
Roseville Community Schools

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

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Independent Auditor's Report

To the Board of Education
Roseville Community 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 Roseville Community 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 Roseville Community 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 Roseville Community 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.

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 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
Roseville Community Schools

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Roseville Community 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 23, 2025 on our consideration of Roseville Community 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 Roseville Community 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 Roseville Community Schools' internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 23, 2025

This section of Roseville Community 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 Roseville Community 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 and the 2023 Capital Projects Fund, with all other funds presented in one column as nonmajor funds. The fiduciary statements present financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. 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, child care, 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 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 bond-funded construction funds used for voter-approved capital projects).

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.

Fiduciary Funds

The School District has certain fiduciary responsibilities for its custodial fund. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Roseville Community Schools

Management's Discussion and Analysis (Continued)

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	\$ 58.0	\$ 48.7
Capital assets	105.8	109.8
Total assets	163.8	158.5
Deferred Outflows of Resources	28.5	39.3
Liabilities		
Current liabilities	13.1	14.4
Noncurrent liabilities	91.9	104.3
Net pension liability	76.0	102.6
Total liabilities	181.0	221.3
Deferred Inflows of Resources	44.7	32.5
Net Position (Deficit)		
Net investment in capital assets	23.7	19.8
Restricted	15.3	3.3
Unrestricted	(72.4)	(79.1)
Total net position (deficit)	<u>\$ (33.4)</u>	<u>\$ (56.0)</u>

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 \$(33.4) million at June 30, 2025. Net investment in capital assets totaling \$23.7 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 (\$(72.4) million) was unrestricted.

The \$(72.4) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from adoption of GASB Statement No. 68 (recording the School District's share of the net pension liability from the state-managed retirement system). Unrestricted net position, when available, would enable the School District to meet working capital and cash flow requirements, as well as to provide for future uncertainties. The operating results of the General Fund and the change in the net pension liability will have significant impacts on the change in unrestricted net position from year to year.

Roseville Community Schools

Management's Discussion and Analysis (Continued)

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	\$ 0.4	\$ 0.4
Operating grants	31.8	38.1
General revenue:		
Taxes	22.0	20.8
State aid not restricted to specific purposes	30.5	31.4
Other	2.2	4.8
Total revenue	86.9	95.5
Expenses		
Instruction	34.1	37.2
Support services	26.3	28.3
Athletics	0.3	0.3
Food services	2.6	2.8
Community services	0.3	0.4
Debt service	2.7	3.2
Total expenses	66.3	72.2
Change in Net Position	20.6	23.3
Net Position (Deficit) - Beginning of year	(56.0)	(79.3)
Cumulative Effect of Change in Accounting (Note 2)	2.0	-
Net Position (Deficit) - Beginning of year, as restated	(54.0)	(79.3)
Net Position (Deficit) - End of year	<u><u>\$ (33.4)</u></u>	<u><u>\$ (56.0)</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$66.3 million. Certain activities were partially funded from those who benefited from the programs (\$0.4 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$31.8 million). We paid for the remaining public benefit portion of our governmental activities with \$22.0 million in taxes and \$30.5 million in state foundation allowance.

The School District experienced an increase in net position of \$20.6 million. Key reasons for the change in net position are changes in the School District's net pension and OPEB liability (asset).

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 the School District's 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 we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$32.0 million, which is a decrease of \$1.1 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, fund balance increased from \$22.9 million last year to \$23.9 million this year. The change is mainly attributed to an increase in state grants and the continuing Macomb County Enhancement millage. The School District is continuing to see staff retirements, with replacements being hired at a lower wage, although at a slower rate than the previous year. The School District continues to be fiscally responsible when making purchases, with continued efforts to obtain the best price for goods and services.

Fund balance of our special revenue funds decreased from \$2.3 million last year to \$1.6 million this year.

Combined, fund balance of our debt service funds increased slightly. Millage rates remained the same at 11.2 mills. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt service fund balances are restricted since they can only be used to pay debt service obligations.

Fund balance of our 2018 Capital Projects Fund decreased by \$0.25 million. This decrease closes Series I of the 2018 voter-approved capital project funds.

Fund balance of our 2023 Capital Projects Fund decreased by \$1.8 million. This decrease is due to the use of funds for allowable bond-related construction and capital project activities.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. Typically, these revisions are necessary to reflect changes in student counts, staffing, costs, and grant award assumptions. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. There were significant revisions made to the 2024-2025 General Fund original budget, and 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 section of these financial statements. The impact of the changes to the 2024-2025 budget was an increase to fund balance.

Budgeted revenue increased slightly during the year. Budgeted federal grant revenue reflects actual federal grant expenditures rather than awarded amounts. In addition, budgeted state revenue increased due to an increase in foundation allowance and additional state grants that were unknown at the time the original budget was adopted. The variance between actual revenue and final budgeted revenue was approximately \$1.1 million, which is a 1.6 percent variance.

Budgeted expenditures decreased due to conservative budgeting practices, purchases that were not completed in the fiscal year, as well as unknown retirements and payouts at year end. The variance between actual expenditures and final budgeted expenditures was \$3.9 million, or a 5.6 percent variance.

Roseville Community Schools

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2025, the School District had \$105.8 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately \$4.0 million, or 3.7 percent, from last year.

	2025	2024
Land	\$ 753,297	\$ 753,297
Construction in progress	1,216,901	6,211,973
Buildings and improvements	149,449,220	144,527,105
Furniture and equipment	33,311,728	30,124,377
Buses and other vehicles	4,251,338	4,251,338
Land improvements	12,049,965	12,033,185
Total capital assets	201,032,449	197,901,275
Less accumulated depreciation	95,264,168	88,135,018
Total capital assets - Net of accumulated depreciation	\$ 105,768,281	\$ 109,766,257

This year's additions of \$3.2 million included vehicles, technology, building renovations, buses, and other vehicles.

