
Livonia Public Schools

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

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Independent Auditor's Report

To the Board of Education
Livonia Public Schools

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Livonia Public Schools (the "School District") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the School District's 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 the School District as of June 30, 2025 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's 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.

To the Board of Education
Livonia Public Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2025 on our consideration of the School District's 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 the School District's 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 the School District's internal control over financial reporting and compliance.

October 21, 2025

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

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Livonia Public Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund, the Special Education Fund, and the 2021 Bond Series III Fund, with all other funds presented in one column as nonmajor funds. One of the remaining statements, the statement of fiduciary net position, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The other remaining statements relate to the School District's Health and Welfare Fund.

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

Budgetary Comparison Schedule - General Fund - Funded Projects

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Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

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

Schedule of OPEB Contributions

Supplementary Information

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

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

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

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

Reporting the School District's Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund and Special Education Fund are examples) 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.

Proprietary Funds

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services it provides to other funds. The School District established a proprietary fund, specifically the Health and Welfare Fund, to finance specific services provided to other funds of the School District on a cost-reimbursement basis. The specific services represent employee benefits, such as health insurance benefits and workers' compensation benefits.

Custodial Funds and Trust Funds

The School District has certain fiduciary responsibility for its custodial funds. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position and 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 purpose.

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	\$ 193.9	\$ 150.5
Capital assets	405.7	382.4
Total assets	599.6	532.9
Deferred Outflows of Resources	91.9	122.6
Liabilities		
Current liabilities	46.3	58.7
Noncurrent liabilities	328.9	299.3
Net pension liability	267.3	350.2
Total liabilities	642.5	708.2
Deferred Inflows of Resources	151.8	112.4
Net Position (Deficit)		
Net investment in capital assets	133.5	120.8
Restricted	57.0	13.6
Unrestricted	(293.3)	(299.5)
Total net position (deficit)	\$ (102.8)	\$ (165.1)

The School District's net position improved significantly during fiscal year 2025, moving from a deficit of \$(165.1) million to \$(102.8) million. This improvement is primarily attributable to a reduction in the School District's share of the net pension liability, as well as investment in capital assets financed through voter-approved bonds. The net investment in capital assets of \$133.5 million reflects the School District's long-term commitment to facilities, infrastructure, and learning environments. Restricted net position of \$57.0 million represents resources that are subject to external restrictions on how they may be used, while the unrestricted net position of \$(293.3) million reflects the cumulative effect of past operational results and pension/OPEB liabilities.

The \$(293.3) 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 Nos 68 and 75 (recording the School District's share of the net pension liability and OPEB asset from the state-managed retirement system). The negative unrestricted net position balance is attributed to the net pension liability arising from the underfunded MPSERS obligations. Unrestricted net position, when available, would enable the School District to meet working capital and cash flow requirements and to provide some fiscal stability for future uncertainties. The operating results of the General Fund and the change in the net pension/OPEB liabilities (assets) will have significant impacts on the change in unrestricted net position (deficit) from year to year.

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	\$ 4.6	\$ 4.5
Operating grants	108.2	113.6
General revenue:		
Taxes	63.8	60.0
State aid not restricted to specific purposes	91.3	94.3
Other	7.7	9.6
Total revenue	275.6	282.0
Expenses		
Instruction	101.4	115.9
Support services	70.4	79.4
Athletics	2.5	1.9
Food services	5.2	5.2
Community services	2.3	2.7
Debt service	10.0	10.0
Depreciation expense (unallocated)	17.3	14.4
Total expenses	209.1	229.5
Change in Net Position	66.5	52.5
Net Position - Beginning of year	(165.1)	(217.6)
Change within Financial Reporting Entity	(4.2)	-
Net Position (Deficit) - Beginning of year	(169.3)	(217.6)
Net Position (Deficit) - End of year	<u><u>\$ (102.8)</u></u>	<u><u>\$ (165.1)</u></u>

As shown above, the School District's total cost of all of governmental activities for fiscal year 2025 was \$209.1 million. Program revenue, including charges for services and operating grants, covered \$112.8 million of these costs. The remaining \$96.3 million was financed through general revenue, such as property taxes, state foundation allowance, and other unrestricted revenue. This funding structure highlights the School District's reliance on state aid and local property tax revenue to support instructional and support services that are not fully funded through targeted grants or program fees.

