Southfield Public Schools

Financial Report
with Supplementary Information
June 30, 2025

Southfield Public Schools

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Independent Auditor's Report

To the Board of Education
Southfield Public Schools

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is 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 the School District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

To the Board of Education
Southfield Public Schools

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Southfield Public Schools' basic financial statements. The supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 24, 2025 on our consideration of Southfield Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southfield 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 Southfield Public Schools' internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 24, 2025

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

Using This Annual Report

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

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Proportionate Share of the Net OPEB Liability (Asset)

Schedule of OPEB Contributions

Supplementary Information

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

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

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

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

Reporting the School District's Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as debt service and sinking funds).

Governmental Funds

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

The School District as a Whole

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

	Governmental Activities	
	2025	2024
	(in millions)	
Assets		
Current and other assets	$ 156.8	$ 106.4
Capital assets	132.7	108.1
Total assets	289.5	214.5
Deferred Outflows of Resources	31.0	45.2
Liabilities		
Current liabilities	33.3	22.7
Noncurrent liabilities	143.1	105.2
Net pension liability	97.3	134.1
Total liabilities	273.7	262.0
Deferred Inflows of Resources	68.2	56.0
Net Position (Deficit)		
Net investment in capital assets	78.5	64.5
Restricted	25.0	8.2
Unrestricted	(124.9)	(131.0)
Total net position (deficit)	**$ (21.4)**	**$ (58.3)**

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was $(21.4) million at June 30, 2025. Net investment in capital assets totaling $78.5 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position ($(124.9) million) was unrestricted. The $(124.9) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations, net of the pension and OPEB liability (asset).

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2025 and 2024:

	Governmental Activities	
	2025	2024
	(in millions)	
Revenue		
Program revenue:		
Charges for services	$ 0.1	$ 0.2
Operating grants	48.3	52.1
General revenue:		
Taxes	61.9	61.3
State aid not restricted to specific purposes	13.3	17.5
Other	8.3	4.8
Total revenue	131.9	135.9
Expenses		
Instruction	43.6	51.6
Support services	39.0	43.2
Athletics	0.5	0.6
Food services	3.5	3.3
Community services	0.9	0.6
Debt service	5.3	5.7
Total expenses	92.8	105.0
Change in Net Position	39.1	30.9
Net Position (Deficit) - Beginning of year	(58.3)	(89.2)
Cumulative Effect of Change in Accounting	(2.2)	-
Net Position (Deficit) - Beginning of year	(60.5)	(89.2)
Net Position (Deficit) - End of year	**$ (21.4)**	**$ (58.3)**

As reported in the statement of activities, the cost of all of our governmental activities this year was $92.8 million. Certain activities were partially funded by other governments and organizations that subsidized certain programs with grants and contributions ($48.3 million). We paid for the remaining public benefit portion of our governmental activities with $61.9 million in taxes, $13.3 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District's net position increased by $39.1 million, primarily due to a substantial reduction in long-term pension and increase in OPEB asset. This shift reflects favorable actuarial adjustments within the state retirement system, including improved investment performance and updated assumptions. Additional gains were supported by capital asset growth from bond-funded renovations, higher local tax revenue, and stable state aid.

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

The School District's Funds

As the School District completed this year, the governmental funds reported a combined fund balance of $108.0 million, which is an increase of $26.4 million from last year. The primary reason for the increase is the use of additional debt financing for district capital projects.

In the General Fund, our principal operating fund, fund balance decreased by $1.1 million to $12.1 million. The change is mainly due to a decline in unrestricted state aid.

In the 2023 Building & Site Fund, fund balance decreased by $22.0 million to $37.6 million. The primary reason for the decrease is the use of this fund balance for district remodeling projects.

In 2024-2025, the School District issued $50.1 million in debt to pay for additional capital projects.

Fund balance of our special revenue funds decreased by $0.6 million to $0.4 million. The change is mainly due to a reduction in food service revenue.

Fund balance of our debt service funds decreased by $0.1 million. The change is mainly due to additional debt service for the 2023 Debt Service Fund.

Combined, the fund balance of our capital projects funds, excluding the 2023 Building & Site Fund and the 2025 Building & Site Fund, decreased by $0.4 million. The change is mainly due to paying for capital project expenses not associated with the 2023 Building & Site Fund nor the 2025 Building & Site Fund.

Budgetary Highlights

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

There were no significant revisions made to the 2024-2025 original budget. Budgeted revenue increased by $1.1 million primarily due to additional state revenue. Budgeted expenditures increased by $1.5 million primarily related to additional operations and maintenance expenses. These expenses are primarily general operating expenses not associated with our bond projects.

Actual revenue was $2.2 million higher than the final budget due to higher than expected local property taxes and state revenue.

Actual expenditures were $2.2 million higher than the final budget primarily related to higher-than-anticipated pension costs, contracted services, and per pupil costs in center-based special education programs.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2025 and 2024, the School District had $132.7 million and $108.1 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This represents a net increase (including additions, adjustments, disposals, and depreciation) of approximately $24.6 million from 2024 to 2025.

	2025	2024
Land	$ 5,142,553	$ 5,575,181
Construction in progress	25,311,990	19,893,330
Buildings and improvements	196,699,501	174,806,530
Furniture and equipment	2,810,976	2,810,976
Buses and other vehicles	715,837	715,837
Total capital assets	230,680,857	203,801,854
Less accumulated depreciation	98,004,010	95,701,802
Total capital assets - Net of accumulated depreciation	**$ 132,676,847**	**$ 108,100,052**

This year's additions included renovation work being done at Adler Elementary School, Stevenson Elementary School, and Levey Middle School related to the 2023 bond issue. The remaining bond dollars will be primarily used to finish the Levey Project. The 2025 bond issue will initially be used for Thompson Middle School and preliminary work at Southfield High School for Arts and Technology and the University K12 campus. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had $126.5 million in bonds outstanding versus $93.3 million in the previous year.

The School District’s general obligation bond rating continues to be A1. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District’s boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District’s outstanding unqualified general obligation debt of $5,645,000 is significantly below the statutorily imposed limit.

