

JACKSON PUBLIC SCHOOLS

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

YEAR ENDED JUNE 30, 2025

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WITH *GOVERNMENT AUDITING STANDARDS*69-70



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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Jackson Public Schools

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jackson Public Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Jackson 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 Jackson 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 Jackson 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 12 to the financial statement, the District adopted GASB Statement No. 101, *Compensated Absences*. Our opinion 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 Jackson 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 Jackson 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 Jackson 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 Jackson 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 6, 2025, on our consideration of Jackson Public Schools' internal control over financial reporting and on our tests of 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 Jackson 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 Jackson Public Schools' internal control over financial reporting and compliance.

Maney Costeiran PC

October 6, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Jackson Public Schools (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025.

The management's discussion and analysis is provided at the beginning of the annual financial report to provide in layman's terms the past and current position of the District's financial condition. This summary should not be taken as a replacement for the annual financial report which consists of the financial statements and other supplementary and additional information that presents all the District's revenue and expenditures by program.

FINANCIAL HIGHLIGHTS

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

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

These two statements report the District's net position. In order to measure the District's financial health or financial position, we examine the difference between assets, deferred outflow of resources, liabilities, and deferred inflow of resources as reported in the statement of net position. Over time, increases or decreases in the District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the District's operating results.

It is important to remember that the School District's goal is to provide the best educational opportunities and services possible to the District's students and not to generate profits as commercial entities do. In keeping, the District must account for the long-term stability and continuation of the District by weighing expenditures against the ability to continue existence. The District must keep in check significant decreases in net position over time.

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

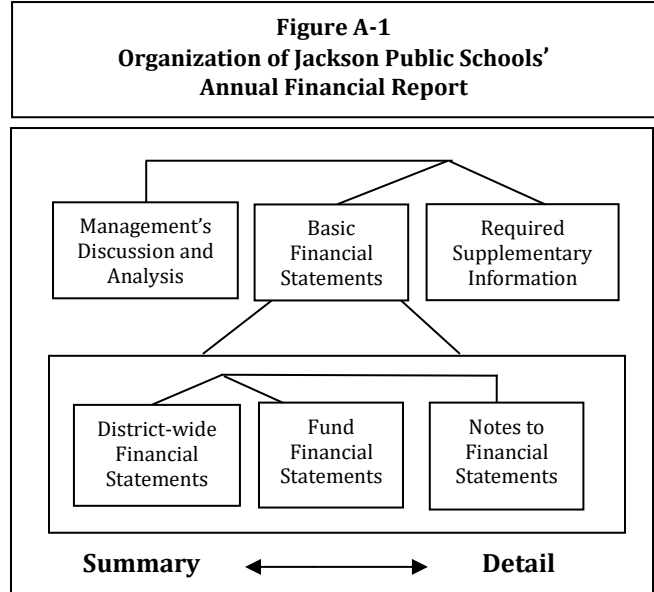
Our financial statements provide insights into the results of this year's operations.

- The assets and deferred outflows of resources of the District are exceeded by its liabilities and deferred inflows of resources at the close of the most recent fiscal year by (\$10,582,523) (*net position*).
- The District's total net position increased by \$18,292,630.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$31,444,990, an increase of \$5,519,636 in comparison with the prior year.
- At the end of the current fiscal year, the fund balance for the District's operating fund (general fund) was \$16,552,401 or 21.25% of the total expenditures and transfers out of this operating fund.

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 notes to financial statements.
- The *governmental funds* statements tell how basic services like instruction and support services 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 information for 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.

Figure A-2 Major Features of District-wide and Fund Financial Statements		
Category	District-wide Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire District	The activities of the District that are not proprietary, 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 obligations 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 statements of net position include all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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.

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 of resources, liabilities, and deferred inflows of resources is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator 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 debt) or to show that it is properly using certain revenues (like school lunch 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.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Restricted net position represents legal constraints from debt covenants and legislation that limit the District’s ability to use the net position for day-to-day operations. The following is a summary of the District’s net position at June 30, 2025 and 2024.

Table A-3 Jackson Public Schools Net Position		
	2025	2024*
Assets		
Current and other assets	\$ 43,104,157	\$ 44,956,473
Net other postemployment benefits asset	12,108,231	1,588,341
Capital assets	125,121,384	124,428,746
Total assets	180,333,772	170,973,560
Deferred outflows of resources	30,065,693	32,988,376
Liabilities		
Current liabilities	12,311,925	19,698,569
Long-term liabilities	99,191,962	98,070,400
Net pension liability	68,837,751	83,554,997
Total liabilities	180,341,638	201,323,966
Deferred inflows of resources	40,640,350	31,039,772
Net position		
Net investment in capital assets	29,437,344	29,918,386
Restricted	4,177,685	3,368,900
Restricted for net other postemployment benefits	12,108,231	1,588,341
Unrestricted	(56,305,783)	(63,277,429)
Total net position	\$ (10,582,523)	\$ (28,401,802)
* The 2024 numbers have not been updated for the adoption of GASB 101.		

Table A-4		
Changes in Jackson Public Schools' Net Position		
	<u>2025</u>	<u>2024*</u>
Revenues		
Program revenues		
Charges for services	\$ 751,607	\$ 608,247
Operating grants and contributions	40,945,393	40,557,795
General revenues		
Property taxes	20,808,262	20,327,939
State aid - unrestricted	36,588,765	35,808,997
Other	2,316,358	1,980,487
	<u>101,410,385</u>	<u>99,283,465</u>
Expenses		
Instruction	36,390,722	39,073,807
Support services	28,587,226	31,216,094
Community services	1,406,086	1,307,601
Outgoing transfers and other	16,738	-
Food services	5,235,636	5,096,345
Student/school activities	793,649	648,240
Interest on long-term debt	4,568,827	4,673,144
Unallocated depreciation	6,118,871	5,764,028
	<u>83,117,755</u>	<u>87,779,259</u>
Change in net position	<u>\$ 18,292,630</u>	<u>\$ 11,504,206</u>
* The 2024 numbers have not been updated for the adoption of GASB 101.		

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District as a whole has a combined fund balance of \$31,444,990 compared to \$25,925,354 in 2024. The general fund with a net fund balance of \$16,552,401. There are debt service funds with a combined net fund balance of \$4,012,469, special revenue funds with combined a net fund balance of \$1,565,141, the 2018 capital project fund with a net fund balance of \$1,319,717, the electric bus capital projects fund with a net fund balance of \$8,080,901, a capital projects fund with a net fund balance of \$154,795 and a donor restricted capital projects fund with a net fund balance of (\$240,434). The general fund decreased its fund balance by \$3,225,562; the 2018 capital project bond decreased its fund balance by \$44,751, the electric bus capital projects fund increased its fund balance by \$7,981,546 and other nonmajor governmental funds increased by \$808,403 (special revenue, debt service funds, and capital projects funds).