Debt

At the end of this year, the School District had \$83.7 million in bonds outstanding versus \$93.5 million in the previous year, a change of 10.4 percent.

The School District's general obligation bond rating is AA. 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. The School District issues qualified debt (i.e., debt backed by the State of Michigan), and, as such, the debt obligations are not subject to this debt limit. The School District does not have any outstanding unqualified general obligation debt.

Other obligations include compensated absences, arbitrage liabilities, and self-insured liabilities. 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. As a result, the School District's funding is heavily dependent on the State's ability to fund local school operations. Over 50 percent of total General Fund revenue is from the state foundation allowance. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2025-2026 budget was adopted in June 2025 based on an estimate of students who will enroll in September 2025. Based on early enrollment data at the start of the 2025 school year, we anticipate that the fall student count will be slightly less than the estimates used in creating the 2025-2026 budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

In addition to the foundation allowance, 18 mills are levied on nonhomestead properties in the School District. Under state law, the School District cannot assess more than 18 mills for general operations.

In 2018, the voters approved a bond proposal for the purchase of technology, buses, security, band instruments, an athletic field, and other improvements. The debt mills levied increased by 2.5 mills in order to pay the debt on these bonds, and this levy remained constant for 2024-2025. Series I of this bond issue is completed, and Series II has focused on technology renewals and upgrades, as well as new buses.

Staff contracts were negotiated in June 2023, and a three-year agreement was reached. The agreement included 3 percent increases for 2023-2024, 2024-2025, and 2025-2026. In addition, there was a 2 percent off-schedule payment agreed upon based on if there is an increase to the General Fund balance in the prior year. Negotiations will begin mid-year in 2025-2026 for subsequent years.

The School District is currently in strong financial standing, with a fund balance exceeding 35 percent of General Fund expenditures. This increase is attributed to the collaborative efforts of the board, administration, staff, and community in strategically utilizing COVID-19 grant funds to extend the benefits. Management plans to carefully spend down the fund balance over the coming years to maximize the impact of the initial awards.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the executive director of business and finance of Roseville Community Schools at 18975 Church St., Roseville, MI 48066.

June 30, 2025

	Governmental Activities
Assets	
Cash and investments (Note 4)	\$ 28,638,299
Receivables:	
Other receivables	210,727
Due from other governments	8,634,700
Inventory	356,825
Prepaid expenses	37,868
Restricted assets (Note 4)	6,936,755
Net OPEB asset (Note 10)	13,301,724
Capital assets - Net (Note 6)	<u>105,768,281</u>
Total assets	163,885,179
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 8)	2,579,660
Deferred pension costs (Note 10)	22,270,841
Deferred OPEB costs (Note 10)	<u>3,613,523</u>
Total deferred outflows of resources	28,464,024
Liabilities	
Accounts payable	399,883
Due to other governmental units	1,537,359
Accrued liabilities and other	5,577,898
Unearned revenue (Note 5)	5,671,237
Noncurrent liabilities:	
Due within one year (Note 8)	13,235,608
Due in more than one year (Note 8)	78,668,881
Net pension liability (Note 10)	<u>75,975,491</u>
Total liabilities	181,066,357
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 10)	4,174,054
Deferred pension cost reductions (Note 10)	22,943,299
Deferred OPEB cost reductions (Note 10)	<u>17,540,638</u>
Total deferred inflows of resources	<u>44,657,991</u>
Net Position (Deficit)	
Net investment in capital assets	23,652,964
Restricted:	
Debt service	1,686,663
Capital projects	395,182
OPEB asset	13,301,724
Unrestricted	<u>(72,411,678)</u>
Total net position (deficit)	<u><u>\$ (33,375,145)</u></u>

Roseville Community Schools

Statement of Activities

Year Ended June 30, 2025

	Expenses	Program Revenue		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 34,077,150	\$ 28,680	\$ 18,422,360	\$ (15,626,110)
Support services	26,253,472	97,927	9,636,312	(16,519,233)
Athletics	311,556	33,200	-	(278,356)
Food services	2,635,349	68,792	3,424,104	857,547
Community services	348,854	177,587	283,421	112,154
Interdistrict payments	3,302	-	-	(3,302)
Interest	2,619,887	-	-	(2,619,887)
Other debt costs	102,453	-	-	(102,453)
Total primary government	\$ 66,352,023	\$ 406,186	\$ 31,766,197	(34,179,640)
General revenue (expenses):				
Taxes:				
Property taxes, levied for general purposes				9,560,460
Property taxes, levied for debt service				12,486,062
State aid not restricted to specific purposes				30,534,389
Interest and investment earnings				1,268,992
Penalties, interest, and other taxes				29,860
Loss on sale of capital assets				(74,254)
Other				984,492
Total general revenue				54,790,001
Change in Net Position				20,610,361
Net Position (Deficit) - Beginning of year, as previously reported				(55,996,846)
Cumulative Effect of Change in Accounting (Note 2)				2,011,340
Net Position (Deficit) - Beginning of year, as restated				(53,985,506)
Net Position (Deficit) - End of year				\$ (33,375,145)