Other obligations include accrued vacation pay and sick leave and the arbitrage rebate liability. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District’s 2025 2026 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The School District budget was adopted in June 2025 based on an estimate of 4,350 students who would be enrolled in October 2025. Our district’s total foundation allowance funding for FY25 is approximately $55.6M, based on a per-pupil rate of $12,775 and an enrollment of 4,350 students. As a hold harmless district, a significant portion of this funding is generated through local property taxes, with the state contributing $12M via the Discretionary Payment and $6M under Section 51c. This structure reflects Michigan’s blended funding model, where state aid supplements locally raised revenue to meet the foundation guarantee.

While the foundation allowance is a critical component of our financial structure, it represents only 53% to 56% of our total revenue, which ranges from $100M to $105M. The remaining revenue is derived from categorical grants, federal sources, local millages, and other funding streams that support specialized programs and operational needs. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2025 2026 school year, we anticipate that the fall student count will be in line with the estimates used in creating the budget. Once the final student count and related per pupil funding is validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The State periodically holds a Revenue Estimating Conference to estimate revenue. Based on the results of the most recent conference, the State estimates funds are sufficient to fund the appropriation, with no increases in the foundation allowance increase per pupil.

Contacting the School District's Management

This financial report is intended to provide taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, please contact the business office.

Southfield Public Schools

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Cash and investments (Note 4)	$ 31,585,032
Receivables:	
Other receivables	97,841
Due from other governments	8,154,260
Prepaid costs	24,424
Restricted assets (Note 4)	100,351,400
Net OPEB asset (Note 10)	16,633,152
Capital assets: (Note 6)	
Assets not subject to depreciation	30,454,543
Assets subject to depreciation - Net	102,222,304
Total assets	289,522,956
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 8)	310,978
Deferred pension costs (Note 10)	26,582,959
Deferred OPEB costs (Note 10)	4,060,660
Total deferred outflows of resources	30,954,597
Liabilities	
Accounts payable	8,796,613
Due to other governmental units	1,868,690
Accrued liabilities and other	10,524,081
Unearned revenue (Note 5)	12,092,147
Noncurrent liabilities:	
Due within one year (Note 8)	17,470,090
Due in more than one year (Note 8)	125,598,333
Net pension liability (Note 10)	97,317,755
Total liabilities	273,667,709
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 10)	5,081,652
Deferred pension cost reductions (Note 10)	39,082,652
Deferred OPEB cost reductions (Note 10)	24,068,079
Total deferred inflows of resources	68,232,383
Net Position (Deficit)	
Net investment in capital assets	78,477,040
Restricted:	
Debt service	2,738,739
Expendable trust fund	17,631
Food service	685
Capital projects	5,660,191
Net OPEB asset	16,633,152
Unrestricted	(124,949,977)
Total net position (deficit)	**$ (21,422,539)**

See notes to financial statements.

Statement of Activities

Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	$ 43,636,764	$ 3,987	$ 24,550,057	$ (19,082,720)
Support services	38,974,208	-	20,458,382	(18,515,826)
Athletics	511,379	52,232	-	(459,147)
Food services	3,565,460	87,247	2,839,467	(638,746)
Community services	862,104	-	454,631	(407,473)
Interest	3,960,831	-	-	(3,960,831)
Other debt costs	1,329,958	-	-	(1,329,958)
Total primary government	**$ 92,840,704**	**$ 143,466**	**$ 48,302,537**	(44,394,701)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				42,925,925
Property taxes, levied for debt service				16,889,688
Property taxes, levied for capital projects				2,086,538
State aid not restricted to specific purposes				13,348,299
Interest and investment earnings				4,394,460
Gain on sale of capital assets				1,212,690
Other				2,645,347
Total general revenue				83,502,947
Change in Net Position				39,108,246
Net Position (Deficit) - Beginning of year, as previously reported				(58,320,955)
Adoption of GASB 101 (Note 2)				(2,209,830)
Net Position (Deficit) - Beginning of year (as restated)				(60,530,785)
Net Position (Deficit) - End of year				**$ (21,422,539)**

See notes to financial statements.

Southfield Public Schools

Governmental Funds
Balance Sheet

June 30, 2025

	General Fund	2023 Building & Site Fund	2025 Building & Site Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	$ 30,650,646	$ -	$ -	$ 934,386	$ 31,585,032
Receivables:					
Other receivables	97,241	-	-	600	97,841
Due from other governments	7,758,864	-	-	395,396	8,154,260
Prepaid costs	24,424	-	-	-	24,424
Restricted assets (Note 4)	-	42,985,111	50,147,848	7,218,441	100,351,400
Total assets	**$ 38,531,175**	**$ 42,985,111**	**$ 50,147,848**	**$ 8,548,823**	**$ 140,212,957**
Liabilities					
Accounts payable	$ 3,014,781	$ 5,357,436	$ -	$ 424,396	$ 8,796,613
Due to other governmental units	1,868,576	-	-	114	1,868,690
Accrued liabilities and other	9,497,628	-	-	-	9,497,628
Unearned revenue (Note 5)	12,092,147	-	-	-	12,092,147
Total liabilities	26,473,132	5,357,436	-	424,510	32,255,078
Fund Balances					
Nonspendable - Prepaid costs	24,424	-	-	-	24,424
Restricted:					
Debt service	-	-	-	3,765,192	3,765,192
Capital projects	-	37,627,675	50,147,848	3,453,249	91,228,772
Food service	-	-	-	685	685
Expendable Trust Fund	-	-	-	17,631	17,631
Committed:					
Capital projects	-	-	-	483,411	483,411
Student activities	-	-	-	404,145	404,145
Assigned - Budgeted use of fund balance in subsequent year	3,883,812	-	-	-	3,883,812
Unassigned	8,149,807	-	-	-	8,149,807
Total fund balances	12,058,043	37,627,675	50,147,848	8,124,313	107,957,879
Total liabilities and fund balances	**$ 38,531,175**	**$ 42,985,111**	**$ 50,147,848**	**$ 8,548,823**	**$ 140,212,957**

See notes to financial statements.

