: Quoted prices in active markets for identical securities.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

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

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

At June 30, 2025, the District does not have any investments subject to fair value measurement.

Investments in Entities that Calculate Net Asset Value Per Share

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

The Michigan CLASS investment pool invest U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds.

The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

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

	Fair Value	Unfunded Commitments	Redemption Frequency if Eligible	Redemption Notice Period
Michigan Class - pooled short term investments	\$ 28,898	\$ -	No restrictions	None

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

HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Investments in Entities that Calculate Net Asset Value Per Share (continued)

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

	Primary Government
Cash and cash equivalents	\$ 4,721,263
Investments	28,898
	<u>\$ 4,750,161</u>

NOTE 3 - CAPITAL ASSETS

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

	Balance July 1, 2024	Additions	Deletions/ Reclassification	Balance June 30, 2025
Governmental activities				
Capital assets, not being depreciated/amortized				
Land	\$ 330,000	\$ -	\$ -	\$ 330,000
Capital assets, being depreciated/amortized				
Buildings and additions	96,803,031	1,295,024	-	98,098,055
Site improvements	8,872,184	30,000	-	8,902,184
Right to use - subscription-based IT	295,015	-	-	295,015
Technology	3,881,661	312,347	-	4,194,008
Furniture and fixtures	8,576,298	-	-	8,576,298
Machinery and equipment	1,632,215	188,478	-	1,820,693
Transportation equipment	2,650,642	25,812	-	2,676,454
Right to use - equipment	192,188	-	-	192,188
Total capital assets, being depreciated/amortized	122,903,234	1,851,661	-	124,754,895
Accumulated depreciation/amortization				
Buildings and improvements	38,497,774	2,202,785	-	40,700,559
Site improvements	1,813,433	446,613	-	2,260,046
Right to use - subscription-based IT	122,127	47,097	-	169,224
Technology	3,445,989	274,792	-	3,720,781
Furniture and fixtures	4,502,560	272,523	-	4,775,083
Machinery and equipment	1,306,399	71,133	-	1,377,532
Transportation equipment	1,825,444	188,811	-	2,014,255
Right to use - equipment	21,354	36,607	-	57,961
Total accumulated depreciation/amortization	51,535,080	3,540,361	-	55,075,441
Net capital assets being depreciated/amortized	71,368,154	(1,688,700)	-	69,679,454
Net governmental capital assets	<u>\$ 71,698,154</u>	<u>\$ (1,688,700)</u>	<u>\$ -</u>	<u>\$ 70,009,454</u>

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - CAPITAL ASSETS (continued)

Depreciation/amortization for the fiscal year ended June 30, 2025 amounted to \$3,540,361. Depreciation/amortization expense was not allocated to governmental functions. It appears on the statement of activities as "unallocated".

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Receivables at June 30, 2025 consist of the following:

State aid - Michigan Department of Education	\$ 5,506,164
Federal	328,105
Intermediate school district and other	<u>256,430</u>
	<u><u>\$ 6,090,699</u></u>

Amounts due from other governmental units include amounts due from federal, state and local sources for various projects and programs. No allowance for doubtful accounts is considered necessary.

NOTE 5 - NOTES PAYABLE - STATE AID ANTICIPATION NOTES

The District issued state aid anticipation notes payable in the amounts of \$2,500,000 and \$2,500,000 with interest rates of 3.33% and 3.31%, respectively, and maturity dates through July 21, 2025 and August 20, 2025, respectively. Proceeds of the notes were used to fund school operations. The notes are secured by the full faith and credit of the District as well as pledged state aid. In the event of a default on the note, the state may impose a penalty interest rate and at the state's discretion, accelerate the repayment terms. The first note requires payments to an irrevocable set-aside account for principal and accrued interest at June 30, 2025. At year end, the balance of these payments in the amount of \$2,000,000 is considered defeased debt and is not included in the year-end balance. Activity for the year ended June 30, 2025 is as follows:

Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
<u>\$ 2,350,000</u>	<u>\$ 5,000,000</u>	<u>\$ 4,350,000</u>	<u>\$ 3,000,000</u>

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the District for the year ended June 30, 2025.