Roseville Community Schools

Governmental Funds Balance Sheet

June 30, 2025

	General Fund	2023 Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 4)	\$ 27,806,575	\$ -	\$ 831,724	\$ 28,638,299
Receivables:				
Other receivables	185,464	-	20,648	206,112
Due from other governments	8,634,700	-	-	8,634,700
Due from other funds (Note 7)	1,228,925	-	1,547,628	2,776,553
Inventory	333,742	-	23,083	356,825
Prepaid expenses	37,868	-	-	37,868
Restricted assets: (Note 4)				
Restricted cash and cash equivalents	-	239,055	2,086,937	2,325,992
Restricted investments	-	4,610,763	-	4,610,763
Total assets	\$ 38,227,274	\$ 4,849,818	\$ 4,510,020	\$ 47,587,112
Liabilities				
Accounts payable	\$ 340,158	\$ 8,513	\$ 51,212	\$ 399,883
Due to other governmental units	1,537,359	-	-	1,537,359
Due to other funds (Note 7)	1,553,028	517,407	701,503	2,771,938
Accrued liabilities and other	5,149,430	-	33,154	5,182,584
Unearned revenue (Note 5)	5,669,628	-	1,609	5,671,237
Total liabilities	14,249,603	525,920	787,478	15,563,001
Deferred Inflows of Resources - Unavailable revenue (Note 5)	49,796	-	-	49,796
Total liabilities and deferred inflows of resources	14,299,399	525,920	787,478	15,612,797
Fund Balances				
Nonspendable:				
Inventory	333,742	-	23,083	356,825
Prepaid expenses	37,868	-	-	37,868
Restricted:				
Debt service	-	-	2,081,977	2,081,977
Capital projects	-	4,323,898	-	4,323,898
Food service	-	-	840,747	840,747
Committed:				
Child care operations	-	-	406,795	406,795
Student activities	-	-	369,940	369,940
Assigned - Budgeted use of fund balance in subsequent year	4,477,316	-	-	4,477,316
Unassigned	19,078,949	-	-	19,078,949
Total fund balances	23,927,875	4,323,898	3,722,542	31,974,315
Total liabilities, deferred inflows of resources, and fund balances	\$ 38,227,274	\$ 4,849,818	\$ 4,510,020	\$ 47,587,112

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2025

Fund Balances Reported in Governmental Funds	\$ 31,974,315
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not financial resources and are not reported in the funds:	
Cost of capital assets	201,032,449
Accumulated depreciation	<u>(95,264,168)</u>
Net capital assets used in governmental activities	105,768,281
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	49,796
Deferred outflows related to bond refundings are not reported in the funds	2,579,660
Long-term debt (including unamortized premiums on issuances) is not due and payable in the current period and is not reported in the funds	(88,244,476)
Accrued interest is not due and payable in the current period and is not reported in the funds	(395,314)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(1,399,859)
Early termination incentive obligations	(114,117)
Provision for self-insurance claims	(1,806,191)
Net pension liability and related deferred inflows and outflows	(76,647,949)
Net OPEB asset and related deferred inflows and outflows	(625,391)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(4,174,054)
Arbitrage liabilities do not present a claim on current financial resources and are not reported as fund liabilities	<u>(339,846)</u>
Net Position (Deficit) of Governmental Activities	<u>\$ (33,375,145)</u>

Roseville Community Schools

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

Year Ended June 30, 2025

	General Fund	Formerly Major - 2018 Capital Projects Fund	2023 Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 10,944,147	\$ -	\$ 240,197	\$ 13,551,708	\$ 24,736,052
State sources	48,862,756	-	-	877,406	49,740,162
Federal sources	3,376,879	-	-	3,166,598	6,543,477
Interdistrict	3,973,762	-	-	-	3,973,762
Total revenue	67,157,544	-	240,197	17,595,712	84,993,453
Expenditures					
Current:					
Instruction	36,940,627	-	-	-	36,940,627
Support services	28,476,685	-	17,816	934,296	29,428,797
Athletics	385,707	-	-	-	385,707
Food services	-	-	-	2,953,410	2,953,410
Community services	57,249	-	-	391,017	448,266
Debt service:					
Principal	190,000	-	-	9,635,000	9,825,000
Interest	44,438	-	-	2,765,929	2,810,367
Capital outlay	266,332	-	2,057,512	956,595	3,280,439
Interdistrict payments	3,302	-	-	-	3,302
Total expenditures	66,364,340	-	2,075,328	17,636,247	86,075,915
Excess of Revenue Over (Under) Expenditures	793,204	-	(1,835,131)	(40,535)	(1,082,462)
Other Financing Sources (Uses)					
Transfers in	225,117	-	-	-	225,117
Transfers out	-	-	-	(225,117)	(225,117)
Total other financing sources (uses)	225,117	-	-	(225,117)	-
Net Change in Fund Balances	1,018,321	-	(1,835,131)	(265,652)	(1,082,462)
Fund Balances - Beginning of year, as previously reported	22,909,554	254,359	6,159,029	3,733,835	33,056,777
Change within Financial Reporting Entity (Note 2)	-	(254,359)	-	254,359	-
Fund Balances - Beginning of year, as restated	22,909,554	-	6,159,029	3,988,194	33,056,777
Fund Balances - End of year	<u>\$ 23,927,875</u>	<u>\$ -</u>	<u>\$ 4,323,898</u>	<u>\$ 3,722,542</u>	<u>\$ 31,974,315</u>

Roseville Community Schools

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 \$ (1,082,462)

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capitalized capital outlay	3,244,799
Depreciation expense	(7,168,521)
Net book value of assets disposed of	(74,254)

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	49,796
--	--------

Revenue in support of pension contributions made subsequent to the measurement date	1,993,389
---	-----------

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	9,942,400
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Interest expense is recognized in the government-wide statements as it accrues	73,080
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Some employee costs (pension, OPEB, compensated absences, termination benefits, and self-insurance claims) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	13,734,587
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Arbitrage expenditures that do not use current financial resources are not reported as expenditures in the governmental funds	(102,453)
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Change in Net Position of Governmental Activities \$ 20,610,361