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

June 30, 2025

Fund Balances Reported in Governmental Funds	$ 107,957,879
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	230,680,857
Accumulated depreciation	(98,004,010)
Net capital assets used in governmental activities	132,676,847
Deferred outflows related to bond refundings are not reported in the funds	310,978
Bonds payable, net of premiums or discounts on bonds, are not due and payable in the current period and are not reported in the funds	(137,449,919)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,026,453)
Some employee fringe benefits provide benefits (or are payable) over a long period of years and do not represent a benefit (or a claim on) current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(2,989,057)
Net pension liability and related deferred inflows and outflows	(109,817,448)
Net OPEB asset and related deferred inflows and outflows	(3,374,267)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(5,081,652)
Arbitrage liabilities do not present a claim on current financial resources and are not reported as fund liabilities	(2,629,447)
Net Position (Deficit) of Governmental Activities	**$ (21,422,539)**

See notes to financial statements.

Southfield Public Schools

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

Year Ended June 30, 2025

	General Fund	2023 Building & Site Fund	2025 Building & Site Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	$ 45,688,727	$ 3,303,214	$ 227,848	$ 19,912,649	$ 69,132,438
State sources	37,297,797	-	-	392,545	37,690,342
Federal sources	10,084,687	-	-	2,527,872	12,612,559
Interdistrict sources	9,024,432	-	-	-	9,024,432
Total revenue	102,095,643	3,303,214	227,848	22,833,066	128,459,771
Expenditures					
Current:					
Instruction	56,764,392	-	-	841	56,765,233
Support services	43,747,542	712,176	-	654,707	45,114,425
Athletics	690,006	-	-	-	690,006
Food services	-	-	-	3,467,444	3,467,444
Community services	899,964	-	-	-	899,964
Debt service: (Note 8)					
Principal	-	-	-	14,670,000	14,670,000
Interest	-	-	-	4,439,179	4,439,179
Other debt costs	-	86,877	198,993	-	285,870
Capital outlay	3,216,374	24,512,936	-	298,966	28,028,276
Total expenditures	105,318,278	25,311,989	198,993	23,531,137	154,360,397
Excess of Revenue (Under) Over Expenditures	(3,222,635)	(22,008,775)	28,855	(698,071)	(25,900,626)
Other Financing Sources (Uses)					
Face value of debt issued (Note 8)	-	-	47,905,000	-	47,905,000
Proceeds from sale of capital assets	-	-	-	2,148,893	2,148,893
Premium on debt issued (Note 8)	-	-	2,213,993	-	2,213,993
Transfers in (Note 7)	2,424,999	-	-	254,000	2,678,999
Transfers out (Note 7)	(254,000)	-	-	(2,424,999)	(2,678,999)
Total other financing sources (uses)	2,170,999	-	50,118,993	(22,106)	52,267,886
Net Change in Fund Balances	(1,051,636)	(22,008,775)	50,147,848	(720,177)	26,367,260
Fund Balances - Beginning of year	13,109,679	59,636,450	-	8,844,490	81,590,619
Fund Balances - End of year	**$ 12,058,043**	**$ 37,627,675**	**$ 50,147,848**	**$ 8,124,313**	**$ 107,957,879**

See notes to financial statements.

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

Year Ended June 30, 2025

Net Change in Fund Balances Reported in Governmental Funds	$	26,367,260
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation. Also, loss on impairment of capital assets is an expenditure in the statement of activities but not in the governmental funds:		
Capitalized capital outlay		28,873,999
Depreciation expense		(3,361,001)
Net book value of assets disposed of		(936,203)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available		(509,156)
Revenue in support of pension contributions made subsequent to the measurement date		2,785,645
Issuing debt, net of premiums, provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position		(50,118,993)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds		15,433,836
Interest expense is recognized in the government-wide statements as it accrues		(285,488)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		21,902,435
Arbitrage expenditures that do not use current financial resources is not reported as expenditure in the governmental funds		(1,044,088)
Change in Net Position of Governmental Activities	**$**	**39,108,246**

Note 1 - Nature of Business

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

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

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

Reporting Entity

The School District is governed by an elected seven-member Board of Education. In accordance with government accounting principles, no component units are required to be reported within the financial statements of the School District.

Report Presentation

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

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

Note 2 - Significant Accounting Policies (Continued)

Fund Accounting

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

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The 2023 Building & Site Fund is a capital projects fund used to record bond proceeds and other revenue and disbursement of invoices specifically related to remodeling buildings for safety, energy conservation, school building modernization, and security improvements; erecting, completing, equipping, and furnishing additions to school buildings and a stadium building; acquiring and installing instructional technology infrastructure and equipment in school buildings and other facilities; preparing, developing, and improving sites at school buildings; and acquiring school buses. The fund operates until the purpose for which it was created is accomplished.
- The 2025 Building Building & Site Fund is a capital projects fund used to record bond proceeds and other revenue and disbursement of invoices specifically related to remodeling, equipping, reequipping, furnishing, and refurnishing school buildings, athletic fields, playgrounds, and other facilities; erecting, completing, equipping, and furnishing additions to existing school buildings and a stadium building; acquiring and installing instructional technology infrastructure and equipment in school buildings and other facilities; preparing, developing, and improving sites at school buildings and other facilities; purchasing school buses; and paying the costs of issuing the bonds.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's nonmajor special revenue funds include the Food Service Fund, the Expendable Trust Fund, and the Student Activities Fund. The Food Service Fund is used to record all transactions of food sales to pupils at all school district buildings and revenue from dedicated grants from state and federal sources. The Expendable Trust Fund is used to record contributions and scholarship distributions that are directed by an outside party. Revenue sources for the Student Activity Fund include fundraising revenue and donations earned and received by student groups. Any operating deficit generated by these activities is the responsibility of the General Fund.