The general fund's expenditures were 4.32% higher than revenues and other financing sources (uses).

General Fund and Budget Highlights

An amendment to the initial budget was completed in December, reflecting increased spending in teacher salaries and benefits. The amendment reflected no change in the foundation allowance, along with approximately flat enrollment.

The final amendment was adopted in June 2025 to adjust for additional state aid revenues and final expenditure adjustment.

The final amended budget was to have expenditures and other financing uses exceeding revenues and other financing sources by \$3,857,126. Final results showed that revenues came in higher (\$725,316) than were anticipated, but expenditures came in lower (\$3,534). The net result after other financing sources and (uses) was a decrease in fund balance of \$3,225,562, decreasing the fund balance to \$16,552,401.

General fund expenditures came within 0.01% of final budgeted amounts. Tight budgetary controls allowed the District to maintain the rising costs.

Overall, the difference between the final District's amended budget and end of the year figures amounted to a \$631,564 variance.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's capital assets are as follows:

	2025			2024*
	Cost	Accumulated Depreciation/Amortization	Net Book Value	Net Book Value
Land	\$ 676,836	\$ -	\$ 676,836	\$ 716,736
Other nondepreciable assets	73,400	-	73,400	73,400
Building and building improvements	161,122,643	55,566,256	105,556,387	110,366,179
Land improvements	6,163,622	3,561,111	2,602,511	2,840,493
Vehicles	896,427	561,924	334,503	423,483
Buses	2,489,854	1,631,388	858,466	1,161,060
Right to use - buses	6,857,300	342,865	6,514,435	-
Furniture and equipment	13,026,455	4,521,609	8,504,846	8,847,395
Total	<u>\$ 191,306,537</u>	<u>\$ 66,185,153</u>	<u>\$ 125,121,384</u>	<u>\$ 124,428,746</u>

*Prior year has not been reclassified for the current year presentation.

LONG-TERM DEBT

At year-end, the District had \$99,191,962 long-term debt outstanding as shown in Table A-6. More detailed information is available in the notes to the financial statements.

The District principal payments during the year in the amount of \$5,331,921.

**Table A-6
Jackson Public Schools
Outstanding Long-Term Debt**

	2025	2024*
General obligation bonds	\$ 91,782,154	\$ 96,927,502
Notes from direct borrowings and direct placements	6,165,379	-
Compensated absences and terminated benefits	1,244,429	1,142,898
	\$ 99,191,962	\$ 98,070,400

* The 2024 numbers have not been updated for the adoption of GASB 101.

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- One of the most important factors affecting the budget is our student enrollment as the state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. Any increase or decrease in student enrollment will require adjustments in district expenditures so that the budget remains structurally balanced.
- Since the District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the District. After the 2024-25 fiscal year, the State is projecting all one-time items to be spent. This could potentially lead to a decrease in some categorical funding areas from the State. Even with an increase in school aid funding, any additional revenue does not keep up with the high rate of inflation. The District has and will likely continue to see increased costs in the general operation of the District.
- The District's federal revenues and expenditures have returned to pre-COVID-19 levels, however, due to uncertainty surrounding federal funding of public education, the district will need to remain vigilant in allocating resources for its core mission of educating students.
- The District has facilities that were built between 1920 and 2021. The average age of the school buildings is 60 years old. These buildings will need significant investment over the next 10 years. The District is in the process of going to the voters for authorization of a bond issue to continue to renovate and modernize its facilities.
- Signs of a national and statewide teacher shortage are evident. The District will need to be innovative in recruiting and retaining high quality teachers to ensure that it can continue to offer exceptional programming.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact Marcus Leon, Assistant Superintendent, Finance and Operations, Business Services, Jackson Public Schools, 522 Wildwood Avenue, Jackson, MI 49201

BASIC FINANCIAL STATEMENTS

**JACKSON PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2025**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 19,784,967
Investments	10,694,331
Restricted investments - capital projects	957,112
Receivables	
Accounts receivable	51,311
Intergovernmental	11,213,811
Inventories	286,999
Prepays	115,626
Net other postemployment benefits asset	12,108,231
Capital assets not being depreciated	750,236
Capital assets, net of accumulated depreciation/amortization	<u>124,371,148</u>
TOTAL ASSETS	<u>180,333,772</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding, net of amortization	943,776
Related to pensions	25,598,304
Related to other postemployment benefits	<u>3,523,613</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>30,065,693</u>
LIABILITIES	
Accounts payable	2,411,250
Accrued interest payable	652,758
Accrued salaries and related items	4,639,758
Accrued retirement	1,928,791
Unearned revenue	2,679,368
Noncurrent liabilities	
Due within one year	5,209,895
Due in more than one year	93,982,067
Net pension liability	<u>68,837,751</u>
TOTAL LIABILITIES	<u>180,341,638</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	20,685,657
Related to state aid funding for pension benefits	3,811,057
Related to other postemployment benefits	<u>16,143,636</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>40,640,350</u>
NET POSITION	
Net investment in capital assets	29,437,344
Restricted for debt service	3,359,711
Restricted for food service	817,974
Restricted for net other postemployment benefits	12,108,231
Unrestricted	<u>(56,305,783)</u>
TOTAL NET POSITION	<u><u>\$ (10,582,523)</u></u>

See notes to financial statements.

**JACKSON 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	\$ 36,390,722	\$ -	\$ 24,396,009	\$ (11,994,713)
Support services	28,587,226	302,139	10,907,228	(17,377,859)
Community services	1,406,086	-	-	(1,406,086)
Outgoing transfers and other	16,738	-	-	(16,738)
Food services	5,235,636	449,468	4,829,619	43,451
Student/school activities	793,649	-	812,537	18,888
Interest on long-term debt	4,568,827	-	-	(4,568,827)
Unallocated depreciation/amortization	6,118,871	-	-	(6,118,871)
Total governmental activities	<u>\$ 83,117,755</u>	<u>\$ 751,607</u>	<u>\$ 40,945,393</u>	<u>(41,420,755)</u>
General revenues				
Property taxes, levied for general purposes				11,339,553
Property taxes, levied for debt service				9,468,709
Investment earnings				1,092,833
State sources - unrestricted				36,588,765
Other				1,223,525
Total general revenues				<u>59,713,385</u>
CHANGE IN NET POSITION				<u>18,292,630</u>
Net position, beginning of year, as previously reported				(28,401,802)
Adjustment to beginning net position				<u>(473,351)</u>
Net position, beginning of year as restated				<u>(28,875,153)</u>
Net position, end of year				<u>\$ (10,582,523)</u>

See notes to financial statements.