Roseville Community Schools

Fiduciary Fund Statement of Fiduciary Net Position

June 30, 2025

	Custodial - Scholarship Fund
Assets	
Cash and investments (Note 4)	\$ 148,245
Due from other funds (Note 7)	5,400
Total assets	153,645
Liabilities	
Accounts payable	106,000
Due to other funds (Note 7)	10,015
Total liabilities	116,015
Net Position - Unrestricted	\$ 37,630

Roseville Community Schools

Fiduciary Fund Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2025

	Custodial - Scholarship Fund
Additions	
Investment income	\$ 6,224
Donations and fundraising	<u>83,167</u>
Total additions	89,391
Deductions	
Scholarships awarded	75,001
Fundraising expenses	<u>17,152</u>
Total deductions	<u>92,153</u>
Net Decrease in Fiduciary Net Position	(2,762)
Net Position - Beginning of year	<u>40,392</u>
Net Position - End of year	<u><u>\$ 37,630</u></u>

June 30, 2025

Note 1 - Nature of Business

Roseville Community 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 (GASB). The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

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

Report Presentation

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

June 30, 2025**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 broad fund types:

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The 2023 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for installing new and replacement technology infrastructure and equipment, technology upgrades, refurnishing district buildings, improving and developing school sites, acquiring buses, and remodeling and repairs. The fund operates until the purpose for which it was created is accomplished.

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 special revenue funds include the Food Service, Student Activities, and Child Care funds. The Food Service Fund accounts for the School District's breakfast and lunch programs, and its primary sources of revenue are federal and state grants and customer sales. Revenue sources for the Student Activities Fund include fundraising revenue and donations earned and received by student groups. The Child Care Fund accounts for the activity of the School District's child care programs, and its primary source of revenue are user fees. Any operating deficit generated by these activities is the responsibility of the General Fund.
- The 2018 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for installing new and replacement technology infrastructure and equipment, technology upgrades, refurnishing district buildings, improving and developing school sites, acquiring buses, and remodeling and repairs. The fund operates until the purpose for which it was created is accomplished.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the School District). The School District does not have any enterprise or internal service funds.

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

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the School District's programs. Activities that are reported as fiduciary include the following:

- The Scholarship Fund accumulates resources used to pay future scholarships on the behalf of students. The funds are segregated and are held for the students.

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 and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental 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.

Fiduciary funds 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.

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 bank investment pooled funds (J Funds) and MILAF, which are valued at amortized cost. Pooled investment income is generally allocated to each fund using a weighted average of balance for the principal.

Note 2 - Significant Accounting Policies (Continued)

Inventories and Prepaid Items

Inventories are valued at cost on an average cost basis for central services and on a first-in, first-out basis for food services. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture Commodities inventory received by the Food Service Fund is recorded as inventory and deferred revenue until used. 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 fund required to be set aside for construction or other allowable bond purchases
- Unspent property taxes levied held in the debt service funds required to be set aside for future bond principal and interest payments

Capital Assets

Capital assets, which include land and land improvements, buildings, furniture and equipment, and vehicles, 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	7 to 50
Furniture and equipment	5 to 25
Buses and other vehicles	8
Land improvements	20 to 50

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

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

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

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

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 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 financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund 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.

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

Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally 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 either to remove or revise a commitment.

The fund balance policy prescribes the end of year minimum fund balance for the General Fund as 12 percent of the preceding year's expenditures.

Property Tax Revenue

Properties are assessed as of December 31, and approximately 80 percent of the related property taxes become a lien on July 1 and the remainder 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. Tax collections are forwarded to the School District as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to 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 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.

Pension and Other Postemployment Benefit (OPEB) Plans

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

Compensated Absences (Vacation and Sick Leave)

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

Termination Benefits

Termination benefits include severance payments to employees in certain bargaining groups, hired before certain dates, upon separation from the School District. Because the termination benefits do not have determinable payment dates, the cost of these benefits are calculated at the undiscounted total of estimated future benefit payments at current cost levels.

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

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.

Accounting Changes**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.

Changes to or within the Financial Reporting Entity**Change in Major Funds**

The 2018 Capital Projects Fund was previously reported as a major fund but is now reported as a nonmajor fund for fiscal year 2025. The effects of this change in major funds are shown in the table at the end of this section.

June 30, 2025

Note 2 - Significant Accounting Policies (Continued)

Adjustments to and Restatements of Beginning Balances

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

	<u>June 30, 2024</u>			<u>June 30, 2024</u>
	<u>As Previously Reported</u>	<u>Adoption of GASB 101</u>	<u>Change to or within the Financial Reporting Entity</u>	<u>As Restated</u>
Government-wide - Governmental activities	\$ (55,996,846)	\$ 2,011,340	\$ -	\$ (53,985,506)
Governmental funds:				
Major funds:				
General Fund	\$ 22,909,554	\$ -	\$ -	\$ 22,909,554
2023 Capital Projects Fund	6,159,029	-	-	6,159,029
2018 Capital Projects Fund	254,359	-	(254,359)	-
Nonmajor funds	3,733,835	-	254,359	3,988,194
Total governmental funds	\$ 33,056,777	\$ -	\$ -	\$ 33,056,777

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 23, 2025, which is the date the financial statements were available to be issued.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

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

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

June 30, 2025**Note 3 - Stewardship, Compliance, and Accountability (Continued)*****Capital Projects Fund Compliance***

The 2023 Capital Projects Fund includes 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 2023 Capital Projects Fund is not yet considered substantially complete, and a subsequent year audit is expected.

The 2018 Capital Projects Fund bonds issued were considered complete during a prior period, and the School District has completed the required reporting to the Michigan Department of Treasury.

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 are in accordance with statutory authority.

The School District has designated six financial institutions 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 one-day minimum investment period on MILAF Cash Management funds.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District had bank deposits of \$2,601,202 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a policy for custodial credit risk. At June 30, 2025, 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 does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. At June 30, 2025, the School District does not have investments subject to interest rate risk.