Note 2 - Significant Accounting Policies (Continued)

- Capital projects funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology upgrades; and remodeling and repairs. The 2020 Building & Site Fund is a capital projects fund used to record bond proceeds and other revenue and disbursement of invoices specifically related to remodeling buildings for safety and security improvements; constructing additions to and equipping, furnishing, reequipping, refurnishing, and remodeling buildings, including classroom, auditorium, and media center improvements; improving and developing sites, including outdoor athletic facilities, playgrounds, and structures; acquiring school buses; and acquiring and installing technology infrastructure and equipment. The Sinking Fund is a capital projects fund that is used to record revenue and the disbursement of moneys specifically designated for major remodeling and repairs. The Sinking Fund is financed by support of a 0.70 mill levy each year for 10 years beginning in 2018. The Building & Site Fund is a capital projects funds that uses board-committed resources on certain capital projects. The capital projects funds operate until the purpose for which they were created is accomplished.
- The debt retirement funds are debt service funds that are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Interfund Activity

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

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

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

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

Proprietary funds and fiduciary funds, as applicable, use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Note 2 - Significant Accounting Policies (Continued)

Specific Balances and Transactions

Cash and Investments

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

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the bonded capital projects funds required to be set aside for construction or other allowable bond purchases
- Unspent property taxes levied and held in the debt service funds required to be set aside for future bond principal and interest payments
- Unspent property taxes levied and held in the Sinking Fund required to be set aside for construction or allowable purchases

Capital Assets

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

	Depreciable Life - Years
Buildings and improvements	20-50
Furniture and equipment	5-10
Buses and other vehicles	5-10

Long-term Obligations

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

Note 2 - Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

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

The School District reports deferred outflows related to deferred charges on refundings and deferred pension and OPEB plan costs.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

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

In addition, the governmental funds report unavailable revenue that is not collected during the period of availability and not available to pay current obligations.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital assets or restricted.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Note 2 - Significant Accounting Policies (Continued)

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School 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 School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the associate superintendent for administrative services to assign fund balance. 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 exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The fund balance policy prescribes the minimum fund balance as 10 percent of expenditures in the General Fund. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year. If a fund balance declines below the 10 percent range, it shall be recovered at a rate directed by the Board of Education.

Property Tax Revenue

Property taxes are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed, and the total obligation is added to the county tax rolls. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

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

Note 2 - Significant Accounting Policies (Continued)

Pension and Other Postemployment Benefit (OPEB) Plans

For the purpose of measuring the net pension liability and net OPEB asset, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Compensated Absences

In accordance with GASB Statement No. 101, *Compensated Absences*, the School District has accrued a liability for future absences, recognizing the obligation relating to compensation for absences attributable to services already rendered. It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This liability is reported in the government-wide financial statements.

Use of Estimates

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

Accounting Changes and Error Corrections

Adoption of New Accounting Pronouncement

During the current year, the School District adopted GASB Statement No. 101, *Compensated Absences*. The new accounting standard impacted the measurement of the compensated absences liability that is included in the statement of net position. The standard was required to be adopted retroactively, and, as such, the School District's compensated absences liability and net position as of July 1, 2024 have been restated in order to adopt GASB Statement No. 101. The effects of this adoption of a new accounting pronouncement are shown in the table at the end of this section.

Adjustments to and Restatements of Beginning Balances

The changes noted above resulted in adjustments to and restatements of beginning net position as follows:

	June 30, 2024 As Previously Reported	Adoption of GASB 101	June 30, 2024 As Restated
Government-wide - Governmental activities	$ (58,320,955)	$ (2,209,830)	$ (60,530,785)

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

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

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

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets for the General Fund are adopted in accordance with generally accepted accounting principles and state law. Capital outlay is budgeted within functional categories but presented separately on the statement of revenue, expenditures, and changes in fund balances. Similarly, facilities acquisitions, construction, and improvements is budgeted separately but presented within instruction expenditures on the statement of revenue, expenditures, and changes in fund balances. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the restrictions, commitments, or assignments will be reappropriated and honored during the subsequent year.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the School District incurred expenditures in the General Fund that were in excess of the amounts budgeted by greater than 10 percent as follows:

	Budget	Actual
Athletics	$ 597,653	$ 690,006

Capital Projects and Sinking Fund Compliance

The 2020 Building & Site Fund, 2023 Building & Site Fund, and 2025 Building & Site Fund include capital project activities funded with bonds. For these capital projects, the School District has complied with the applicable provisions of §1351a of the Revised School Code. The funds are not yet considered substantially complete, and a subsequent year audit is expected.

The Sinking Fund records capital project activities funded with sinking fund millage. For this fund, authorized on March 29, 2017 or through May 7, 2023, the School District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code.

Note 4 - Deposits and Investments

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

The School District has designated five banks and credit unions for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost except for a 1-day minimum investment period on MILAF Cash Management funds and a 14-day redemption limitation on MILAF MAX Class funds. Redemptions made on MILAF MAX Class funds prior to the applicable 14-day period are subject to a penalty equal to 15 days interest on the amount so redeemed.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank or credit union failure, the School District's deposits may not be returned to it. The School District does not currently have a policy for custodial credit risk. At year end, the School District's bank and credit union deposit balance of $24,946,652 had bank and credit union deposits of $23,946,652 that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC and NCUA insurance, it is impractical to insure all deposits.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have investments with custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy minimizes interest rate risk by requiring the structuring of 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; investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools; and limiting the average maturity in accordance with the School District’s cash requirements. The School District's investment policy also restricts investment maturities of commercial paper to 270 days.

Note 4 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of June 30, 2025, the credit quality ratings of the School District's investments are as follows:

Investment	Carrying Value	Rating	Rating Organization
MILAF Investment Pool - Cash Management Class	$ 62,333,018	AAAm	S&P
MILAF Investment Pool - MAX Class	11,502,149	AAAm	S&P
U.S. Treasury notes	19,855,904	AA+	S&P
Federal agency bonds	13,408,867	AA+	S&P
Total	$ 107,099,938		

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. At June 30, 2025, more than 5 percent of the School District's investments other than investment pools are invested in the following:

	Value	Percentage of Total Investments
U.S. Treasury notes	$ 19,855,904	19.00 %
Federal agency bonds	13,408,867	13.00
Total	$ 33,264,771	32.00 %

The U.S. Treasury notes and the Federal agency bonds have weighted-average maturity dates of February 2026 and August 2025, respectively.