The results of operations for fiscal year 2025 reflect a significant improvement in the School District's overall financial position. Total revenue decreased slightly by \$6.4 million, primarily due to lower state aid and operating grant revenue as one-time funding sources continued to wind down. Total expenses decreased by \$20.3 million compared to the prior year, largely driven by lower instructional and support service costs and a reduction in pension-related expenses. As a result, the School District's net position improved by \$66.5 million during the year, reducing the overall deficit from \$(169.3) million at the beginning of the year to \$(102.8) million at year end. While the net position remains negative due to the long-term impact of pension and OPEB liabilities, the improvement reflects a strong operational year.

The School District's Funds

The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements and to provide more detailed financial information. Examining fund balances and activity helps stakeholders evaluate how the School District manages resources for specific purposes and assess its short-term financial position and fiscal stewardship.

At the close of fiscal year 2025, the School District's governmental funds reported a combined ending fund balance of \$102.2 million, a decrease of \$15.4 million from the prior year. This planned decrease reflects continued use of bond proceeds to fund capital improvements outlined in the School District's long-term facilities plan. These capital investments are part of the multi-year strategy approved by voters to modernize and upgrade district buildings.

The General Fund, the School District's primary operating fund, ended the year with a fund balance of \$31.1 million, down from \$33.3 million (excluding Funded Projects Fund activity). This change reflects the strategic use of one-time revenue and a temporary shift of certain recurring expenditures to the Funded Projects Fund for one year. The year-end fund balance remains within the 15 percent - 20 percent range recommended by the Michigan School Business Officials, which provides a financial cushion to manage enrollment fluctuations, unexpected funding reductions, and rising costs without causing immediate program disruptions.

Special revenue fund balances increased modestly, reflecting stable operations in Food Service and Special Education programs and continued strong activity in the Student Activities Fund. The increase in Debt Service fund balance of \$2.5 million was primarily due to higher than anticipated tax collections and fewer tax write-offs than budgeted. Capital project fund balances increased by \$13.6 million. The increased fund balance is largely due to the sale of the third series of 2021 Bond Series III in May 2025 offset by capital investments completed this year as part of the multi-year strategy approved by voters to modernize and upgrade district buildings. During the 2024-2025 school year, the School District maintained four capital project funds: the 2021 Bond Series II Fund, the 2021 Bond Series III Fund, the 2021 Sinking Fund, and a general Capital Projects Fund funded by sale of properties and transfers from other funds.

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. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2025. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information of these financial statements.

School districts, including Livonia Public Schools, are required to adopt a budget by June 30 every year for the coming school year, often prior to the finalization of the School Aid Bill establishing state funding for the coming school year. This means adopting a budget using projected funding and student enrollment and estimated staffing needed to meet our students' needs. For this reason, the School District amends the budget as additional information becomes available.

There were significant revisions made to the 2024-2025 original budget as additional information become available after the adoption of the original budget. Budgeted revenue for the General Fund increased by \$7.7 million. The main driver of this increase was changes to Section 147 revenue from the prior year. Section 147 categorical funding in Michigan's School Aid Fund provides districts with state reimbursements to help cover a portion of required employer retirement (MPSERS) costs. Budgeted expenditures for the General Fund increased by \$9.1 million primarily due the same changes made to Section 147 categorical funding. Some of the Section 147 funding is flow through from the State to the Office of Retirement Services meaning if we receive \$2.6 million of Section 147c(2) funding we not only have to record the incoming revenue, we also have to record \$2.6 million of retirement expenses to capture the payment being made to the Office of Retirement Services. There were no significant variances between General Fund final budget and actual amounts.

The School District maintains a separate fund to track grants called the Funded Projects Fund. There were revisions made to the 2024-2025 original budget to account for new grants awarded after the start of the school year, such as the Filter First grant, Cybersecurity grant, Section 23h Mathematics grant, and Section 74b Clean School Bus grant.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2025, the School District had \$405.7 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$23.3 million, or 6.1 percent, from last year:

	Governmental Activities	
	2025	2024
Land	\$ 6,220,906	\$ 6,220,906
Construction in progress	10,321,038	43,282,314
Buildings and improvements	357,788,655	303,060,313
Furniture and equipment	24,960,338	23,612,116
Buses and other vehicles	6,416,289	6,182,220
Total capital assets - Net of accumulated depreciation	\$ 405,707,226	\$ 382,357,869

This year's overall additions of \$23.3 million include building improvements funded by the 2021 Bond proposal, such as renovated media centers and kitchens, as well as the completion of the new Early Childhood Center. Significant Sinking Fund projects completed this year included roofing and paving projects completed throughout the School District. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$292.4 million in bonds outstanding versus \$268.4 million in the previous year - a change of 8.9 percent. Those bonds consisted of the following:

	2025	2024
General obligation bonds	\$ 292,415,000	\$ 268,420,000

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

Other obligations include arbitrage liabilities, accrued vacation pay and sick leave, and unamortized bond premiums. 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 school board officials and administration considered 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 enrollment. The state foundation allowance revenue is determined by multiplying the blended student count by the foundation allowance per pupil. For fiscal year 2026, the blended pupil count for funding will be 90 percent of the October 2025 membership and 10 percent of the February 2025 membership. The 2025-2026 budget was adopted in June 2025 based on an estimate of students enrolled in September 2025. The School District budgeted for a decline in enrollment of 75 students, consistent with the decline the School District has seen in the past as a result of the number of incoming kindergartners being less than the number of graduating seniors. The School District will amend the budget during the year to reflect actual student enrollment. The School District will also amend projected revenue and expenditures as more information becomes available.

Management's Discussion and Analysis (Continued)

During the 2025-2026 fiscal year, the School District will continue to benefit from having two-voter approved revenue sources outside the General Fund to help complete the work outlined in the School District's 10-year facility plan and 10-year technology plan. These revenue sources are the 2021 Bond (approved by voters in 2021) and the 2021 Sinking Fund (a 10-year tax levy approved by voters in 2019). These revenue sources alleviate some of the burden on the General Fund so more General Fund dollars can go toward instructional and social/emotional support for the students.

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 finance office.

DRAFT

June 30, 2025

	Governmental Activities
Assets	
Cash and investments (Note 4)	\$ 48,905,918
Receivables:	
Other receivables	115,688
Due from other governments	30,347,532
Inventory	175,123
Prepaid expenses and other assets	276,514
Restricted assets - Cash and investments (Note 5)	67,653,459
Net OPEB asset (Note 10)	46,371,234
Capital assets - Net (Note 7)	405,707,226
Total assets	599,552,694
Deferred Outflows of Resources	
Deferred pension costs (Note 10)	79,047,861
Deferred OPEB costs (Note 10)	12,859,863
Total deferred outflows of resources	91,907,724
Liabilities	
Accounts payable	7,413,014
Due to other governmental units	11,399,822
Accrued liabilities and other	23,250,215
Unearned revenue (Note 6)	4,199,993
Noncurrent liabilities:	
Due within one year: (Note 9)	
Compensated absences	676,072
Current portion of bonds and related premiums	16,838,139
Due in more than one year (Note 9)	311,399,328
Net pension liability (Note 10)	267,321,967
Total liabilities	642,498,550
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 10)	14,406,959
Deferred pension cost reductions (Note 10)	76,307,477
Deferred OPEB cost reductions (Note 10)	61,057,177
Total deferred inflows of resources	151,771,613
Net Position (Deficit)	
Net investment in capital assets	133,544,026
Restricted:	
Debt service	4,838,120
Capital projects	5,753,893
Net OPEB asset	46,371,234
Unrestricted	(293,317,018)
Total net position (deficit)	\$ (102,809,745)

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	\$ 101,404,966	\$ 22,211	\$ 90,218,040	\$ (11,164,715)
Support services	70,424,923	113,161	11,618,417	(58,693,345)
Athletics	2,487,310	512,929	-	(1,974,381)
Food services	5,155,221	292,770	6,387,029	1,524,578
Community services	2,320,577	3,630,734	-	1,310,157
Interest	9,158,810	-	-	(9,158,810)
Other debt costs	843,148	-	-	(843,148)
Depreciation expense (unallocated) (Note 7)	17,255,395	-	-	(17,255,395)
Total primary government	\$ 209,050,350	\$ 4,571,805	\$ 108,223,486	(96,255,059)
General revenue:				
Taxes:				
Property taxes levied for general purposes				30,803,577
Property taxes levied for debt service				23,866,484
Property taxes levied for capital projects				9,095,751
State aid not restricted to specific purposes				91,303,791
Interest and investment income				4,196,100
Penalties, interest, and other taxes				23,878
Gain on disposal of capital assets				148,241
Other:				
Student activities				2,787,572
Other				499,178
Total general revenue				162,724,572
Change in Net Position				66,469,513
Net Position - Beginning of year, as previously reported				(165,081,361)
Adoption of GASB 101 (Note 2)				(4,197,897)
Net Position (Deficit) - Beginning of year				(169,279,258)
Net Position (Deficit) - End of year				<u>\$(102,809,745)</u>