	Compensated Absences and Severance Benefits*	General Obligation Bonds	Notes from Direct Borrowings and Direct Placements			Total
			School Loan Revolving Fund	Bus Loan	Copier Lease	
Balance July 1, 2024, as restated	\$ 1,937,624	\$ 44,670,439	\$ 14,227,655	\$ 281,537	\$ 172,727	\$ 61,289,982
Additions	-	-	626,470	-	-	626,470
Deletions	(273,838)	(3,006,043)	(3,220,101)	(90,226)	(34,411)	(6,624,619)
Balance June 30, 2025	1,663,786	41,664,396	11,634,024	191,311	138,316	55,291,833
Due within one year	(166,379)	(2,825,000)	-	(93,799)	(35,782)	(3,120,960)
Due in more than one year	\$ 1,497,407	\$ 38,839,396	\$ 11,634,024	\$ 97,512	\$ 102,534	\$ 52,170,873

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

General Obligation Bonds

2016 Series A refunding term bonds due in annual installments of \$1,820,000 to \$1,825,000 through May 2027 with interest of 4.0%.	\$ 3,645,000
2018 General obligation bonds due in annual installments of \$510,000 to \$1,515,000 through May 2048 with interest from 4.0% to 5.0%.	26,985,000
2019 Series A Refunding term bonds due in an annual installment of \$410,000 through May 2026 with interest at 3.0%.	410,000
2019 Series B Refunding term bonds due in annual installments of \$1,640,000 to \$1,760,000 through May 2031 with interest from 2.649% to 2.849%.	6,835,000
2024 General obligation bonds due in annual installments of \$80,000 to \$115,000 through May 2034 with interest at 3.91%.	875,000
Plus premium on bond issuances	<u>2,914,396</u>
Total general obligation bonds	<u>41,664,396</u>

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Notes from Direct Borrowings and Direct Placements

Note payable due in annual installments of \$101,375, including interest at 6.62% through July 2026. Note is collateralized by related fixed assets.	\$ 191,311
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Borrowings from the State of Michigan under the School Loan Revolving Fund, including interest at 4.22% at June 30, 2025.	11,634,024
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Copier Lease - During the 2024 fiscal year, the District entered into a six-year lease agreement as lessee for the use of copiers. An initial liability was recorded in the amount of \$192,188 during the current fiscal year. Due in monthly payments of \$3,379 with an interest rate of 3.91%.	138,316
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Total notes from direct borrowings and direct placements	11,963,651
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Total general obligation bonds and notes from direct borrowings and direct placements	53,628,047
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Obligation under contract for compensated absences	1,051,502
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Obligation under contract for severance benefits	612,284
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Total general long-term obligations	\$ 55,291,833
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The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$329,627 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account, assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2025, \$5,525,000 of bonds outstanding are considered defeased.

Borrowing from the State of Michigan - The school loan revolving fund payable represents notes payable to the State of Michigan for loans made to the school district, as authorized by the State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the school district issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. The interest rate at June 30, 2025 was 4.22%. Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 8.33 mills. The school district is required to levy 8.33 mills and repay to the state any excess of the amount levied over the bonded debt service requirements. The District currently levies 8.33 debt mills. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the school district, no provision for repayment has been included in the following amortization schedule. The state may apply a default late charge on the note if the District does not make the repayments or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default.

HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize long-term obligations outstanding as of June 30, 2025, including interest of \$21,210,600 are as follows:

Year Ending June 30,	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements		Compensated absences and severance benefits	Total
	Principal	Interest	Principal	Interest		
2026	\$ 2,825,000	\$ 1,728,727	\$ 129,581	\$ 12,347	\$ -	\$ 4,695,655
2027	2,415,000	1,614,799	134,717	7,210	-	4,171,726
2028	2,540,000	1,513,175	38,686	1,866	-	4,093,727
2029	2,625,000	1,425,713	26,643	393	-	4,077,749
2030	2,700,000	1,334,615	-	-	-	4,034,615
2031 - 2035	7,205,000	5,836,767	-	-	-	13,041,767
2036 - 2040	6,390,000	4,306,500	-	-	-	10,696,500
2041 - 2045	7,510,000	2,635,500	-	-	-	10,145,500
2045 - 2048	4,540,000	756,750	-	-	-	5,296,750
Total	38,750,000	21,152,546	329,627	21,816	-	60,253,989
School loan revolving fund	-	-	11,597,786	36,238	-	11,634,024
Issuance premium	2,914,396	-	-	-	-	2,914,396
Compensated absences	-	-	-	-	1,051,502	1,051,502
Severance benefits	-	-	-	-	612,284	612,284
	<u>\$ 41,664,396</u>	<u>\$ 21,152,546</u>	<u>\$ 11,927,413</u>	<u>\$ 58,054</u>	<u>\$ 1,663,786</u>	<u>\$ 76,466,195</u>

Interest expense for all funds for the year ended June 30, 2025 was approximately \$1,856,000.