Foreign Currency Risk

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

Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The School District’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 4 - Deposits and Investments (Continued)

The School District has the following recurring fair value measurements as of June 30, 2025:

	Assets Measured at Carrying Value on a Recurring Basis at June 30, 2025			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2025
Investments at fair value - Debt securities:				
U.S. Treasury notes	$ 19,855,904	$ -	$ -	$ 19,855,904
Federal agency bonds	-	13,408,867	-	13,408,867
Total	$ 19,855,904	$ 13,408,867	$ -	$ 33,264,771

Debt securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of federal agency bonds at June 30, 2025 was determined primarily based on Level 2 inputs. The School District estimates the fair value of these investments using inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Note 5 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2025, the School District had no unavailable revenue and approximately $12,092,000 of unearned revenue, primarily related to grant and categorical aid payments received prior to meeting all eligibility requirements.

Note 6 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

	Balance July 1, 2024	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated:					
Land	$ 5,575,181	$ -	$ -	$ (432,628)	$ 5,142,553
Construction in progress	19,893,330	(19,085,218)	24,503,878	-	25,311,990
Subtotal	25,468,511	(19,085,218)	24,503,878	(432,628)	30,454,543
Capital assets being depreciated:					
Buildings and improvements	174,806,530	19,085,218	4,370,121	(1,562,368)	196,699,501
Furniture and equipment	2,810,976	-	-	-	2,810,976
Buses and other vehicles	715,837	-	-	-	715,837
Subtotal	178,333,343	19,085,218	4,370,121	(1,562,368)	200,226,314
Accumulated depreciation:					
Buildings and improvements	93,415,637	-	3,227,707	(1,058,793)	95,584,551
Furniture and equipment	1,741,825	-	102,073	-	1,843,898
Buses and other vehicles	544,340	-	31,221	-	575,561
Subtotal	95,701,802	-	3,361,001	(1,058,793)	98,004,010
Net capital assets being depreciated	82,631,541	19,085,218	1,009,120	(503,575)	102,222,304
Net governmental activities capital assets	$ 108,100,052	$ -	$ 25,512,998	$ (936,203)	$ 132,676,847

The depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
Instruction	$ 2,117,431
Support services	1,075,520
Community services	67,220
Food services	100,830
Total governmental activities	$ 3,361,001

Construction Commitments

The School District has active construction projects at year end. At year end, the School District had commitments of $65,141,783 with contractors related to projects funded by the 2023 Building & Site Fund, the 2025 Building & Site Fund, and the General Fund.

Bus Purchase Commitment

The School District has a commitment to purchase school buses using state grant funds received during fiscal year 2025. At year end, the School District had commitments of $7,552,782 related to the acquisition of school buses funded by state grant resources.

Note 7 - Interfund Transfers

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Building & Site Fund	General Fund	$ 2,424,999
General Fund	Food Service Fund	254,000
	Total	$ 2,678,999

Funds from the Building & Site Fund to the General Fund were transferred to move proceeds from the sale of buildings and land for which the district intends to spend on General Fund obligations. Funds from the General Fund were transferred to the Food Service Fund to cover excess costs from capital cafeteria projects and maintain a positive fund balance.

Note 8 - Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable - Other debt:					
General obligation	$ 93,270,000	$ 47,905,000	$ (14,670,000)	$ 126,505,000	$ 16,030,000
Unamortized bond premiums	9,579,575	2,213,993	(848,649)	10,944,919	922,449
Total bonds payable - other debt	102,849,575	50,118,993	(15,518,649)	137,449,919	16,952,449
Compensated absences	2,939,013	296,052	(246,008)	2,989,057	298,906
Arbitrage liability	1,585,359	1,044,088	-	2,629,447	218,735
Total governmental activities long-term debt	$ 107,373,947	$ 51,459,133	$ (15,764,657)	$ 143,068,423	$ 17,470,090

The School District had deferred outflows of $310,978 related to deferred charges on bond refundings at June 30, 2025.

Note 8 - Long-term Debt (Continued)

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for governmental type activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's qualified bonds are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2025 are as follows:

	Remaining Annual Installments	Interest Rate	Maturing on May 1	Outstanding
$51,005,000 - 2017 qualified refunding bonds	$4,390,000 - $5,260,000	4.00% to 5.00%	2029	$ 19,005,000
$13,660,000 - 2020 nonqualified building and site bonds	$1,805,000 - $1,960,000	2.05%	2028	5,645,000
$68,225,000 - 2023 qualified building and site bonds	$1,500,000 - $9,275,000	5.00%	2053	53,950,000
$47,905,000 - 2025 qualified building and site bonds	$1,000,000 - $3,695,000	5.00%	2055	47,905,000
Total governmental activities				$ 126,505,000

Other Long-term Liabilities

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The arbitrage liability will be liquidated primarily by the 2020 Building & Site Fund and the 2023 Building & Site Fund.

Debt Service Requirements to Maturity

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

	Governmental Activities		
	Other Debt		
Years Ending June 30	Principal	Interest	Total
2026	$ 16,030,000	$ 6,085,367	$ 22,115,367
2027	8,640,000	5,481,018	14,121,018
2028	7,850,000	5,104,171	12,954,171
2029	5,905,000	4,777,076	10,682,076
2030	2,700,000	4,481,826	7,181,826
2031-2035	13,880,000	20,297,880	34,177,880
2036-2040	14,170,000	16,890,880	31,060,880
2041-2045	16,745,000	13,088,540	29,833,540
2046-2050	19,720,000	8,511,326	28,231,326
2051-2055	20,865,000	3,135,140	24,000,140
Total	$ 126,505,000	$ 87,853,224	$ 214,358,224

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for health claims and participates in the Middle Cities Risk Management Trust risk pool for claims relating to property loss, torts, and errors and omissions and the Metropolitan Association for Improved School Legislation (MAISL) risk pool for workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool programs in which the School District participates operate as common risk-sharing management programs for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 10 - Michigan Public School Employees' Retirement System

Plan Description

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

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment health care plans. That report is available on the web at http://www.michigan.gov/orsschools.