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

	General Fund	2018 Building and Site Capital Projects Fund	Electric Bus Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 14,189,696	\$ -	\$ -	\$ 5,595,271	\$ 19,784,967
Investments	3,254,118	-	7,156,901	283,312	10,694,331
Restricted investments	-	957,112	-	-	957,112
Receivables					
Accounts receivable	51,311	-	-	-	51,311
Intergovernmental	10,817,011	-	-	396,800	11,213,811
Due from other funds	-	392,976	924,000	4,795	1,321,771
Inventories	259,132	-	-	27,867	286,999
Prepays	115,626	-	-	-	115,626
TOTAL ASSETS	\$ 28,686,894	\$ 1,350,088	\$ 8,080,901	\$ 6,308,045	\$ 44,425,928
LIABILITIES, AND FUND BALANCES					
LIABILITIES					
Payables					
Accounts payable	\$ 1,931,516	\$ 30,371	\$ -	\$ 449,363	\$ 2,411,250
Due to other funds	955,060	-	-	366,711	1,321,771
Accrued salaries and related items	4,639,758	-	-	-	4,639,758
Accrued retirement	1,928,791	-	-	-	1,928,791
Unearned revenue	2,679,368	-	-	-	2,679,368
TOTAL LIABILITIES	12,134,493	30,371	-	816,074	12,980,938
FUND BALANCES					
Nonspendable					
Inventories	259,132	-	-	27,867	286,999
Prepays	115,626	-	-	-	115,626
Restricted for:					
Debt service	-	-	-	4,012,469	4,012,469
Food service	-	-	-	817,974	817,974
Capital projects	-	1,319,717	-	-	1,319,717
Committed for:					
Student/school activities	-	-	-	719,300	719,300
Assigned for:					
Capital projects	-	-	8,080,901	154,795	8,235,696
Compensated absences and termination benefits	1,244,429	-	-	-	1,244,429
Subsequent year expenditures	2,001,533	-	-	-	2,001,533
Unassigned					
General fund	12,931,681	-	-	-	12,931,681
Capital projects	-	-	-	(240,434)	(240,434)
TOTAL FUND BALANCES	16,552,401	1,319,717	8,080,901	5,491,971	31,444,990
TOTAL LIABILITIES AND FUND BALANCES	\$ 28,686,894	\$ 1,350,088	\$ 8,080,901	\$ 6,308,045	\$ 44,425,928

See notes to financial statements.

**JACKSON PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE
SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total governmental fund balances		\$ 31,444,990
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows on refunding		943,776
Deferred outflows of resources - related to pensions		25,598,304
Deferred outflows of resources - related to other postemployment benefits		3,523,613
Deferred inflows of resources - related to pensions		(20,685,657)
Deferred inflows of resources - related to other postemployment benefits		(16,143,636)
Deferred inflows of resources - related to state aid funding for pension		(3,811,057)
Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		
Noncurrent asset at year-end consist of:		
Net other postemployment benefits asset		12,108,231
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital assets is	\$ 191,306,537	
Accumulated depreciation/amortization is	<u>(66,185,153)</u>	
		125,121,384
Long-term obligations are not due and payable in the current period and are not reported in the funds.		
General obligation bonds		(91,782,154)
Compensated absences and termination benefits		(1,244,429)
Notes from direct borrowings and direct placements		(6,165,379)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(652,758)
Net pension liability		<u>(68,837,751)</u>
Net position of governmental activities		<u><u>\$ (10,582,523)</u></u>

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

	General Fund	2018 Building and Site Capital Projects Fund	Electric Bus Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Local sources					
Property taxes	\$ 11,339,553	\$ -	\$ -	\$ 9,468,709	\$ 20,808,262
Food sales	-	-	-	441,247	441,247
Investment earnings, net	837,295	72,379	166,046	17,113	1,092,833
Athletics	112,339	-	-	-	112,339
Student/school activities	-	-	-	812,537	812,537
Other	1,023,027	7,224	350,000	8,221	1,388,472
Total local sources	13,312,214	79,603	516,046	10,747,827	24,655,690
State sources	53,923,817	-	-	384,565	54,308,382
Federal sources	4,201,194	-	8,295,000	4,968,213	17,464,407
Intermediate school districts	3,211,758	-	-	-	3,211,758
TOTAL REVENUES	74,648,983	79,603	8,811,046	16,100,605	99,640,237
EXPENDITURES					
Current					
Instruction	44,000,787	-	-	-	44,000,787
Supporting services	32,335,388	-	-	-	32,335,388
Food service activities	-	-	-	5,227,251	5,227,251
Community service activities	1,439,899	-	-	-	1,439,899
Student/school activities	-	-	-	793,649	793,649
Outgoing transfers and other	84,259	-	-	8,385	92,644
Capital outlay	-	124,354	15,152,300	207,662	15,484,316
Debt service					
Principal	-	-	-	5,331,921	5,331,921
Interest	-	-	-	4,590,742	4,590,742
Other expenses	-	-	-	9,378	9,378
TOTAL EXPENDITURES	77,860,333	124,354	15,152,300	16,168,988	109,305,975
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,211,350)	(44,751)	(6,341,254)	(68,383)	(9,665,738)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	33,074	-	8,295,000	-	8,328,074
Proceeds from leases	-	-	6,857,300	-	6,857,300
Transfers in	-	-	47,250	876,786	924,036
Transfers out	(47,286)	-	(876,750)	-	(924,036)
TOTAL OTHER FINANCING SOURCES (USES)	(14,212)	-	14,322,800	876,786	15,185,374
NET CHANGE IN FUND BALANCES	(3,225,562)	(44,751)	7,981,546	808,403	5,519,636
FUND BALANCES					
Beginning of year	19,777,963	1,364,468	99,355	4,683,568	25,925,354
End of year	\$ 16,552,401	\$ 1,319,717	\$ 8,080,901	\$ 5,491,971	\$ 31,444,990

See notes to financial statements.

**JACKSON 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 \$ 5,519,636

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.

Depreciation/amortization expense	(6,118,871)
Capital outlay	15,734,038
Net book value of assets disposed	(8,922,529)

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	674,673
Accrued interest payable, end of the year	(652,758)

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 in the treatment of long-term debt and related items are as follows:

Proceeds from leases	(6,857,300)
Payments on long-term obligations	5,331,921
Amortization of deferred charge on refunding	(108,898)
Amortization of bond premiums	505,348

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	(7,223)
Unavailable revenue, end of the year	-

Compensated absences and termination 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 termination benefits, beginning of the year, as restated	1,616,249
Accrued compensated absences and termination benefits, end of the year	(1,244,429)

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	6,313,410
Other postemployment benefits related items	4,765,066

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 benefits	1,744,297
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Change in net position of governmental activities **\$ 18,292,630**

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Jackson Public Schools (the “District”) is governed by the Jackson 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).

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.

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.

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

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District’s 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 nonmajor 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 *2018 Building and Site Capital Projects Fund* accounts for the receipt of debt proceeds and the acquisition or construction of capital facilities or equipment held by the District. For this capital project, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. Beginning with the year of bond issuance, the school district has reported the annual construction activity in the 2018 Building and Site Capital Projects Fund. The project for which the 2018 Bonds were issued was considered complete on June 30, 2023.