NOTE 7 - INTER-FUND RECEIVABLES AND PAYABLES

Inter-fund payable and receivable balances at June 30, 2025 are as follows:

Receivable Fund		Payable Fund	
General fund	\$ 788,844	Sinking fund	\$ 1,935,301
Nonmajor governmental funds	<u>1,470,637</u>	Nonmajor governmental funds	<u>324,180</u>
	<u>\$ 2,259,481</u>		<u>\$ 2,259,481</u>

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

Benefits Provided - Overall

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

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

Benefits Provided - Pension

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

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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

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

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

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

Pension Reform of 2017

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

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

Pension Reform of 2023

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions

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

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

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

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

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

The District's pension contributions for the year ended June 30, 2025 were equal to the required contribution total. Total pension contributions were approximately \$7,810,000. Of the total pension contributions approximately \$7,585,000 was contributed to fund the Defined Benefit Plan and approximately \$225,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2025 were equal to the required contribution total. Total OPEB contributions were approximately \$254,000. Of the total OPEB contributions approximately \$98,000 was contributed to fund the Defined Benefit Plan and approximately \$156,000 was contributed to fund the Defined Contribution Plan.

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Pension Liabilities

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

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

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total pension liability	\$ 95,765,499,515	\$ 94,947,828,557
Plan fiduciary net position	\$ 71,283,482,728	\$ 62,581,762,238
Net pension liability	\$ 24,482,016,787	\$ 32,366,066,319
Proportionate share	0.17186%	0.17419%
Net pension liability for the District	\$ 42,073,614	\$ 56,378,833

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

For the year ended June 30, 2025, the District recognized pension expense of \$3,419,664.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 4,386,424	\$ 3,082,665
Net difference between projected and actual earnings on pension plan investments	-	8,029,429
Differences between expected and actual experience	1,141,487	457,136
Changes in proportion and difference between employer contributions and proportionate share of contributions	892,555	1,025,657
Reporting Unit's contributions subsequent to the measurement date	<u>6,871,588</u>	<u>-</u>
	<u>\$ 13,292,054</u>	<u>\$ 12,594,887</u>

\$6,871,588, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

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

Year Ending June 30,	Amount
2026	\$ (1,344,592)
2027	368,473
2028	(3,019,479)
2029	(2,178,823)

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

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

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

<u>MPSERS (Plan) Non-university Employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total Other Postemployment Benefit liability	\$ 9,991,545,923	\$ 11,223,648,949
Plan fiduciary net position	\$ 14,295,943,589	\$ 11,789,347,341
Net Other Postemployment Benefit Liability (asset)	\$ (4,304,397,666)	\$ (565,698,392)
Proportionate share	0.16835%	0.17402%
Net Other Postemployment Benefit liability (asset) for the District	\$ (7,246,283)	\$ (984,423)

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

For the year ended June 30, 2025, the District recognized OPEB benefit of \$2,695,442.

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,582,692	\$ 181,917
Net difference between projected and actual earnings on OPEB plan investments	-	1,371,804
Differences between expected and actual experience	-	7,678,847
Changes in proportion and difference between employer contributions and proportionate share of contributions	161,949	322,811
Reporting Unit's contributions subsequent to the measurement date	<u>30,862</u>	<u>-</u>
	<u><u>\$ 1,775,503</u></u>	<u><u>\$ 9,555,379</u></u>

\$30,862, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

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

Year Ending June 30,	Amount
2026	\$ (2,547,884)
2027	(1,542,642)
2028	(1,470,929)
2029	(1,351,619)
2030	(752,985)
2031	(144,679)

Actuarial Assumptions

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

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

Inflation - 3.0%.

Mortality Assumptions -

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

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

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

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

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

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

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

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

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

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

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.3%
International Equity	15.0%	6.5%
Private Equity Pools	16.0%	9.0%
Real Estate and Infrastructure Pools	10.0%	7.1%
Fixed Income Pools	13.0%	2.2%
Absolute Return Pools	9.0%	5.2%
Real Return/Opportunistic Pools	10.0%	6.9%
Short Term Investment Pools	2.0%	1.4%
	100.00%	

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

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

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

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	\$ 61,680,370	\$ 42,073,614	\$ 25,747,217

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

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	\$ (5,599,987)	\$ (7,246,283)	\$ (8,669,679)

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

	Other Postemployment Benefits		
	Current		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Reporting unit's proportionate share of the net other postemployment benefits liability (asset)	\$ (8,669,695)	\$ (7,246,283)	\$ (5,719,681)

Pension and OPEB Plan Fiduciary Net Position

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

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - RISK MANAGEMENT

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

The District continues to carry commercial insurance for other needs including health insurance.

NOTE 10 - TRANSFERS

The food service fund transferred \$95,450 to the general fund for indirect cost reimbursement.