Benefits Provided

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

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

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

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

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

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

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

Contributions

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

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

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

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

The ranges of rates are as follows:

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

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

Note 10 - Michigan Public School Employees' Retirement System (Continued)

The School District's required and actual pension contributions to the plan for the year ended June 30, 2025 were $16,234,954, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2025, the School District's required and actual pension contributions include an allocation of $4,140,500 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate, as well as $941,152 of a one-time state payment received and remitted to the System for the purpose of contribution additional assets to the System.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2025 were $1,302,960, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2025, the School District reported a liability of $97,317,755 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated liability to September 30, 2024. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the School District's proportion was 0.40 and 0.41 percent, respectively, representing a change of (4.07) percent.

Net OPEB Asset

At June 30, 2025, the School District reported an asset of $16,633,152 for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2025 was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated liability to September 30, 2024. The School District's proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the School District's proportion was 0.39 and 0.40 percent, respectively, representing a change of (4.38) percent.

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

For 2025, the School District recognized pension expense of $1,581,582, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,640,299	$ (1,057,371)
Changes in assumptions	10,145,953	(7,130,314)
Net difference between projected and actual earnings on pension plan investments	-	(18,572,353)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	6,482	(12,322,614)
The School District's contributions to the plan subsequent to the measurement date	13,790,225	-
Total	$ 26,582,959	$ (39,082,652)

Note 10 - Michigan Public School Employees' Retirement System (Continued)

The $5,081,652 reported as deferred inflows of resources resulting from the pension portion of state aid payments will be recognized as state appropriations revenue for the year ending June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2026	$ (8,848,261)
2027	(3,258,208)
2028	(8,808,269)
2029	(5,375,180)
Total	$ (26,289,918)

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

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

For the year ended June 30, 2025, the School District recognized OPEB recovery of $6,842,104.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (17,626,062)
Changes in assumptions	3,632,920	(417,574)
Net difference between projected and actual earnings on OPEB plan investments	-	(3,148,846)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	73,828	(2,875,597)
Employer contributions to the plan subsequent to the measurement date	353,912	-
Total	$ 4,060,660	$ (24,068,079)

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

Years Ending	Amount
2026	$ (6,639,848)
2027	(4,238,330)
2028	(4,010,319)
2029	(3,341,719)
2030	(1,796,946)
Thereafter	(334,169)
Total	$ (20,361,331)

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Actuarial Assumptions

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

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

Assumption changes as a result of an experience study for the periods from 2017 to 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation.

Significant assumption changes since the prior measurement date, September 30, 2023, for the OPEB plan include a decrease in the health care cost trend rate of 0.25 percentage points for members under 65 and an increase of 0.25 percentage point for members over 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2023.

Discount Rate

The discount rate used to measure the total OPEB liability was 6.00 percent as of September 30, 2024. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan’s fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

Note 10 - Michigan Public School Employees' Retirement System (Continued)

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.30 %
Private equity pools	16.00	9.00
International equity pools	15.00	6.50
Fixed-income pools	13.00	2.20
Real estate and infrastructure pools	10.00	7.10
Absolute return pools	9.00	5.20
Real return/opportunistic pools	10.00	6.90
Short-term investment pools	2.00	1.40
Total	100.00 %	

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

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	$ 142,668,874	$ 97,317,755	$ 59,554,222

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB asset of the School District	$ (12,854,237)	$ (16,633,152)	$ (19,900,424)

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

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

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB asset of the School District	$ (19,900,459)	$ (16,633,152)	$ (13,128,984)

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan

At June 30, 2025, the School District reported a payable of $2,684,998 and $71,552 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2025.

Note 11 - Contingent Liabilities

The School District is a defendant in various litigation cases through the normal course of business. In the opinion of management, the resolution of these lawsuits will not have a material adverse effect on the financial position of the School District. The outcomes and possible ranges of loss related to these actions are not presently determinable.

Note 12 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974), personal property tax exemptions (PA 328 of 1998), and brownfield redevelopment agreements granted by cities, villages, and townships within the boundaries of the School District. 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.

For the fiscal year ended June 30, 2025, the School District's property tax revenue was reduced by approximately $2,191,000 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the school aid formula. The School District received approximately $1,626,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the sinking fund or debt service millages. There are no abatements made by the School District.

Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	$ 43,551,774	$ 43,911,973	$ 45,688,727	$ 1,776,754
State sources	37,816,878	37,253,801	37,297,797	43,996
Federal sources	9,328,536	9,777,328	10,084,687	307,359
Interdistrict and other sources	8,013,064	8,845,130	9,024,432	179,302
Total revenue	98,710,252	99,788,232	102,095,643	2,307,411
Expenditures				
Current:				
Instruction:				
Basic programs	41,329,734	40,558,982	42,612,689	2,053,707
Added needs	13,955,422	13,923,769	14,292,632	368,863
Support services:				
Pupil	8,531,551	8,627,311	8,660,231	32,920
Instructional staff	5,526,069	5,256,366	5,198,369	(57,997)
General administration	1,900,217	1,992,782	2,009,310	16,528
School administration	4,560,053	5,262,341	4,839,057	(423,284)
Business	1,060,552	1,337,831	885,045	(452,786)
Operations and maintenance	13,072,136	14,893,295	14,984,790	91,495
Pupil transportation services	5,906,825	5,099,709	5,520,451	420,742
Central	4,694,406	4,512,608	4,531,815	19,207
Athletics	691,314	597,653	690,006	92,353
Community services	413,468	827,122	899,964	72,842
Facilities acquisition, construction, and improvements	55,000	270,000	193,919	(76,081)
Total expenditures	101,696,747	103,159,769	105,318,278	2,158,509
Excess of Expenditures Over Revenue	(2,986,495)	(3,371,537)	(3,222,635)	148,902
Other Financing Sources (Uses)				
Transfers in	-	2,425,549	2,424,999	(550)
Transfers out	(123,938)	(380,144)	(254,000)	126,144
Total other financing (uses) sources	(123,938)	2,045,405	2,170,999	125,594
Net Change in Fund Balance	(3,110,433)	(1,326,132)	(1,051,636)	274,496
Fund Balance - Beginning of year	13,109,679	13,109,679	13,109,679	-
Fund Balance - End of year	**$ 9,999,246**	**$ 11,783,547**	**$ 12,058,043**	**$ 274,496**

See notes to required supplementary information.