June 30, 2025

Note 4 - Deposits and Investments (Continued)

Credit Risk

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

Investment	Carrying Value	Credit Rating	Rating Agency
Primary Government			
MILAF Cash Management Class	\$ 52,788	AAAM	S&P
Comerica J Fund	28,329,491	Not rated	
MILAF Investments - MAX Class	4,558,009	AAAM	S&P
Total	<u>\$ 32,940,288</u>		

Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. All of the School District's investments are in bank investment pools.

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.

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 various components of unearned revenue were as follows. The School District had unavailable revenue of \$49,796 related to the Coronavirus State Fiscal Recovery Fund receivables that were not collected within the School District's period of availability.

	Governmental Funds Liability - Unearned
Grant and categorical aid payment received prior to meeting all eligibility requirements	\$ 5,669,628
Prepaid student food sales	1,609
Total	<u>\$ 5,671,237</u>

June 30, 2025

Note 6 - Capital Assets

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

Governmental Activities

	Balance July 1, 2024	Reclassifications	Additions	Disposals	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 753,297	\$ -	\$ -	\$ -	\$ 753,297
Construction in progress	6,211,973	(5,315,884)	320,812	-	1,216,901
Subtotal	6,965,270	(5,315,884)	320,812	-	1,970,198
Capital assets being depreciated:					
Buildings and improvements	144,527,105	3,897,826	1,053,111	(28,822)	149,449,220
Furniture and equipment	30,124,377	1,408,234	1,863,920	(84,803)	33,311,728
Buses and other vehicles	4,251,338	-	-	-	4,251,338
Land improvements	12,033,185	9,824	6,956	-	12,049,965
Subtotal	190,936,005	5,315,884	2,923,987	(113,625)	199,062,251
Accumulated depreciation:					
Buildings and improvements	61,228,396	-	4,096,996	(28,823)	65,296,569
Furniture and equipment	19,129,705	-	2,090,269	(10,548)	21,209,426
Buses and other vehicles	2,339,664	-	462,718	-	2,802,382
Land improvements	5,437,253	-	518,538	-	5,955,791
Subtotal	88,135,018	-	7,168,521	(39,371)	95,264,168
Net capital assets being depreciated	102,800,987	5,315,884	(4,244,534)	(74,254)	103,798,083
Net governmental activities capital assets	<u>\$ 109,766,257</u>	<u>\$ -</u>	<u>\$ (3,923,722)</u>	<u>\$ (74,254)</u>	<u>\$ 105,768,281</u>

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

Governmental activities:	
Instruction	\$ 5,017,965
Support services	2,150,556
Total governmental activities	<u>\$ 7,168,521</u>

June 30, 2025

Note 6 - Capital Assets (Continued)

Construction Commitments

The School District has no active construction projects at year end. At June 30, 2025, the School District had no commitments with contractors.

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor governmental funds	\$ 701,503
	2023 Capital Projects Fund	517,407
	Scholarship Trust Fund	10,015
	Total General Fund	1,228,925
Nonmajor governmental funds	General Fund	1,547,628
Scholarship Trust Fund	General Fund	5,400
	Total	\$ 2,781,953

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Food Service Fund	General Fund	\$ 225,117

The transfer from the Food Service Fund to the General Fund was to cover the fund's portion of shared costs.

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 and notes payable:					
Other debt - General obligation bonds	\$ 93,490,000	\$ -	\$ (9,825,000)	\$ 83,665,000	\$ 10,555,000
Unamortized bond premiums	5,126,820	-	(547,344)	4,579,476	547,344
Total bonds and direct borrowings	98,616,820	-	(10,372,344)	88,244,476	11,102,344
Compensated absences	1,411,091	-	(11,232)	1,399,859	322,073
Self-insurance claims (Note 9)	1,853,477	6,960,459	(7,007,745)	1,806,191	1,806,191
Termination benefits	110,345	3,772	-	114,117	5,000
Arbitrage liability	237,393	102,453	-	339,846	-
Total governmental activities long-term debt	\$ 102,229,126	\$ 7,066,684	\$ (17,391,321)	\$ 91,904,489	\$ 13,235,608

June 30, 2025

Note 8 - Long-term Debt (Continued)

The School District had deferred outflows of \$2,579,660 related to deferred charges on bond refundings at June 30, 2025.

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 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:

Purpose	Year Issued	Interest Rates	Maturing May 1	Outstanding
\$2,715,000 General Obligation Qualified Bond (2014 Energy Conservation Improvement Bond) - Due in annual installments of \$200,000 to \$230,000	2014	3.25%-3.75%	2030	\$ 1,075,000
\$35,455,000 General Obligation Qualified Bond (2018 School Building and Site) - Due in annual installments of \$1,750,000 to \$1,850,000	2018	5.00	2038	23,375,000
\$58,915,000 General Obligation Qualified Bond (2021 Refunding) - Due in annual installments of \$5,755,000 to \$6,275,000	2021	0.22-2.27	2034	53,960,000
\$8,590,000 General Obligation Qualified Bond (2023 School Building and Site) - Due in annual installments of \$2,535,000 to \$2,720,000	2023	5.00	2027	5,255,000
Total governmental activities				<u>\$ 83,665,000</u>

Other Long-term Liabilities

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The self-insurance claims liability will generally be liquidated through the School District's General Fund. The arbitrage liability attributable to the governmental activities will be liquidated from the 2023 Capital Projects Fund when payable to the Internal Revenue Service. That fund will finance the payment of those claims by charging the other funds based on management's assessment of the relative insurance risk that should be assumed by individual funds.