NOTE 11 - SUBSEQUENT EVENTS

The District has approved borrowing of \$5,000,000 for fiscal year 2026 to replace the notes payable as described in Note 5.

NOTE 12 - CONTINGENT LIABILITIES

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

NOTE 13 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement 77 *Tax Abatements*.

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

<u>Municipality</u>	<u>Taxes Abated</u>
East Lansing	\$ 257
Meridian Township	<u>100,901</u>
	<u>\$ 101,158</u>

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 - TAX ABATEMENTS (continued)

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

There are no abatements made by the District.

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

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

**HASLETT PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 14 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

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

NOTE 15 - CHANGE IN ACCOUNTING PRINCIPLE

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

Summary:

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

During fiscal year 2025, changes to beginning net position, are as follows:

	Reporting Units Affected by Adjustments to Beginning Balances	
	Governmental Activities	
	Net Position	Accumulated Compensated Absences and Severance Benefits
Balance as of July 1, 2024, as previously stated	\$ (34,424,458)	\$ 1,006,722
Adoption of GASB Statement 101	(930,902)	930,902
Balance as of July 1, 2024, as restated	<u>\$ (35,355,360)</u>	<u>\$ 1,937,624</u>

REQUIRED SUPPLEMENTARY INFORMATION

**HASLETT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 3,456,986	\$ 3,836,441	\$ 3,921,344	\$ 84,903
State sources	31,377,599	30,460,637	30,446,060	(14,577)
Federal sources	415,894	300,951	323,704	22,753
Incoming transfers and other	4,095,827	4,259,136	4,224,162	(34,974)
TOTAL REVENUES	39,346,306	38,857,165	38,915,270	58,105
EXPENDITURES				
Current				
Instruction				
Basic programs	16,865,632	16,636,126	16,567,239	68,887
Added needs	4,459,489	4,439,448	4,377,720	61,728
Total instruction	21,325,121	21,075,574	20,944,959	130,615
Supporting services				
Pupil	4,081,705	3,936,406	4,107,775	(171,369)
Instructional staff	2,168,613	2,304,710	2,562,794	(258,084)
General administration	781,102	818,810	859,528	(40,718)
School administration	2,434,644	2,230,107	2,324,586	(94,479)
Business	1,300,851	1,241,306	843,883	397,423
Operation/maintenance	3,945,138	3,938,618	3,843,205	95,413
Pupil transportation	1,197,361	1,183,933	1,048,345	135,588
Technology	617,037	565,637	623,671	(58,034)
Athletics	579,841	710,545	747,728	(37,183)
Total supporting services	17,106,292	16,930,072	16,961,515	(31,443)
Community services	919,893	908,769	1,037,568	(128,799)
Debt service	-	-	141,927	(141,927)
Outgoing transfers and other transactions	-	-	116,543	(116,543)
TOTAL EXPENDITURES	39,351,306	38,914,415	39,202,512	(288,097)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,000)	(57,250)	(287,242)	(229,992)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	5,000	7,250	7,250	-
Transfers in	-	50,000	95,450	45,450
TOTAL OTHER FINANCING SOURCES (USES)	5,000	57,250	102,700	45,450
NET CHANGE IN FUND BALANCE	\$ -	\$ -	(184,542)	\$ (184,542)
FUND BALANCE				
Beginning of year			2,612,589	
End of year			<u>\$ 2,428,047</u>	

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Reporting Unit's share of net pension liability (%)	0.17186%	0.17419%	0.16891%	0.16985%	0.17243%	0.17299%	0.17173%	0.17044%	0.16677%	0.15816%
Reporting Unit's proportionate share of net pension liability	\$ 42,073,614	\$ 56,378,833	\$ 63,525,896	\$ 40,213,635	\$ 59,232,790	\$ 57,289,455	\$ 51,624,931	\$ 44,168,506	\$ 41,608,821	\$ 38,631,814
Reporting Unit's covered-employee payroll	\$ 17,750,666	\$ 17,415,186	\$ 16,634,875	\$ 15,113,690	\$ 15,190,807	\$ 15,171,024	\$ 14,711,231	\$ 14,281,802	\$ 14,393,378	\$ 13,186,624
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	237.03%	323.73%	381.88%	266.07%	389.93%	377.62%	350.92%	309.26%	289.08%	292.96%
Plan fiduciary net position as a percentage of total pension liability (Non-university employees)	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions	\$ 7,585,199	\$ 7,000,403	\$ 7,961,614	\$ 5,646,890	\$ 5,139,899	\$ 4,679,556	\$ 4,501,893	\$ 4,678,182	\$ 3,952,989	\$ 3,598,623
Contributions in relation to statutorily required contributions	<u>7,585,199</u>	<u>7,000,403</u>	<u>7,961,614</u>	<u>5,646,890</u>	<u>5,139,899</u>	<u>4,679,556</u>	<u>4,501,893</u>	<u>4,678,182</u>	<u>3,952,989</u>	<u>3,598,623</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 18,323,713	\$ 17,649,036	\$ 17,060,292	\$ 16,049,657	\$ 15,331,705	\$ 15,257,629	\$ 15,057,215	\$ 14,614,496	\$ 14,239,757	\$ 13,780,051
Contributions as a percentage of covered-employee payroll	41.40%	39.66%	46.67%	35.18%	33.52%	30.67%	29.90%	32.01%	27.76%	26.11%