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

Last Ten Plan Years

Plan Years Ended September 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	0.39751 %	0.41438 %	0.43920 %	0.47625 %	0.49128 %	0.49092 %	0.49940 %	0.52592 %	0.56362 %	0.56562 %
School District's proportionate share of the net pension liability	$ 97,317,755	$ 134,118,968	$ 165,177,894	$ 112,755,298	$ 168,758,956	$ 162,575,549	$ 150,128,971	$ 136,287,154	$ 140,619,112	$ 138,153,850
School District's covered payroll	$ 39,720,370	$ 39,739,459	$ 40,424,620	$ 41,630,381	$ 42,463,918	$ 42,848,284	$ 40,977,678	$ 42,407,851	$ 47,322,714	$ 46,961,380
School District's proportionate share of the net pension liability as a percentage of its covered payroll	245.01 %	337.50 %	408.61 %	270.85 %	397.42 %	379.42 %	366.37 %	321.37 %	297.15 %	294.19 %
Plan fiduciary net position as a percentage of total pension liability	74.44 %	65.91 %	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %

See notes to required supplementary information.

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

Last Ten Fiscal Years

Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 16,004,289	$ 16,631,816	$ 19,543,456	$ 15,139,376	$ 14,323,537	$ 13,457,983	$ 13,043,027	$ 12,534,017	$ 12,403,543	$ 13,032,280
Contributions in relation to the statutorily required contribution	16,004,289	16,631,816	19,543,456	15,139,376	14,323,537	13,457,983	13,043,027	12,534,017	12,403,543	13,032,280
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's Covered Payroll	$ 38,918,170	$ 39,732,166	$ 41,156,102	$ 41,042,701	$ 41,498,801	$ 42,501,896	$ 42,883,212	$ 40,737,064	$ 42,544,343	$ 46,428,545
Contributions as a Percentage of Covered Payroll	41.12 %	41.86 %	47.49 %	36.89 %	34.52 %	31.66 %	30.42 %	30.77 %	29.15 %	28.07 %

See notes to required supplementary information.

Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability (Asset)
Michigan Public School Employees' Retirement System

Last Eight Plan Years

Plan Years Ended September 30

	2024	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB (asset) liability	0.38642 %	0.40414 %	0.42287 %	0.46700 %	0.48286 %	0.49257 %	0.48281 %	0.52728 %
School District's proportionate share of the net OPEB (asset) liability	$ (16,633,152)	$ (2,286,192)	$ 8,956,729	$ 7,128,230	$ 25,868,282	$ 35,355,658	$ 38,378,258	$ 46,692,805
School District's covered payroll	$ 39,720,370	$ 39,739,459	$ 40,424,620	$ 41,630,381	$ 42,463,918	$ 42,848,284	$ 40,977,678	$ 42,407,851
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(41.88)%	(5.75)%	22.16 %	17.12 %	60.92 %	82.51 %	93.66 %	110.10 %
Plan fiduciary net position as a percentage of total OPEB liability	143.08 %	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

See notes to required supplementary information.

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

Last Eight Fiscal Years

Years Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 1,158,789	$ 3,264,166	$ 3,312,737	$ 3,344,652	$ 3,453,426	$ 3,415,282	$ 3,368,487	$ 2,940,350
Contributions in relation to the statutorily required contribution	1,158,789	3,264,166	3,312,737	3,344,652	3,453,426	3,415,282	3,368,487	2,940,350
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's Covered Payroll	$ 39,918,170	$ 39,732,166	$ 41,156,102	$ 41,042,701	$ 41,498,801	$ 42,501,896	$ 42,883,212	$ 40,737,064
Contributions as a Percentage of Covered Payroll	2.90 %	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

See notes to required supplementary information.

Pension Information

The required contributions for the year ended June 30, 2025 include a one-time contribution of $941,152, referred to as 147c(2), related to funding received from the State and remitted to the System for the purpose of contributing additional assets to the System.

Benefit Changes

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

Changes in Assumptions

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

- 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.

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

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

Changes in Assumptions

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

- 2024 - The health care cost trend rate used in the September 30, 2024 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage points for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 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.
- 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.

Supplementary Information

Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2025

	Special Revenue Funds			Debt Service Funds		Capital Projects Funds			
	Food Service Fund	Expendable Trust Fund	Student Activities Fund	2017 Debt Service Fund	2023 Debt Service Fund	Building & Site Fund	2020 Building & Site Fund	Sinking Fund	Total
Assets									
Cash and investments	$ -	$ 17,631	$ 433,344	$ -	$ -	$ 483,411	$ -	$ -	$ 934,386
Receivables - Due from other governments	395,396	-	600	-	-	-	-	-	395,996
Restricted assets	-	-	-	1,754,968	2,010,224	-	2,983,006	470,243	7,218,441
Total assets	**$ 395,396**	**$ 17,631**	**$ 433,944**	**$ 1,754,968**	**$ 2,010,224**	**$ 483,411**	**$ 2,983,006**	**$ 470,243**	**$ 8,548,823**
Liabilities									
Accounts payable	$ 394,711	$ -	$ 29,685	$ -	$ -	$ -	$ -	$ -	$ 424,396
Due to other governmental units	-	-	114	-	-	-	-	-	114
Total liabilities	394,711	-	29,799	-	-	-	-	-	424,510
Fund Balances									
Restricted:									
Debt service	-	-	-	1,754,968	2,010,224	-	-	-	3,765,192
Capital projects	-	-	-	-	-	-	2,983,006	470,243	3,453,249
Food service	685	-	-	-	-	-	-	-	685
Expendable Trust Fund	-	17,631	-	-	-	-	-	-	17,631
Committed:									
Capital projects	-	-	-	-	-	483,411	-	-	483,411
Student activities	-	-	404,145	-	-	-	-	-	404,145
Total fund balances	685	17,631	404,145	1,754,968	2,010,224	483,411	2,983,006	470,243	8,124,313
Total liabilities and fund balances	**$ 395,396**	**$ 17,631**	**$ 433,944**	**$ 1,754,968**	**$ 2,010,224**	**$ 483,411**	**$ 2,983,006**	**$ 470,243**	**$ 8,548,823**