Livonia Public Schools

Governmental Funds Balance Sheet

June 30, 2025

	General Fund	Special Education Fund	2021 Bond Series III Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	\$ 48,902,802	\$ -	\$ -	\$ 3,116	\$ 48,905,918
Receivables:					
Other receivables	115,688	-	-	-	115,688
Due from other governments	30,281,942	-	-	65,590	30,347,532
Due from other funds (Note 8)	1,084,667	13,052,348	-	8,444,176	22,581,191
Inventory	103,310	-	-	71,813	175,123
Prepaid expenses and other assets	258,683	1,155	-	-	259,838
Restricted assets (Note 5)	-	-	38,021,386	29,632,073	67,653,459
Total assets	\$ 80,747,092	\$ 13,053,503	\$ 38,021,386	\$ 38,216,768	\$ 170,038,749
Liabilities					
Accounts payable	\$ 706,561	\$ 11,281	\$ 36,350	\$ 6,567,623	\$ 7,321,815
Due to other governmental units	3,930,219	7,469,603	-	-	11,399,822
Due to other funds (Note 8)	22,532,037	-	-	1,084,667	23,616,704
Accrued liabilities and other	19,447,621	1,654,866	-	3,166	21,105,653
Unearned revenue (Note 6)	2,828,235	1,277,889	-	93,869	4,199,993
Total liabilities	49,444,673	10,413,639	36,350	7,749,325	67,643,987
Deferred Inflows of Resources - Unavailable revenue (Note 6)	191,630	-	-	-	191,630
Total liabilities and deferred inflows of resources	49,636,303	10,413,639	36,350	7,749,325	67,835,617
Fund Balances					
Nonspendable - Inventory and prepaid expense	361,993	1,155	-	71,813	434,961
Restricted:					
Debt service	-	-	-	6,634,578	6,634,578
Capital projects	-	-	37,985,036	16,857,003	54,842,039
Food service	-	-	-	1,931,066	1,931,066
Committed - Student activities	-	-	-	1,842,142	1,842,142
Assigned:					
Subsequent year's budget	1,946,281	-	-	-	1,946,281
Capital projects	-	-	-	3,130,841	3,130,841
Center programs	-	2,638,709	-	-	2,638,709
Unassigned	28,802,515	-	-	-	28,802,515
Total fund balances	31,110,789	2,639,864	37,985,036	30,467,443	102,203,132
Total liabilities, deferred inflows of resources, and fund balances	\$ 80,747,092	\$ 13,053,503	\$ 38,021,386	\$ 38,216,768	\$ 170,038,749

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2025

Fund Balances Reported in Governmental Funds	\$ 102,203,132
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	630,115,513
Accumulated depreciation	<u>(224,408,287)</u>
Net capital assets used in governmental activities	405,707,226
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	191,630
Bonds payable and unamortized premiums are not due and payable in the current period and are not reported in the funds	(319,318,641)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,796,458)
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	(6,594,163)
Severance liabilities	(1,068,030)
Net pension liability and related deferred inflows and outflows	(264,581,583)
Net OPEB asset and related deferred inflows and outflows	(1,826,080)
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	(14,406,959)
Other long-term liabilities, consisting of arbitrage rebate liabilities, do not present a claim on current financial resources and are not reported as fund liabilities	(1,932,705)
Internal service funds are included as part of governmental activities	<u>612,886</u>
Net Position (Deficit) of Governmental Activities	<u>\$ (102,809,745)</u>