The *Electric Bus Capital Projects Fund* accounts for the acquisition and leasing of electric busses by the District.

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Additionally, the District reports the following *Nonmajor Fund Types*:

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 as special revenue funds.

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

The *Capital Projects Funds* account for the transfers from the general fund for the acquisition of capital assets or construction of major capital projects. The District maintains two nonmajor capital projects fund for various assigned purposes.

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.

JACKSON PUBLIC SCHOOLS
NOTES TO THE 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 state-wide 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 due from other governmental units.

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. Other funds do not have appropriated budgets.

**JACKSON PUBLIC SCHOOLS
NOTES TO THE 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 with supplemental 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 certificates of deposit.

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.
- 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 Prepaids

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.

**JACKSON PUBLIC SCHOOLS
NOTES TO THE 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

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 \$5,000 and an estimated useful life in excess of two years. 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.

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 process, if any, is not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the 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:

Capital Asset Classes	Years
Building and building improvements	50
Land improvements	20
Vehicles	10
Furniture and equipment	5 - 20
Buses	10
Right to use - buses	15

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 pension and other postemployment benefit, and pension and other postemployment benefit 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 benefit 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.

JACKSON PUBLIC SCHOOLS
NOTES TO THE 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 qualify 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.

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.

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.

JACKSON PUBLIC SCHOOLS
NOTES TO THE 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 (continued)

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. The Board has delegated to the Superintendent the authority to assign amounts to be used for specific purposes. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Leases and Subscription-based IT Arrangements (SBITA)

Lessee/subscriber: The District is a lessee for a noncancelable lease/subscription of a building and an IT arrangement. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The District recognizes a lease/SBITA liability and an intangible right-to-use lease/SBITA asset in the government-wide financial statements.

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

Key estimates and judgements related to leases included how the District determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value, (2) lease/SBITA term, and (3) lease/SBITA 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/SBITA.
- The lease/SBITA term includes the noncancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease/SBITA 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/SBITA and will remeasure the lease/SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liability.

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

Lessor: The District is a lessor for a noncancelable lease of a building. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Leases and Subscription-based IT Arrangements (SBITA) (continued)

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of this lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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.

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

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)	18.00
Commercial Personal Property	6.00
Recreation	0.50
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	5.95

Compensated Absences and Termination Benefits

The District recognizes a liability for compensated absences 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 is reported as incurred in the government-wide financial statements. The liability for compensated absences 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, \$20,016,030 of the District's bank balance of \$20,516,030 was exposed to custodial credit risk because it was uninsured and uncollateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name. The carrying balance is \$19,784,967.

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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.

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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
MILAF External Investment Pool - Cash Management Class	\$ 747,535	N/A
MILAF External Investment Pool - Plus Max Class Funds	166,117	N/A
Michigan CLASS Investment Pool	2,211,223	0.1050
U. S. Treasury Notes	1,056,705	0.2971
Federal Agency Bond Notes	<u>7,469,863</u>	1.9290
Total fair value	<u>\$ 11,651,443</u>	
Portfolio weighted average maturity		<u>1.3928</u>

One day maturity equals 0.0027, one year equals 1.00.

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
MILAF External Investment Pool - Cash Management Class	\$ 747,535	AAAm	Standard & Poor's
MILAF External Investment Pool - Plus Max Class Funds	166,117	AAAm	Standard & Poor's
Michigan CLASS Investment Pool	2,211,223	AAAm	Standard & Poor's
U. S. Treasury Notes	1,056,705	AA+	Standard & Poor's
Federal Agency Bond Notes	7,469,863	AA+	Standard & Poor's
Total	<u>\$ 11,651,443</u>		

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.
- 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.

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

	Level 1	Level 2	Level 3	Balance June 30, 2025
Investments by fair value level				
U. S. Treasury Notes	\$ 1,056,705	\$ -	\$ -	\$ 1,056,705
Federal Agency Bond Notes	-	7,469,863	-	7,469,863
Total	\$ 1,056,705	\$ 7,469,863	\$ -	\$ 8,526,568

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. The District's investments are not subject to fair value reporting.

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
MILAF External Investment Pool - Cash Management Class	\$ 747,535
MILAF External Investment Pool - MAX	166,117
	\$ 913,652

Investments in Entities that Calculate Net Asset Value per Share

The District holds shares or interests 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 in 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% 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 statues and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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

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

	Fair Value	Unfunded Commitments	Frequency, if Eligible	Redemption Notice Period
Michigan CLASS Investment Pool	<u>\$ 2,211,223</u>	<u>\$ -</u>	No restrictions	None

The cash and cash equivalents 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.

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

	Primary Government
Cash and cash equivalents	\$ 19,784,967
Investments	10,694,331
Restricted investments	957,112
	<u>\$ 31,436,410</u>

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2025 consist of the following:

State aid	\$ 9,709,020
Federal revenue	1,381,314
Intermediate school district and other governments	123,477
	<u>\$ 11,213,811</u>

Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2024*	Additions/ Reclassification	Deletions/ Reclassification	Balance June 30, 2025
Assets not being depreciated/amortized				
Land	\$ 716,736	\$ -	\$ 39,900	\$ 676,836
Other nondepreciable assets	73,400	-	-	73,400
Total assets not being depreciated/amortized	<u>790,136</u>	<u>-</u>	<u>39,900</u>	<u>750,236</u>
Capital assets being depreciated/amortized				
Building and building improvements	162,361,176	-	1,238,533	161,122,643
Land improvements	8,060,598	22,784	1,919,760	6,163,622
Vehicles	951,630	-	55,203	896,427
Buses	4,003,058	8,350,319	9,863,523	2,489,854
Right to use - buses	-	6,857,300	-	6,857,300
Furniture and equipment	14,835,508	503,635	2,312,688	13,026,455
Total other capital assets	<u>190,211,970</u>	<u>15,734,038</u>	<u>15,389,707</u>	<u>190,556,301</u>
Accumulated depreciation/amortization				
Building and building improvements	51,994,997	4,518,335	947,076	55,566,256
Land improvements	5,220,105	220,235	1,879,229	3,561,111
Vehicles	528,147	77,877	44,100	561,924
Buses	2,841,998	233,125	1,443,735	1,631,388
Right to use - buses	-	342,865	-	342,865
Furniture and equipment	5,988,113	726,434	2,192,938	4,521,609
Total accumulated depreciation/amortization	<u>66,573,360</u>	<u>6,118,871</u>	<u>6,507,078</u>	<u>66,185,153</u>
Net capital assets being depreciated/amortized	<u>123,638,610</u>	<u>9,615,167</u>	<u>8,882,629</u>	<u>124,371,148</u>
Net governmental capital assets	<u>\$ 124,428,746</u>	<u>\$ 9,615,167</u>	<u>\$ 8,922,529</u>	<u>\$ 125,121,384</u>

*Prior year has been reclassified for current year presentation.