Debt Service Requirements to Maturity

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

Years Ending June 30	Other Debt		
	Principal	Interest	Total
2026	\$ 10,555,000	\$ 2,371,879	\$ 12,926,879
2027	10,420,000	2,090,032	12,510,032
2028	7,985,000	1,797,508	9,782,508
2029	8,075,000	1,617,362	9,692,362
2030	8,175,000	1,422,550	9,597,550
2031-2035	32,930,000	3,998,692	36,928,692
2036-2038	5,525,000	553,750	6,078,750
Total	<u>\$ 83,665,000</u>	<u>\$ 13,851,773</u>	<u>\$ 97,516,773</u>

June 30, 2025

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 is self-insured for health, vision, and dental claims. The School District purchases commercial insurance for life and disability claims and participates in a shared-risk pool for claims relating to property loss, torts, errors and omissions, and workers' compensation. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

The School District estimates the liability for health, vision, and dental claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. These estimates are recorded in the government-wide statements. Changes in the estimated liability for the past two fiscal years were as follows:

	2025	2024
Estimated liability - Beginning of year	\$ 1,853,477	\$ 1,235,119
Estimated claims incurred, including changes in estimates	6,960,459	5,151,761
Claim payments	(7,007,745)	(4,533,403)
Estimated liability - End of year	<u>\$ 1,806,191</u>	<u>\$ 1,853,477</u>

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.

June 30, 2025**Note 10 - Michigan Public School Employees' Retirement System (Continued)**

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.

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

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

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

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.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2025 were \$14,047,402, 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 \$3,400,994 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 \$773,060 of a one-time state payment received and remitted to the System for the purpose of contributing 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 \$1,266,526, 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 \$75,975,491 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 0.31 and 0.32 percent, respectively, representing a change of (2.14) percent.

Net OPEB Asset

At June 30, 2025, the School District reported an asset of \$13,301,724 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 0.30 and 0.31 percent, respectively, representing a change of (0.98) percent.

June 30, 2025

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

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

For 2025, the School District recognized pension expense of \$5,252,639, 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	\$ 2,061,269	\$ (825,484)
Changes in assumptions	7,920,895	(5,566,601)
Net difference between projected and actual earnings on pension plan investments	-	(14,499,344)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	612,749	(2,051,870)
The School District's contributions to the plan subsequent to the measurement date	11,675,928	-
Total	<u>\$ 22,270,841</u>	<u>\$ (22,943,299)</u>

The \$4,174,054 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2026	\$ (2,655,289)
2027	147,059
2028	(5,851,285)
2029	(3,988,871)
Total	<u>\$ (12,348,386)</u>

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

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

For the year ended June 30, 2025, the School District recognized an OPEB recovery of \$5,097,144.

June 30, 2025

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

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	\$ -	\$ (14,095,766)
Changes in assumptions	2,905,288	(333,939)
Net difference between projected and actual earnings on OPEB plan investments	-	(2,518,169)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	403,363	(592,764)
Employer contributions to the plan subsequent to the measurement date	304,872	-
Total	<u>\$ 3,613,523</u>	<u>\$ (17,540,638)</u>

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	\$ (4,745,204)
2027	(2,735,567)
2028	(2,658,648)
2029	(2,477,583)
2030	(1,362,380)
Thereafter	(252,605)
Total	<u>\$ (14,231,987)</u>

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 Mortality Tables, scaled 100 percent (retirees: 116 percent for males and 116 percent for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

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

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

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

Discount Rate

The discount rate used to measure the total pension liability and 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.

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	\$ 111,380,886	\$ 75,975,491	\$ 46,493,687

June 30, 2025

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

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	\$ (10,279,682)	\$ (13,301,724)	\$ (15,914,599)

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	\$ (15,914,627)	\$ (13,301,724)	\$ (10,499,400)

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 \$2,447,071 and \$53,266 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2025.

Note 11 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) 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 \$338,000 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 \$208,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from debt service millages. There are no abatements made by the School District.

Required Supplementary Information

Roseville Community Schools

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	\$ 10,021,316	\$ 10,800,485	\$ 10,944,147	\$ 143,662
State sources	47,044,518	49,737,608	48,862,756	(874,852)
Federal sources	5,202,712	3,916,889	3,376,879	(540,010)
Other financing sources	3,288,538	4,015,171	4,198,879	183,708
Total revenue	65,557,084	68,470,153	67,382,661	(1,087,492)
Expenditures				
Current:				
Instruction:				
Basic programs	29,847,245	29,563,827	27,957,014	(1,606,813)
Added needs	9,367,586	9,390,772	8,984,633	(406,139)
Support services:				
Pupil	5,592,399	5,907,951	5,535,552	(372,399)
Instructional staff	3,173,445	4,189,414	3,628,230	(561,184)
General administration	922,184	744,970	706,771	(38,199)
School administration	5,009,229	4,952,415	4,937,861	(14,554)
Business	1,213,680	1,179,903	1,120,909	(58,994)
Operations and maintenance	8,376,987	8,035,804	7,849,382	(186,422)
Pupil transportation services	2,798,668	3,147,787	2,595,631	(552,156)
Central	2,462,165	2,466,462	2,322,668	(143,794)
Other	426,673	399,798	385,707	(14,091)
Community services	34,721	51,179	57,249	6,070
Total expenditures	69,224,982	70,030,282	66,081,607	(3,948,675)
Excess of Revenue (Under) Over Expenditures	(3,667,898)	(1,560,129)	1,301,054	2,861,183
Other Financing Uses	(706,538)	(239,838)	(282,733)	(42,895)
Net Change in Fund Balance	(4,374,436)	(1,799,967)	1,018,321	2,818,288
Fund Balance - Beginning of year	22,909,554	22,909,554	22,909,554	-
Fund Balance - End of year	<u>\$ 18,535,118</u>	<u>\$ 21,109,587</u>	<u>\$ 23,927,875</u>	<u>\$ 2,818,288</u>