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

	2024	2023	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net other postemployment benefits liability/asset (%)	0.16835%	0.17402%	0.17318%	0.16885%	0.17247%	0.17369%	0.17289%	0.17051%
Reporting Unit's proportionate share of net other postemployment benefits liability (asset)	\$ (7,246,283)	\$ (984,423)	\$ 3,668,137	\$ 2,577,256	\$ 9,239,629	\$ 12,467,193	\$ 13,743,291	\$ 15,099,689
Reporting Unit's covered-employee payroll	\$ 17,750,666	\$ 17,415,186	\$ 16,634,875	\$ 15,113,690	\$ 15,190,807	\$ 15,171,024	\$ 14,711,231	\$ 14,281,802
Reporting Unit's proportionate share of net other post employment benefits liability/asset as a percentage of its covered-employee payroll	40.82%	5.65%	22.05%	17.05%	60.82%	82.18%	93.42%	105.73%
Plan fiduciary net position as a percentage of total other postemployment benefits liability/asset (Non-university employees)	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions	\$ 98,425	\$ 1,464,741	\$ 1,441,767	\$ 1,373,855	\$ 1,347,783	\$ 1,308,513	\$ 1,237,014	\$ 1,199,053
Contributions in relation to statutorily required contributions	<u>98,425</u>	<u>1,464,741</u>	<u>1,441,767</u>	<u>1,373,855</u>	<u>1,347,783</u>	<u>1,308,513</u>	<u>1,237,014</u>	<u>1,199,053</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 18,323,713	\$ 17,649,036	\$ 17,060,292	\$ 16,049,657	\$ 15,331,705	\$ 15,257,629	\$ 15,057,215	\$ 14,614,496
Contributions as a percentage of covered-employee payroll	0.54%	8.30%	8.45%	8.56%	8.79%	8.58%	8.22%	8.20%

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

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

NOTE 1 - PENSION INFORMATION

Benefit Changes

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

Changes in Assumptions

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

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

NOTE 2 - OPEB INFORMATION

Benefit Changes

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

Changes in Assumptions

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

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

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

NOTE 2 - OPEB INFORMATION (continued)

Changes in Assumptions (continued)

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

ADDITIONAL SUPPLEMENTARY INFORMATION

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

	Special Revenue		2024 Capital	Debt	Total
	Food Service	Student/ School Activities	Projects	Service	Nonmajor Funds
ASSETS					
Cash and cash equivalents	\$ 1,213	\$ -	\$ -	\$ 1,530,190	\$ 1,531,403
Investments	-	-	-	23,147	23,147
Accounts receivable	73,223	-	-	-	73,223
Intergovernmental receivable	14,363	-	-	-	14,363
Due from other funds	323,597	112,637	41,005	993,398	1,470,637
Inventories	9,114	-	-	-	9,114
TOTAL ASSETS	\$ 421,510	\$ 112,637	\$ 41,005	\$ 2,546,735	\$ 3,121,887
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 286	\$ -	\$ -	\$ -	\$ 286
Accrued salaries and related items	2,187	-	-	-	2,187
Accrued retirement	3,277	-	-	-	3,277
Due to other funds	-	-	-	324,180	324,180
Unearned revenue	42,620	-	-	-	42,620
TOTAL LIABILITIES	48,370	-	-	324,180	372,550
FUND BALANCES					
Nonspendable					
Inventories	9,114	-	-	-	9,114
Restricted for					
Debt service	-	-	-	2,222,555	2,222,555
Food service	364,026	-	-	-	364,026
Capital projects	-	-	41,005	-	41,005
Committed	-	112,637	-	-	112,637
TOTAL FUND BALANCES	373,140	112,637	41,005	2,222,555	2,749,337
TOTAL LIABILITIES AND FUND BALANCES	\$ 421,510	\$ 112,637	\$ 41,005	\$ 2,546,735	\$ 3,121,887