Depreciation/amortization for the fiscal year ended June 30, 2025 amounted to \$6,118,871. The District determined that it was impractical to allocate depreciation/amortization to the various governmental activities as the assets serve multiple functions.

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. Long-term obligations currently outstanding are as follows:

	General Obligation Bonds (Including Premiums)	Notes from Direct Borrowings and Direct Placements	Compensated Absences and Termination Benefits*	Total
Balance, July 1, 2024, as restated	\$ 96,927,502	\$ -	\$ 1,616,249	\$ 98,543,751
Additions	-	6,857,300	-	6,857,300
Deletions	<u>(5,145,348)</u>	<u>(691,921)</u>	<u>(371,820)</u>	<u>(6,209,089)</u>
Balance June 30, 2025	91,782,154	6,165,379	1,244,429	99,191,962
Due within one year	<u>4,910,000</u>	<u>237,674</u>	<u>62,221</u>	<u>5,209,895</u>
Due in more than one year	<u>\$ 86,872,154</u>	<u>\$ 5,927,705</u>	<u>\$ 1,182,208</u>	<u>\$ 93,982,067</u>

*The change in compensated absences liability is presented as a net change.

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

General Obligation Bonds

2010 general obligation bonds due in annual installments of \$2,055,000 to \$2,195,000 through May 1, 2027, with interest at 6.45% \$ 4,250,000

2018 general obligation bonds due in annual installments of \$1,110,000 to \$4,670,000 through May 1, 2048, with interest at 5.00% 71,005,000

2020 general obligation bonds due in annual installments of \$580,000 to \$1,090,000 through May 1, 2034, with interest from 4.00% to 5.00% 7,265,000

Add issuance premiums 9,262,154

Total general obligation bonds 91,782,154

Notes from Direct Borrowings and Direct Placements

Bus Lease - During the 2025 fiscal year, the District entered into a fifteen-year lease agreement as the lessee for the use of 23 electric school buses and 21 electric charging stations. An initial liability was recorded in the amount of \$6,857,300 during the current fiscal year. Due in annual installments of \$237,674 to \$692,232 through October 31, 2039 with an interest rate of 4.00% 6,165,379

Compensated absences and termination benefits 1,244,429

Total general long-term obligations \$ 99,191,962

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Interest expense (all funds) for the year ended June 30, 2025 was approximately \$4,590,000. The District received \$340,716 in federal tax credits for the year ended June 30, 2025.

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$6,165,379 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.

The annual requirements to amortize long-term obligations outstanding as of June 30, 2025, including are as follows:

Year Ending June 30,	General Obligation Bonds			Notes from Direct Borrowing and Direct Placement		Compensated Absences and Termination Benefits	Total
	Principal	Interest	Interest Subsidy	Principal	Interest		
2026	\$ 4,910,000	\$ 4,153,276	\$ (236,725)	\$ 237,674	\$ 238,344	\$ -	\$ 9,302,569
2027	5,180,000	3,886,798	(114,463)	262,185	228,271	-	9,442,791
2028	1,690,000	3,608,900	-	289,868	215,459	-	5,804,227
2029	1,835,000	3,530,200	-	315,679	204,965	-	5,885,844
2030	1,990,000	3,445,250	-	344,742	191,679	-	5,971,671
2031-2035	12,810,000	15,563,750	-	2,221,096	714,732	-	31,309,578
2036-2040	17,900,000	11,817,500	-	2,494,135	190,765	-	32,402,400
2041-2045	22,195,000	6,908,000	-	-	-	-	29,103,000
2046-2048	14,010,000	1,401,000	-	-	-	-	15,411,000
	82,520,000	54,314,674	(351,188)	6,165,379	1,984,215	-	144,633,080
Issuance premiums	9,262,154	-	-	-	-	-	9,262,154
Compensated absences and termination benefits	-	-	-	-	-	1,244,429	1,244,429
	<u>\$ 91,782,154</u>	<u>\$ 54,314,674</u>	<u>\$ (351,188)</u>	<u>\$ 6,165,379</u>	<u>\$ 1,984,215</u>	<u>\$ 1,244,429</u>	<u>\$ 155,139,663</u>

The District anticipates receiving \$351,188 in federal tax credit payments to offset interest payments on the Qualified School Construction Bonds.

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund payable and receivable balances at June 30, 2025 are as follows:

Receivable Fund		Payable Fund	
2018 Building and Site Capital Projects Fund	\$ 392,976	General Fund	\$ 955,060
Electric Bus Capital Projects Fund	924,000	Total Nonmajor Funds	<u>366,711</u>
Total Nonmajor Funds	<u>4,795</u>		
	<u>\$ 1,321,771</u>		<u>\$ 1,321,771</u>

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

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (continued)

Interfund transfers for the year ended June 30, 2025 are as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 47,286
Electric Bus Capital Projects Fund	47,250	876,750
Nonmajor Governmental Funds	876,786	-
	\$ 924,036	\$ 924,036

During the year, transfers are used to: (1) move revenue from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance programs accounted for in the other funds in accordance with budgetary authorizations.

NOTE 7 - 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

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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%.

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

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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.

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.

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform of 2017 (continued)

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.

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.

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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.

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%

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

The District's pension contributions for the year ended June 30, 2025 were equal to the required contribution total. Total pension contributions were approximately \$12,140,000. Of the total pension contributions approximately \$11,727,000 was contributed to fund the Defined Benefit Plan and approximately \$413,000 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 \$398,000. Of the total OPEB contributions approximately \$146,000 was contributed to fund the Defined Benefit Plan and approximately \$252,000 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).

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

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	0.28118%	0.25816%
Net pension liability for the District	\$ 68,837,751	\$ 83,554,997

For the year ended June 30, 2025, the District recognized pension expense of \$5,413,754.

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 5,608,739	\$ 1,756,934
Differences between expected and actual experience	1,867,617	747,932
Changes of assumptions	7,176,744	5,043,630
Net difference between projected and actual earnings on pension plan investments	-	13,137,161
Reporting Unit's contributions subsequent to the measurement date	10,945,204	-
	\$ 25,598,304	\$ 20,685,657

\$10,945,204, 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.

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 Ended June 30,	Amount
2026	\$ (1,734,722)
2027	1,708,115
2028	(3,301,894)
2029	(2,704,056)
	\$ (6,032,557)

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.

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 7 - 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)

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	0.28130%	0.28078%
Net Other Postemployment Benefit Liability (Asset) for the District	\$ (12,108,231)	\$ (1,588,341)

For the year ended June 30, 2025, the District recognized OPEB benefit of \$4,618,688.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 2,644,612	\$ 303,976
Net difference between projected and actual earnings on OPEB plan investments	-	2,292,227
Differences between expected and actual experience	-	12,831,027
Changes in proportion and difference between employer contributions and proportionate share of contributions	801,049	716,406
Reporting Unit's contributions subsequent to the measurement date	<u>77,952</u>	<u>-</u>
	<u>\$ 3,523,613</u>	<u>\$ 16,143,636</u>

\$77,952, 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.