Roseville Community Schools

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	0.31033 %	0.31713 %	0.31768 %	0.31117 %	0.31913 %	0.33142 %	0.33851 %	0.34016 %	0.33564 %	0.32530 %
School District's proportionate share of the net pension liability	\$ 75,975,491	\$ 102,642,001	\$ 119,475,530	\$ 73,671,676	\$ 109,624,736	\$ 109,755,055	\$ 101,761,730	\$ 88,150,523	\$ 83,739,286	\$ 79,453,603
School District's covered payroll	\$ 32,669,064	\$ 31,190,314	\$ 31,125,270	\$ 27,942,239	\$ 27,630,198	\$ 28,483,737	\$ 28,567,961	\$ 28,417,940	\$ 28,638,999	\$ 27,987,798
School District's proportionate share of the net pension liability as a percentage of its covered payroll	232.56 %	329.08 %	383.85 %	263.66 %	396.76 %	385.33 %	356.21 %	310.19 %	292.40 %	283.89 %
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 %

Roseville Community Schools

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	\$ 13,583,201	\$ 13,281,033	\$ 14,892,837	\$ 10,753,710	\$ 9,410,529	\$ 8,895,307	\$ 8,842,843	\$ 8,650,650	\$ 8,437,506	\$ 7,891,226
Contributions in relation to the statutorily required contribution	13,583,201	13,281,033	14,892,837	10,753,710	9,410,529	8,895,307	8,842,843	8,650,650	8,437,506	7,891,226
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 33,525,490	\$ 32,248,015	\$ 30,965,213	\$ 29,590,557	\$ 27,498,422	\$ 28,021,174	\$ 28,530,767	\$ 28,584,398	\$ 29,633,259	\$ 28,892,414
Contributions as a Percentage of Covered Payroll	40.52 %	41.18 %	48.10 %	36.34 %	34.22 %	31.74 %	30.99 %	30.26 %	28.47 %	27.31 %

Roseville Community Schools

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	0.30903 %	0.31208 %	0.32026 %	0.30990 %	0.31269 %	0.32671 %	0.33602 %	0.33942 %
School District's proportionate share of the net OPEB (asset) liability	\$ (13,301,724)	\$ (1,765,411)	\$ 6,783,237	\$ 4,730,201	\$ 16,751,489	\$ 23,450,737	\$ 26,710,131	\$ 30,057,114
School District's covered payroll	\$ 32,669,064	\$ 31,190,314	\$ 31,125,270	\$ 27,942,239	\$ 27,630,198	\$ 28,483,737	\$ 28,567,961	\$ 28,417,940
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(40.72)%	(5.66)%	21.79 %	16.93 %	60.63 %	82.33 %	93.50 %	105.77 %
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 %

Roseville Community Schools

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 \$	998,221	\$ 2,649,311	\$ 2,492,452	\$ 2,411,394	\$ 2,288,350	\$ 2,251,669	\$ 2,241,099	\$ 2,064,572
Contributions in relation to the statutorily required contribution	998,221	2,649,311	2,492,452	2,411,394	2,288,350	2,251,669	2,241,099	2,064,572
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 33,525,490	\$ 32,248,015	\$ 30,965,213	\$ 29,590,557	\$ 27,498,422	\$ 28,021,174	\$ 28,530,767	\$ 28,584,398
Contributions as a Percentage of Covered Payroll	2.98 %	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

June 30, 2025

Pension Information

The required contributions for the year ended June 30, 2025 include a one-time contribution of \$773,060, 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 in for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes in 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 the periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

There were no significant changes in 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 a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit cost was lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.

June 30, 2025

- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit cost being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by \$1.4 million in 2019.

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by \$1.4 million in 2018.

Supplementary Information

Roseville Community Schools

Supplementary Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2025

	Special Revenue Funds			Debt Service Funds					Capital Project Fund	Total
	Food Service Fund	Child Care Fund	Student Activities Fund	2015 Refunding Debt Fund	2014 Refunding Debt Fund	2018 Debt Fund	2021 Refunding Debt Fund	2023 Debt Fund	2018 Capital Projects Fund	
Assets										
Cash and investments	\$ 470,014	\$ -	\$ 361,710	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 831,724
Receivables - Other receivables	2,685	17,963	-	-	-	-	-	-	-	20,648
Due from other funds	1,081,974	404,749	60,905	-	-	-	-	-	-	1,547,628
Inventory	23,083	-	-	-	-	-	-	-	-	23,083
Restricted assets	-	-	-	312,922	554,460	537,385	346,595	335,575	-	2,086,937
Total assets	\$ 1,577,756	\$ 422,712	\$ 422,615	\$ 312,922	\$ 554,460	\$ 537,385	\$ 346,595	\$ 335,575	\$ -	\$ 4,510,020
Liabilities										
Accounts payable	\$ 44,839	\$ 1,413	\$ -	\$ 689	\$ 1,201	\$ 1,202	\$ 824	\$ 1,044	\$ -	\$ 51,212
Due to other funds	648,828	-	52,675	-	-	-	-	-	-	701,503
Accrued liabilities and other	18,650	14,504	-	-	-	-	-	-	-	33,154
Unearned revenue	1,609	-	-	-	-	-	-	-	-	1,609
Total liabilities	713,926	15,917	52,675	689	1,201	1,202	824	1,044	-	787,478
Fund Balances										
Nonspendable - Inventory	23,083	-	-	-	-	-	-	-	-	23,083
Restricted:										
Debt service	-	-	-	312,233	553,259	536,183	345,771	334,531	-	2,081,977
Food service	840,747	-	-	-	-	-	-	-	-	840,747
Committed:										
Child care operations	-	406,795	-	-	-	-	-	-	-	406,795
Student activities	-	-	369,940	-	-	-	-	-	-	369,940
Total fund balances	863,830	406,795	369,940	312,233	553,259	536,183	345,771	334,531	-	3,722,542
Total liabilities and fund balances	\$ 1,577,756	\$ 422,712	\$ 422,615	\$ 312,922	\$ 554,460	\$ 537,385	\$ 346,595	\$ 335,575	\$ -	\$ 4,510,020