HASLETT PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2025

	Special Revenue		2024 Capital Projects	Debt Service	Total Nonmajor Funds
	Food Service	Student/ School Activities			
REVENUES					
Local sources					
Property taxes	\$ -	\$ -	\$ -	\$ 6,826,466	\$ 6,826,466
Investment earnings	-	-	-	10,394	10,394
Student/School activities income	-	773,313	-	-	773,313
Food sales	149,765	-	-	-	149,765
Total local sources	149,765	773,313	-	6,836,860	7,759,938
State sources	678,968	-	-	13,889	692,857
Federal sources	767,029	-	-	-	767,029
TOTAL REVENUES	1,595,762	773,313	-	6,850,749	9,219,824
EXPENDITURES					
Current					
Food service activities	1,420,135	-	-	-	1,420,135
Student/School activities expense	-	755,932	-	-	755,932
Capital outlay	32,294	-	882,845	-	915,139
Debt service					
Principal repayment	-	-	-	5,920,100	5,920,100
Interest expense	-	-	-	1,798,264	1,798,264
Other expense	-	-	-	385	385
TOTAL EXPENDITURES	1,452,429	755,932	882,845	7,718,749	10,809,955
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	143,333	17,381	(882,845)	(868,000)	(1,590,131)
OTHER FINANCING SOURCES (USES)					
Transfers out	(95,450)	-	-	-	(95,450)
NET CHANGE IN FUND BALANCES	47,883	17,381	(882,845)	(868,000)	(1,685,581)
FUND BALANCES					
Beginning of year	325,257	95,256	923,850	3,090,555	4,434,918
End of year	\$ 373,140	\$ 112,637	\$ 41,005	\$ 2,222,555	\$ 2,749,337

**HASLETT PUBLIC SCHOOLS
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2025**

	2016A Refunding	2018 Debt	2019A Refunding	2019B Refunding	Total Debt Service
ASSETS					
Cash and cash equivalents	\$ 552,894	\$ 878,868	\$ 7,780	\$ 90,648	\$ 1,530,190
Investments	-	-	23,147	-	23,147
Due from other funds	428,644	-	499,894	64,860	993,398
TOTAL ASSETS	\$ 981,538	\$ 878,868	\$ 530,821	\$ 155,508	\$ 2,546,735
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ -	\$ 324,180	\$ -	\$ -	\$ 324,180
FUND BALANCES					
Restricted for debt service	981,538	554,688	530,821	155,508	2,222,555
TOTAL LIABILITIES AND FUND BALANCES	\$ 981,538	\$ 878,868	\$ 530,821	\$ 155,508	\$ 2,546,735

HASLETT PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2025

	2016A Refunding	2018 Debt Retirement	2019A Refunding	2019B Refunding	Total Debt Service
REVENUES					
Local sources					
Property taxes	\$ 3,272,032	\$ 2,454,892	\$ 819,476	\$ 280,066	\$ 6,826,466
Interest	3,885	3,879	2,107	523	10,394
Total local sources	3,275,917	2,458,771	821,583	280,589	6,836,860
State sources	6,666	5,002	1,671	550	13,889
TOTAL REVENUES	3,282,583	2,463,773	823,254	281,139	6,850,749
EXPENDITURES					
Principal repayment	3,209,559	1,829,390	747,170	133,981	5,920,100
Interest expense	217,000	1,369,050	25,050	187,164	1,798,264
Other	131	69	112	73	385
TOTAL EXPENDITURES	3,426,690	3,198,509	772,332	321,218	7,718,749
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(144,107)	(734,736)	50,922	(40,079)	(868,000)
NET CHANGE IN FUND BALANCES	(144,107)	(734,736)	50,922	(40,079)	(868,000)
FUND BALANCES					
Beginning of year	1,125,645	1,289,424	479,899	195,587	3,090,555
End of year	\$ 981,538	\$ 554,688	\$ 530,821	\$ 155,508	\$ 2,222,555

**HASLETT PUBLIC SCHOOLS
BONDED OBLIGATIONS
JUNE 30, 2025**

\$7,840,000 Bonds issued March 23, 2016:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 1,825,000	\$ 72,900	\$ 72,900	2026	\$ 1,970,800
<u>1,820,000</u>	<u>36,400</u>	<u>36,400</u>	2027	<u>1,892,800</u>
<u>\$ 3,645,000</u>	<u>\$ 109,300</u>	<u>\$ 109,300</u>		<u>\$ 3,863,600</u>

The above bonds have an interest rate of 4%. The bond proceeds were used to refinance \$9,080,000 of the 2006 refunding bond issue.