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

Year Ended June 30, 2025

	Special Revenue Funds			Debt Service Funds		Capital Projects Funds			
	Food Service Fund	Expendable Trust Fund	Student Activities Fund	2017 Debt Service Fund	2023 Debt Service Fund	Building & Site Fund	2020 Building & Site Fund	Sinking Fund	Total
Revenue									
Local sources	$ 87,247	$ -	$ 450,412	$ 6,155,898	$ 10,947,333	$ -	$ 185,221	$ 2,086,538	$ 19,912,649
State sources	392,545	-	-	-	-	-	-	-	392,545
Federal sources	2,527,872	-	-	-	-	-	-	-	2,527,872
Total revenue	3,007,664	-	450,412	6,155,898	10,947,333	-	185,221	2,086,538	22,833,066
Expenditures									
Current:									
Instruction	-	-	841	-	-	-	-	-	841
Support services	-	-	435,971	-	-	-	218,736	-	654,707
Food services	3,467,444	-	-	-	-	-	-	-	3,467,444
Debt service:									
Principal	-	-	-	4,660,000	8,275,000	-	-	1,735,000	14,670,000
Interest	-	-	-	1,183,250	3,111,250	-	-	144,679	4,439,179
Capital outlay	-	-	-	-	-	278,597	-	20,369	298,966
Total expenditures	3,467,444	-	436,812	5,843,250	11,386,250	278,597	218,736	1,900,048	23,531,137
Excess of Revenue (Under) Over Expenditures	(459,780)	-	13,600	312,648	(438,917)	(278,597)	(33,515)	186,490	(698,071)
Other Financing Sources (Uses)									
Proceeds from sale of capital assets	-	-	-	-	-	2,148,893	-	-	2,148,893
Transfers in	254,000	-	-	-	-	-	-	-	254,000
Transfers out	-	-	-	-	-	(2,424,999)	-	-	(2,424,999)
Total other financing sources (uses)	254,000	-	-	-	-	(276,106)	-	-	(22,106)
Net Change in Fund Balances	(205,780)	-	13,600	312,648	(438,917)	(554,703)	(33,515)	186,490	(720,177)
Fund Balances - Beginning of year	206,465	17,631	390,545	1,442,320	2,449,141	1,038,114	3,016,521	283,753	8,844,490
Fund Balances - End of year	**$ 685**	**$ 17,631**	**$ 404,145**	**$ 1,754,968**	**$ 2,010,224**	**$ 483,411**	**$ 2,983,006**	**$ 470,243**	**$ 8,124,313**

Supplementary Information
Schedule of Bonded Indebtedness

June 30, 2025

Years Ending June 30	2017 Debt Principal	2020 Debt Principal	2023 Debt Principal	2025 Debt Principal	Total
2026	$ 4,950,000	$ 1,805,000	$ 9,275,000	$ -	$ 16,030,000
2027	5,260,000	1,880,000	1,500,000	-	8,640,000
2028	4,390,000	1,960,000	1,500,000	-	7,850,000
2029	4,405,000	-	1,500,000	-	5,905,000
2030	-	-	1,500,000	1,200,000	2,700,000
2031	-	-	1,500,000	1,325,000	2,825,000
2032	-	-	1,500,000	1,475,000	2,975,000
2033	-	-	1,500,000	1,500,000	3,000,000
2034	-	-	1,500,000	1,000,000	2,500,000
2035	-	-	1,525,000	1,055,000	2,580,000
2036	-	-	1,550,000	1,110,000	2,660,000
2037	-	-	1,575,000	1,170,000	2,745,000
2038	-	-	1,600,000	1,235,000	2,835,000
2039	-	-	1,620,000	1,300,000	2,920,000
2040	-	-	1,640,000	1,370,000	3,010,000
2041	-	-	1,660,000	1,470,000	3,130,000
2042	-	-	1,680,000	1,565,000	3,245,000
2043	-	-	1,700,000	1,650,000	3,350,000
2044	-	-	1,720,000	1,735,000	3,455,000
2045	-	-	1,740,000	1,825,000	3,565,000
2046	-	-	1,765,000	1,915,000	3,680,000
2047	-	-	1,815,000	2,015,000	3,830,000
2048	-	-	1,830,000	2,120,000	3,950,000
2049	-	-	1,835,000	2,225,000	4,060,000
2050	-	-	1,840,000	2,360,000	4,200,000
2051	-	-	1,840,000	2,510,000	4,350,000
2052	-	-	1,865,000	2,685,000	4,550,000
2053	-	-	1,875,000	2,880,000	4,755,000
2054	-	-	-	3,515,000	3,515,000
2055	-	-	-	3,695,000	3,695,000
Total remaining payments	**$ 19,005,000**	**$ 5,645,000**	**$ 53,950,000**	**$ 47,905,000**	**$ 126,505,000**
Principal payments due	May 1	May 1 and November 1	May 1	May 1	
Interest payments due	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	
Interest rate	4.00% to 5.00%	2.05%	5.00%	5.00%	
Original issue	**$ 51,005,000**	**$ 13,660,000**	**$ 68,225,000**	**$ 47,905,000**	**$ 180,795,000**