Roseville Community Schools

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 Project Fund	
	Food Service Fund	Child Care Fund	Student Activities Fund	2015 Refunding Debt Fund	2014 Refunding Debt Fund	2018 Debt Fund	2021 Refunding Debt Fund	2023 Debt Fund	Formerly Major - 2018 Capital Projects Fund	Total
Revenue										
Local sources	\$ 107,376	\$ 177,587	\$ 561,156	\$ 1,754,513	\$ 3,061,449	\$ 3,058,506	\$ 2,092,884	\$ 2,653,274	\$ 84,963	\$ 13,551,708
State sources	257,506	193,911	-	59,153	103,157	103,269	70,770	89,640	-	877,406
Federal sources	3,166,598	-	-	-	-	-	-	-	-	3,166,598
Total revenue	3,531,480	371,498	561,156	1,813,666	3,164,606	3,161,775	2,163,654	2,742,914	84,963	17,595,712
Expenditures										
Current:										
Support services	204,994	117,395	594,990	2,543	4,073	3,564	2,907	3,328	502	934,296
Food services	2,953,410	-	-	-	-	-	-	-	-	2,953,410
Community services	-	391,017	-	-	-	-	-	-	-	391,017
Debt service:										
Principal	-	-	-	1,640,000	2,860,000	1,750,000	1,150,000	2,235,000	-	9,635,000
Interest	-	-	-	82,000	143,000	1,256,250	910,179	374,500	-	2,765,929
Capital outlay	617,775	-	-	-	-	-	-	-	338,820	956,595
Total expenditures	3,776,179	508,412	594,990	1,724,543	3,007,073	3,009,814	2,063,086	2,612,828	339,322	17,636,247
Excess of Revenue (Under) Over Expenditures	(244,699)	(136,914)	(33,834)	89,123	157,533	151,961	100,568	130,086	(254,359)	(40,535)
Other Financing Uses - Transfers out	(225,117)	-	-	-	-	-	-	-	-	(225,117)
Net Change in Fund Balances	(469,816)	(136,914)	(33,834)	89,123	157,533	151,961	100,568	130,086	(254,359)	(265,652)
Fund Balances - Beginning of year, as previously reported	1,333,646	543,709	403,774	223,110	395,726	384,222	245,203	204,445	-	3,733,835
Change within Financial Reporting Entity	-	-	-	-	-	-	-	-	254,359	254,359
Fund Balances - Beginning of year, as adjusted or restated	1,333,646	543,709	403,774	223,110	395,726	384,222	245,203	204,445	254,359	3,988,194
Fund Balances - End of year	<u>\$ 863,830</u>	<u>\$ 406,795</u>	<u>\$ 369,940</u>	<u>\$ 312,233</u>	<u>\$ 553,259</u>	<u>\$ 536,183</u>	<u>\$ 345,771</u>	<u>\$ 334,531</u>	<u>\$ -</u>	<u>\$ 3,722,542</u>

Roseville Community Schools

Supplementary Information Schedule of Bonded Indebtedness

June 30, 2025

Years Ending June 30	2014 Energy Conservation Debt		2018 Building and Site Bonds		2021 Refunding Debt Fund		2023 Building and Site Bonds		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2026	\$ 200,000	\$ 38,262	\$ 1,750,000	\$ 1,168,750	\$ 5,885,000	\$ 902,117	\$ 2,720,000	\$ 262,750	\$ 12,926,879
2027	205,000	31,762	1,750,000	1,081,250	5,930,000	850,270	2,535,000	126,750	12,510,032
2028	215,000	24,588	1,775,000	993,750	5,995,000	779,170	-	-	9,782,508
2029	225,000	17,062	1,775,000	905,000	6,075,000	695,300	-	-	9,692,362
2030	230,000	8,626	1,775,000	816,250	6,170,000	597,674	-	-	9,597,550
2031	-	-	1,775,000	727,500	6,275,000	489,884	-	-	9,267,384
2032	-	-	1,800,000	638,750	5,755,000	375,240	-	-	8,568,990
2033	-	-	1,800,000	548,750	5,870,000	258,586	-	-	8,477,336
2034	-	-	1,825,000	458,750	6,005,000	133,732	-	-	8,422,482
2035	-	-	1,825,000	367,500	-	-	-	-	2,192,500
2036	-	-	1,825,000	276,250	-	-	-	-	2,101,250
2037	-	-	1,850,000	185,000	-	-	-	-	2,035,000
2038	-	-	1,850,000	92,500	-	-	-	-	1,942,500
Total remaining payments	<u>\$ 1,075,000</u>	<u>\$ 120,300</u>	<u>\$ 23,375,000</u>	<u>\$ 8,260,000</u>	<u>\$ 53,960,000</u>	<u>\$ 5,081,973</u>	<u>\$ 5,255,000</u>	<u>\$ 389,500</u>	<u>\$ 97,516,773</u>
Interest rate	3.25 - 3.75%		5.00%		0.22 - 2.27%		5.00%		
Original issue	<u>\$ 2,715,000</u>		<u>\$ 35,455,000</u>		<u>\$ 58,915,000</u>		<u>\$ 8,590,000</u>		<u>\$ 105,675,000</u>

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

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