**HASLETT PUBLIC SCHOOLS
BONDED OBLIGATIONS
JUNE 30, 2025**

\$29,440,000 Bonds issued October 23, 2018:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 510,000	\$ 674,625	\$ 674,625	2026	\$ 1,859,250
510,000	661,875	661,875	2027	1,833,750
810,000	649,125	649,125	2028	2,108,250
830,000	628,875	628,875	2029	2,087,750
870,000	608,125	608,125	2030	2,086,250
910,000	586,375	586,375	2031	2,082,750
955,000	563,625	563,625	2032	2,082,250
1,000,000	539,750	539,750	2033	2,079,500
1,050,000	514,750	514,750	2034	2,079,500
1,100,000	488,500	488,500	2035	2,077,000
1,155,000	461,000	461,000	2036	2,077,000
1,215,000	432,125	432,125	2037	2,079,250
1,275,000	401,750	401,750	2038	2,078,500
1,340,000	369,875	369,875	2039	2,079,750
1,405,000	336,375	336,375	2040	2,077,750
1,475,000	301,250	301,250	2041	2,077,500
1,505,000	264,375	264,375	2042	2,033,750
1,510,000	226,750	226,750	2043	1,963,500
1,510,000	189,000	189,000	2044	1,888,000
1,510,000	151,250	151,250	2045	1,812,500
1,510,000	113,500	113,500	2046	1,737,000
1,515,000	75,750	75,750	2047	1,666,500
1,515,000	37,875	37,875	2048	1,590,750
<u>\$ 26,985,000</u>	<u>\$ 9,276,500</u>	<u>\$ 9,276,500</u>		<u>\$ 45,538,000</u>

The above bonds dated October 23, 2018 carry interest rates ranging from 4% to 5%.

**HASLETT PUBLIC SCHOOLS
BONDED OBLIGATIONS
JUNE 30, 2025**

\$3,190,000 Bonds issued January 14, 2019:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
<u>\$ 410,000</u>	<u>\$ 6,150</u>	<u>\$ 6,150</u>	2026	<u>\$ 422,300</u>

The above bonds have an interest rate of 3%. The bond proceeds were used to refinance \$3,195,000 of the 2009 bond issue.

**HASLETT PUBLIC SCHOOLS
BONDED OBLIGATIONS
JUNE 30, 2025**

\$6,835,000 Bonds issued December 2, 2020:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ -	\$ 93,582	\$ 93,582	2026	\$ 187,164
-	93,582	93,582	2027	187,164
1,640,000	93,582	93,582	2028	1,827,164
1,700,000	71,860	71,860	2029	1,843,720
1,735,000	48,919	48,919	2030	1,832,838
1,760,000	25,071	25,071	2031	1,810,142
<u>\$ 6,835,000</u>	<u>\$ 426,596</u>	<u>\$ 426,596</u>		<u>\$ 7,688,192</u>

The above bonds were initially authorized for \$6,835,000 with rates of 2.649% to 2.849% for the purpose of (i) refunding certain outstanding indebtedness of the District to the State of Michigan under the State of Michigan School Bond Qualification and Loan Program; and (ii) paying a portion of the costs of issuance the Bonds.

**HASLETT PUBLIC SCHOOLS
BONDED OBLIGATIONS
JUNE 30, 2025**

\$950,000 Bonds issued March 28, 2024:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 80,000	\$ 17,106	\$ 17,106	2026	\$ 114,212
85,000	15,542	15,542	2027	116,084
90,000	13,881	13,881	2028	117,762
95,000	12,121	12,121	2029	119,242
95,000	10,264	10,264	2030	115,528
100,000	8,407	8,407	2031	116,814
105,000	6,452	6,452	2032	117,904
110,000	4,398	4,398	2033	118,796
115,000	2,248	2,248	2034	119,496
<u>\$ 875,000</u>	<u>\$ 90,419</u>	<u>\$ 90,419</u>		<u>\$ 1,055,838</u>

The above bonds dated March 28, 2024 carry an interest rate of 3.91%.

**HASLETT PUBLIC SCHOOLS
LONG-TERM DEBT
NONBONDED OBLIGATIONS
JUNE 30, 2025**

2022 Buses Purchase:

<u>Annual Principal Payments</u>	<u>Annual Interest Payments</u>	<u>June 30,</u>	<u>Amount</u>
\$ 93,799	\$ 7,576	2026	\$ 101,375
<u>97,512</u>	<u>3,863</u>	2027	<u>101,375</u>
<u><u>\$ 191,311</u></u>	<u><u>\$ 11,439</u></u>		<u><u>\$ 202,750</u></u>

Note payable issued in November 2022 for the purchase of buses.