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 7 - 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)

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 Ended June 30,	Amount
2026	\$ (4,288,930)
2027	(2,609,305)
2028	(2,338,465)
2029	(2,092,120)
2030	(1,142,934)
2031	(226,221)
	\$ (12,697,975)

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.

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.

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumption (continued)

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.

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:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.0%	5.3%
International Equity Pools	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%
	<u>100.0%</u>	

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

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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.

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	\$ 100,916,883	\$ 68,837,751	\$ 42,125,702

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 Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	\$ (9,357,340)	\$ (12,108,231)	\$ (14,486,666)

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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 Benefit		
	Current		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	<u>\$ (14,486,692)</u>	<u>\$ (12,108,231)</u>	<u>\$ (9,557,344)</u>

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).

NOTE 8 - 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. 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 risks of loss, including property and casualty errors and omissions, fleet and employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2025 or any of the prior three years.

JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement No. 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.

Property taxes abated by the District for the year ended June 30, 2025 amounted to approximately \$30,000.

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 10 - 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 11 - 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;

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

- 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.

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 12 - 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.

**JACKSON PUBLIC SCHOOLS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLE (continued)

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

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances
	Governmental Activities
Net position balance as of July 1, 2024, as previously stated	\$ (28,401,802)
Adoption of GASB Statement 101	(473,351)
Net position balance as of July 1, 2024, as restated	\$ (28,875,153)

REQUIRED SUPPLEMENTARY INFORMATION

**JACKSON PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 12,932,390	\$ 13,174,112	\$ 13,312,214	\$ 138,102
State sources	51,184,704	53,862,014	53,923,817	61,803
Federal sources	4,641,483	3,719,056	4,201,194	482,138
Intermediate school districts	3,173,523	3,168,485	3,211,758	43,273
TOTAL REVENUES	71,932,100	73,923,667	74,648,983	725,316
EXPENDITURES				
Current				
Instruction				
Basic programs	32,070,310	33,610,144	33,212,690	397,454
Added needs	12,302,182	11,131,089	10,788,097	342,992
Total instruction	44,372,492	44,741,233	44,000,787	740,446
Supporting services				
Pupil	3,148,620	3,323,704	3,188,324	135,380
Instructional staff	2,134,563	2,800,083	2,749,930	50,153
General administration	736,000	830,662	853,790	(23,128)
School administration	5,604,355	5,367,503	5,315,452	52,051
Business	1,537,266	1,409,885	1,387,751	22,134
Operation/maintenance	7,715,366	8,016,702	7,578,121	438,581
Pupil transportation	3,455,549	3,719,902	4,840,285	(1,120,383)
Central	4,478,373	4,434,034	4,306,675	127,359
Other support	1,310,945	1,775,980	2,115,060	(339,080)
Total supporting services	30,121,037	31,678,455	32,335,388	(656,933)
Community services	1,457,789	1,362,766	1,439,899	(77,133)
Outgoing transfers and other	153,060	81,413	84,259	(2,846)
TOTAL EXPENDITURES	76,104,378	77,863,867	77,860,333	3,534
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,172,278)	(3,940,200)	(3,211,350)	728,850
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	3,000	33,074	33,074	-
Transfer in	50,000	50,000	-	(50,000)
Transfers out	-	-	(47,286)	(47,286)
TOTAL OTHER FINANCING SOURCES (USES)	53,000	83,074	(14,212)	(97,286)
NET CHANGE IN FUND BALANCE	\$ (4,119,278)	\$ (3,857,126)	(3,225,562)	\$ 631,564
FUND BALANCE				
Beginning of year			19,777,963	
End of year			<u>\$ 16,552,401</u>	

JACKSON PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'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 proportion of net pension liability (%)	0.28118%	0.25816%	0.25688%	0.26628%	0.27938%	0.28343%	0.29856%	0.29856%	0.29639%	0.31633%
Reporting Unit's proportionate share of net pension liability	\$ 68,837,751	\$ 83,554,997	\$ 96,610,989	\$ 63,043,958	\$ 95,970,268	\$ 93,861,265	\$ 88,428,432	\$ 77,370,547	\$ 73,945,655	\$ 77,263,172
Reporting Unit's covered-employee payroll	\$ 29,805,452	\$ 28,112,288	\$ 25,640,999	\$ 23,189,440	\$ 24,542,938	\$ 24,383,968	\$ 24,446,981	\$ 25,317,914	\$ 24,269,128	\$ 26,321,541
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	230.96%	297.22%	376.78%	271.86%	391.03%	384.93%	361.72%	305.60%	304.69%	293.54%
Plan fiduciary net position as a percentage of total pension liability	74.44%	65.91%	60.77%	72.32%	59.49%	62.12%	62.12%	63.96%	63.01%	62.92%

**JACKSON PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOLS 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	\$ 11,727,164	\$ 11,573,791	\$ 11,825,849	\$ 8,715,718	\$ 8,094,554	\$ 7,768,511	\$ 7,578,034	\$ 7,580,619	\$ 6,958,488	\$ 6,866,214
Contributions in relation to statutorily required contributions	<u>11,727,164</u>	<u>11,573,791</u>	<u>11,825,849</u>	<u>8,715,718</u>	<u>8,094,554</u>	<u>7,768,511</u>	<u>7,578,034</u>	<u>7,580,619</u>	<u>6,958,488</u>	<u>6,866,214</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	\$ 30,487,869	\$ 29,580,307	\$ 27,568,642	\$ 24,453,445	\$ 23,045,852	\$ 24,780,842	\$ 24,451,139	\$ 24,748,223	\$ 25,136,160	\$ 24,029,404
Contributions as a percentage of covered-employee payroll	38.47%	39.13%	42.90%	35.64%	35.12%	31.35%	30.99%	30.63%	27.68%	28.57%

JACKSON PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
MICHIGAN PUBLIC SCHOOLS EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE PLAN YEAR ENDED SEPTEMBER 30)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net other postemployment benefit liability (asset) (%)	0.28130%	0.28078%	0.26368%	0.25696%	0.27709%	0.27913%	0.28730%	0.29701%
Reporting Unit's proportionate share of net other postemployment benefit liability (asset)	\$ (12,108,231)	\$ (1,588,341)	\$ 5,584,927	\$ 3,922,164	\$ 14,844,474	\$ 20,034,902	\$ 22,837,598	\$ 26,301,409
Reporting Unit's covered-employee payroll	\$ 29,805,452	\$ 28,112,288	\$ 25,640,999	\$ 23,189,440	\$ 24,542,938	\$ 24,383,968	\$ 24,446,981	\$ 25,317,914
Reporting Unit's proportionate share of net other postemployment benefit liability (asset) as a percentage of its covered-employee payroll	40.62%	5.65%	21.78%	16.91%	60.48%	82.16%	93.42%	103.88%
Plan fiduciary net position as a percentage of total other postemployment benefit liability (asset) (Non-university employees)	143.08%	105.04%	83.09%	88.87%	59.76%	48.67%	43.10%	36.53%

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.

**JACKSON PUBLIC SCHOOLS
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 146,378	\$ 2,479,415	\$ 2,219,055	\$ 1,992,760	\$ 1,917,818	\$ 1,991,289	\$ 1,920,643	\$ 1,787,496
Contributions in relation to statutorily required contributions	<u>146,378</u>	<u>2,479,415</u>	<u>2,219,055</u>	<u>1,992,760</u>	<u>1,917,818</u>	<u>1,991,289</u>	<u>1,920,643</u>	<u>1,787,496</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	\$ 30,487,869	\$ 29,580,307	\$ 27,568,642	\$ 24,453,445	\$ 23,045,852	\$ 24,780,842	\$ 24,451,139	\$ 24,748,223
Contributions as a percentage of covered-employee payroll	0.48%	8.38%	8.05%	8.15%	8.32%	8.04%	7.86%	7.22%

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.

JACKSON PUBLIC SCHOOLS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE 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 point 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.

JACKSON PUBLIC SCHOOLS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE 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

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

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Donor Restricted Capital Projects Fund	Total Nonmajor Funds
ASSETS					
Cash and cash equivalents	\$ 1,456,256	\$ 4,139,015	\$ -	\$ -	\$ 5,595,271
Investments	-	-	150,000	133,312	283,312
Receivables					
Intergovernmental	396,800	-	-	-	396,800
Due from other funds	-	-	4,795	-	4,795
Inventories	27,867	-	-	-	27,867
TOTAL ASSETS	\$ 1,880,923	\$ 4,139,015	\$ 154,795	\$ 133,312	\$ 6,308,045
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 315,782	\$ -	\$ -	\$ 133,581	\$ 449,363
Due to other funds	-	126,546	-	240,165	366,711
TOTAL LIABILITIES	315,782	126,546	-	373,746	816,074
FUND BALANCES					
Nonspendable					
Inventories	27,867	-	-	-	27,867
Restricted for:					
Debt service	-	4,012,469	-	-	4,012,469
Food service	817,974	-	-	-	817,974
Committed for:					
Student/school activities	719,300	-	-	-	719,300
Assigned for:					
Capital projects	-	-	154,795	-	154,795
Unassigned	-	-	-	(240,434)	(240,434)
TOTAL FUND BALANCES	1,565,141	4,012,469	154,795	(240,434)	5,491,971
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,880,923	\$ 4,139,015	\$ 154,795	\$ 133,312	\$ 6,308,045

JACKSON PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2025

	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Donor Restricted Capital Projects Fund	Total Nonmajor Funds
REVENUES					
Local sources					
Property taxes	\$ -	\$ 9,468,709	\$ -	\$ -	\$ 9,468,709
Food sales	441,247	-	-	-	441,247
Student/school activities	812,537	-	-	-	812,537
Investment earnings	-	13,288	-	3,825	17,113
Other	8,221	-	-	-	8,221
State sources	202,122	182,443	-	-	384,565
Federal sources	4,627,497	340,716	-	-	4,968,213
TOTAL REVENUES	6,091,624	10,005,156	-	3,825	16,100,605
EXPENDITURES					
Current					
Special revenue activities					
Food service activities	5,227,251	-	-	-	5,227,251
Student/school activities expenditures	793,649	-	-	-	793,649
Other expenses	8,385	-	-	-	8,385
Capital outlay	194,093	-	-	13,569	207,662
Debt service					
Principal repayment	-	5,331,921	-	-	5,331,921
Interest	-	4,590,742	-	-	4,590,742
Other expenses	-	9,378	-	-	9,378
TOTAL EXPENDITURES	6,223,378	9,932,041	-	13,569	16,168,988
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(131,754)	73,115	-	(9,744)	(68,383)
OTHER FINANCING SOURCES (USES)					
Transfers in	36	876,750	-	-	876,786
NET CHANGE IN FUND BALANCES	(131,718)	949,865	-	(9,744)	808,403
FUND BALANCES					
Beginning of year	1,696,859	3,062,604	154,795	(230,690)	4,683,568
End of year	<u>\$ 1,565,141</u>	<u>\$ 4,012,469</u>	<u>\$ 154,795</u>	<u>\$ (240,434)</u>	<u>\$ 5,491,971</u>

**JACKSON PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025**

	Food Service Fund	Student/ School Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 736,956	\$ 719,300	\$ 1,456,256
Receivables			
Intergovernmental	396,800	-	396,800
Inventories	27,867	-	27,867
TOTAL ASSETS	\$ 1,161,623	\$ 719,300	\$ 1,880,923
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 315,782	\$ -	\$ 315,782
FUND BALANCES			
Nonspendable			
Inventories	27,867	-	27,867
Restricted for food service	817,974	-	817,974
Committed for student/school activities	-	719,300	719,300
TOTAL FUND BALANCES	845,841	719,300	1,565,141
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,161,623	\$ 719,300	\$ 1,880,923

**JACKSON PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025**

	Food Service Fund	Student/ School Activities	Totals
REVENUES			
Local sources			
Food sales	\$ 441,247	\$ -	\$ 441,247
Student/school activities	-	812,537	812,537
Other	8,221	-	8,221
State sources	202,122	-	202,122
Federal sources	4,627,497	-	4,627,497
	<u>5,279,087</u>	<u>812,537</u>	<u>6,091,624</u>
TOTAL REVENUES			
EXPENDITURES			
Food service activities	5,227,251	-	5,227,251
Student/school activities expenditures	-	793,649	793,649
Capital outlay	194,093	-	194,093
Other expenses	8,385	-	8,385
	<u>5,429,729</u>	<u>793,649</u>	<u>6,223,378</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			
	(150,642)	18,888	(131,754)
OTHER FINANCING SOURCES			
Transfers in	36	-	36
	<u>36</u>	<u>-</u>	<u>36</u>
NET CHANGE IN FUND BALANCES			
	(150,606)	18,888	(131,718)
FUND BALANCES			
Beginning of year	996,447	700,412	1,696,859
	<u>996,447</u>	<u>700,412</u>	<u>1,696,859</u>
End of year	\$ 845,841	\$ 719,300	\$ 1,565,141
	<u>\$ 845,841</u>	<u>\$ 719,300</u>	<u>\$ 1,565,141</u>