**HASLETT PUBLIC SCHOOLS
SCHOOL LOAN REVOLVING FUND
FOR THE YEAR ENDED JUNE 30, 2025**

Amounts needed for the payment of bond principal and interest in excess of receipts from property taxes are borrowed from the Michigan School Loan Revolving Fund. These loans, together with accrued interest payable thereon, are to be repaid when the debt retirement millage rate provides funds in excess of the amounts needed to pay current bond maturities and interest. The borrowings from and repayments to the State under this program have been summarized as follows:

Year Ending June 30,	Loan Proceeds	Interest Expense	Loan Balance (Net Change)
2006	\$ 2,685,769	\$ 24,474	\$ 2,710,243
2007	2,219,214	153,702	2,372,916
2008	1,610,851	248,481	1,859,332
2009	1,258,494	350,961	1,609,455
2010	1,353,701	448,267	1,801,968
2011	1,302,916	399,933	1,702,849
2012	1,527,138	370,174	1,897,312
2013	1,009,448	445,742	1,455,190
2014	1,304,625	552,645	1,857,270
2015	-	594,362	594,362
2015 interest payment	-	(250,000)	(250,000)
2016	373,453	439,153	812,606
2016 loan repayment	(14,272,156)	(3,775,500)	(18,047,656)
2017	-	10,397	10,397
2017 loan repayment	(366,485)	(12,761)	(379,246)
2018	2,569,241	15,374	2,584,615
2019	3,930,021	111,828	4,041,849
2020	3,541,823	114,308	3,656,131
2020 loan repayment	(6,503,955)	(220,677)	(6,724,632)
2021	3,101,989	124,910	3,226,899
2022	4,152,320	194,857	4,347,177
2023	3,202,222	410,742	3,612,964
2024	-	646,017	646,017
2024 loan repayment	-	(1,170,363)	(1,170,363)
2025	-	626,470	626,470
2025 loan repayment	(2,402,843)	(817,258)	(3,220,101)
Total June 30, 2025	<u>\$ 11,597,786</u>	<u>\$ 36,238</u>	<u>\$ 11,634,024</u>



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

☎ 517.323.7500

🖨 517.323.6346

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

To the Board of Education of
Haslett Public Schools

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Haslett Public Schools as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Haslett Public Schools' basic financial statements and have issued our report thereon dated October 14, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Haslett Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Haslett Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Haslett Public Schools' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal controls, as described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (2025-001).

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Haslett Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 2025-001.

Haslett Public Schools' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Haslett Public Schools' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Haslett Public Schools' response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

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

Maney Costeiran PC

October 14, 2025

**HASLETT PUBLIC SCHOOLS
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025**

Section II - Financial Statement Findings

Finding 2025-001: Considered a significant deficiency.

Criteria: Compliance with the Uniform Budgeting and Accounting Act. MCL (Michigan Compile Laws) 141.437 states that if it becomes apparent during the year that the probable expenses will be more than budgeted expenditures, an amendment should be adopted to prevent expenditures from exceeding available revenues.

Condition: The District's budget reflects an estimated decrease in fund balance more than actual change in fund balance.

Effect: At June 30, 2025, the District's final budget anticipated using \$0 of the District's fund balance. The actual result has the District using up \$184,542 of fund balance. This created a negative budget to actual variance of \$184,542.

Cause: The primary reason was due to unanticipated expenditures incurred between the final amended budgeting process and end of the year.

Recommendation: The District should implement budgeting procedures more conservatively for expenditures. The District should also implement procedures to schedule emergency board meetings for budget amendments, if needed.

District's Response: The District concurs with the facts and findings and is implementing the recommended procedures to prevent future findings of this nature.



Patrick Malley, Superintendent
5593 Franklin St., Haslett, MI 48840
(517) 339-8242

**HASLETT PUBLIC SCHOOLS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2025**

Haslett Public Schools respectfully submits the following corrective action plan for the year ended June 30, 2025.

Auditor: Maner Costerisan
2425 E. Grand River Avenue, Suite 1
Lansing, MI 48912

Audit Period: Year ended June 30, 2025.

District Contact Person: Scott Kemmer-Slater, Director of Finance

Finding - Financial statement audit

Finding 2025-001 - Significant Deficiency

Recommendation: The District should implement budgeting procedures to budget more conservatively for expenditures. The District should also implement procedures to schedule emergency board meetings for budget amendments, if needed.

Action to be taken: The District concurs with the facts and findings and is implementing the recommended procedures to prevent future findings of this nature.