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

	2010 Debt	2018 Debt	2020 Debt	Electric Bus Debt	Totals
ASSETS					
Cash and cash equivalents	\$ 911,523	\$ 2,530,755	\$ 696,737	\$ -	\$ 4,139,015
TOTAL ASSETS	<u>\$ 911,523</u>	<u>\$ 2,530,755</u>	<u>\$ 696,737</u>	<u>\$ -</u>	<u>\$ 4,139,015</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Due to other funds	\$ 18,438	\$ 93,923	\$ 14,185	\$ -	\$ 126,546
FUND BALANCES					
Restricted for debt service	893,085	2,436,832	682,552	-	4,012,469
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 911,523</u>	<u>\$ 2,530,755</u>	<u>\$ 696,737</u>	<u>\$ -</u>	<u>\$ 4,139,015</u>

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

	2010 Debt	2018 Debt	2020 Debt	Electric Bus Debt	Totals
REVENUES					
Local sources					
Property taxes	\$ 2,100,498	\$ 5,755,281	\$ 1,612,930	\$ -	\$ 9,468,709
Investment earnings	3,634	7,510	2,144	-	13,288
State sources	40,566	110,789	31,088	-	182,443
Federal sources	340,716	-	-	-	340,716
TOTAL REVENUES	2,485,414	5,873,580	1,646,162	-	10,005,156
EXPENDITURES					
Principal repayment	2,175,000	1,375,000	1,090,000	691,921	5,331,921
Interest	414,413	3,619,000	372,500	184,829	4,590,742
Other expenses	2,794	4,793	1,791	-	9,378
TOTAL EXPENDITURES	2,592,207	4,998,793	1,464,291	876,750	9,932,041
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	876,750	876,750
NET CHANGE IN FUND BALANCES	(106,793)	874,787	181,871	-	949,865
FUND BALANCES					
Beginning of year	999,878	1,562,045	500,681	-	3,062,604
End of year	<u>\$ 893,085</u>	<u>\$ 2,436,832</u>	<u>\$ 682,552</u>	<u>\$ -</u>	<u>\$ 4,012,469</u>

**JACKSON PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2025**

\$16,640,000 bonds issued May 25, 2010:

Principal Due May 1	Interest Due			Debt Service Requirement for Fiscal Year	
	May 1	November 1	QSCB Credit	June 30,	Amount
\$ 2,195,000	\$ 137,063	\$ 137,063	\$ (236,725)	2026	\$ 2,232,401
<u>2,055,000</u>	<u>66,274</u>	<u>66,274</u>	<u>(114,463)</u>	2027	<u>2,073,085</u>
<u>\$ 4,250,000</u>	<u>\$ 203,337</u>	<u>\$ 203,337</u>	<u>\$ (351,188)</u>		<u>\$ 4,305,486</u>

The bonds carry an interest rate of 6.45%.

The District designated the above bonds as 'Qualified School Construction Bonds' as defined in Section 54F of the Internal Revenue Code of 1986, as amended, and will irrevocably elect under Section 6431(f)(2) of the code to receive direct payments from the United States Treasury equal to the lesser of the amount of interest payable on the bonds or the amount of interest which would have been payable on the bonds if interest were determined at the applicable credit rate determined under Section 54A(b)(c) of the code. The District will deposit all such credits into the debt retirement fund pledged for the payment of the bonds.

**JACKSON PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2025**

\$76,655,000 capital project bonds issued June 26, 2018:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 1,630,000	\$ 1,775,125	\$ 1,775,125	2026	\$ 5,180,250
2,035,000	1,734,375	1,734,375	2027	5,503,750
1,110,000	1,683,500	1,683,500	2028	4,477,000
1,155,000	1,655,750	1,655,750	2029	4,466,500
1,220,000	1,626,875	1,626,875	2030	4,473,750
1,525,000	1,596,375	1,596,375	2031	4,717,750
1,610,000	1,558,250	1,558,250	2032	4,726,500
1,695,000	1,518,000	1,518,000	2033	4,731,000
1,805,000	1,475,625	1,475,625	2034	4,756,250
3,115,000	1,430,500	1,430,500	2035	5,976,000
3,265,000	1,352,625	1,352,625	2036	5,970,250
3,415,000	1,271,000	1,271,000	2037	5,957,000
3,565,000	1,185,625	1,185,625	2038	5,936,250
3,740,000	1,096,500	1,096,500	2039	5,933,000
3,915,000	1,003,000	1,003,000	2040	5,921,000
4,090,000	905,125	905,125	2041	5,900,250
4,290,000	802,875	802,875	2042	5,895,750
4,490,000	695,625	695,625	2043	5,881,250
4,655,000	583,375	583,375	2044	5,821,750
4,670,000	467,000	467,000	2045	5,604,000
4,670,000	350,250	350,250	2046	5,370,500
4,670,000	233,500	233,500	2047	5,137,000
4,670,000	116,750	116,750	2048	4,903,500
<u>\$ 71,005,000</u>	<u>\$ 26,117,625</u>	<u>\$ 26,117,625</u>		<u>\$ 123,240,250</u>

The bonds carry an interest rate of 5.00%.

**JACKSON PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2025**

\$15,155,000 refunding bonds issued February 11, 2020:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 1,085,000	\$ 164,450	\$ 164,450	2026	\$ 1,413,900
1,090,000	142,750	142,750	2027	1,375,500
580,000	120,950	120,950	2028	821,900
680,000	109,350	109,350	2029	898,700
770,000	95,750	95,750	2030	961,500
625,000	76,500	76,500	2031	778,000
710,000	60,875	60,875	2032	831,750
820,000	43,125	43,125	2033	906,250
905,000	22,625	22,625	2034	950,250
<u>\$ 7,265,000</u>	<u>\$ 836,375</u>	<u>\$ 836,375</u>		<u>\$ 8,937,750</u>

The bonds carry interest rates ranging from 4.00% to 5.00%.



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**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
Jackson 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 Jackson Public Schools as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Jackson Public Schools' basic financial statements and have issued our report thereon dated October 6, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Jackson 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 Jackson Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Jackson 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jackson 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 6, 2025



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October 6, 2025

To the Board of Education
Jackson Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Jackson Public Schools for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Jackson Public Schools are described in Note 1 to the financial statements. As described in Note 12 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101 *Compensated Absences*, during the year ended June 30, 2025. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by the Jackson Public Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's calculation of the depreciation expense is based on the estimated useful lives of the capital assets.

Management's calculation of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.

The calculation of the net pension liability and related deferred outflows and inflows of resources is based on an actuarial study which utilized certain actuarial assumptions.

The calculation of the net other post-employment benefits asset and related deferred outflows and inflows of resources is based upon an actuarial study which utilized certain actuarial assumptions.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.]

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 6, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Jackson Public Schools' financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Jackson Public Schools' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

A separate management letter was not issued.

Restriction on Use

This information is intended solely for the use of the management and members of the Board of Education of Jackson Public Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maney Costeiran PC