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2025

	General Fund	Special Education Fund	Formerly Major - 2021 Bond Series II Fund	2021 Bond Series III Fund	Nonmajor Funds	Total Governmental Funds
Revenue						
Local sources	\$ 36,327,928	\$ -	\$ -	\$ -	\$ 36,054,804	\$ 72,382,732
State sources	144,624,838	10,211,400	-	-	3,900,664	158,736,902
Federal sources	6,668,067	-	-	-	3,608,874	10,276,941
Interdistrict sources	11,339,989	11,220,517	-	-	-	22,560,506
Investment income	2,292,957	-	-	151,725	1,751,418	4,196,100
Total revenue	201,253,779	21,431,917	-	151,725	45,315,760	268,153,181
Expenditures						
Current:						
Instruction	119,839,153	10,393,985	-	-	-	130,233,138
Support services	77,378,788	7,888,113	-	67,309	3,046,451	88,380,661
Athletics	2,785,717	-	-	-	-	2,785,717
Food services	-	-	-	-	5,699,876	5,699,876
Community services	3,042,595	-	-	-	-	3,042,595
Debt service:						
Principal	-	-	-	-	12,170,000	12,170,000
Interest	-	-	-	-	10,396,372	10,396,372
Other debt costs	-	-	-	294,007	3,750	297,757
Capital outlay	1,641,850	223,615	-	-	36,317,584	38,183,049
Total expenditures	204,688,103	18,505,713	-	361,316	67,634,033	291,189,165
Excess of Revenue (Under) Over Expenditures	(3,434,324)	2,926,204	-	(209,591)	(22,318,273)	(23,035,984)
Other Financing Sources (Uses)						
Face value of debt issued	-	-	-	36,165,000	-	36,165,000
Proceeds from sale of capital assets	-	-	-	-	235,258	235,258
Premium on debt issued	-	-	-	2,029,627	-	2,029,627
Transfers in (Note 8)	2,200,000	-	-	-	1,000,000	3,200,000
Transfers out (Note 8)	(1,000,000)	(1,900,000)	-	-	(300,000)	(3,200,000)
Total other financing sources (uses)	1,200,000	(1,900,000)	-	38,194,627	935,258	38,429,885
Net Change in Fund Balances	(2,234,324)	1,026,204	-	37,985,036	(21,383,015)	15,393,901
Fund Balances - Beginning of year, as previously reported	33,345,113	1,613,660	31,245,567	-	20,604,891	86,809,231
Change within Financial Reporting Entity (Note 2)	-	-	(31,245,567)	-	31,245,567	-
Fund Balances - Beginning of year, as adjusted or restated	33,345,113	1,613,660	-	-	51,850,458	86,809,231
Fund Balances - End of year	<u>\$ 31,110,789</u>	<u>\$ 2,639,864</u>	<u>\$ -</u>	<u>\$ 37,985,036</u>	<u>\$ 30,467,443</u>	<u>\$ 102,203,132</u>

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	\$ 15,393,901
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	40,691,769
Depreciation expense	(17,255,395)
Net book value of assets disposed of	(87,017)
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	101,630
Revenue in support of pension contributions made subsequent to the measurement date	7,116,811
Issuing debt provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position	(38,194,627)
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 related to bond refundings are not expenses in the governmental funds	13,586,658
Interest expense is recognized in the government-wide statements as it accrues	(179,096)
Some employee costs (pension, OPEB, severance, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	46,771,109
Arbitrage rebate costs that do not use current financial resources are not reported as expenditures in the governmental funds	(1,613,421)
Internal service funds are included as part of governmental activities	137,191
Change in Net Position of Governmental Activities	\$ 66,469,513

**Proprietary Funds
Statement of Net Position**

June 30, 2025

Internal Service
Fund - Health
and Welfare
Fund

Assets

Current assets:

Due from other funds (Note 8)

Prepaid expenses and other assets

Total assets

Liabilities - Claims payable (Note 11)

Net Position - Unrestricted

\$ 994,500

16,676

1,011,176

398,290

\$ 612,886

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2025

	Internal Service Fund - Health and Welfare Fund
Operating Revenue	
Employee contributions	\$ 2,989,662
Employee contributions - Purchased insurance	394,585
Charges for services	<u>20,221,251</u>
Total operating revenue	23,605,498
Operating Expenses	
Cost of insurance claims (Note 11)	563,048
Other operating and maintenance costs	356,775
Billing and administrative costs	<u>22,548,484</u>
Total operating expenses	<u>23,468,307</u>
Change in Net Position	137,191
Net Position - Beginning of year	<u>475,695</u>
Net Position - End of year	<u><u>\$ 612,886</u></u>

**Proprietary Funds
Statement of Cash Flows**

Year Ended June 30, 2025

	Internal Service Fund - Health and Welfare Fund
Cash Flows from Operating Activities	
Receipts from interfund services and reimbursements	\$ 23,162,373
Claims, premium, and administrative fees paid	<u>(23,162,373)</u>
Net Change in Cash - Net cash provided by (used in) operating activities	-
Cash - Beginning of year	<u>-</u>
Cash - End of year	<u><u>\$ -</u></u>
Reconciliation of Change in Net Position to Net Cash from Operating Activities	
Change in net position	\$ 137,191
Adjustments to reconcile change in net position to net cash from operating activities -	
Changes in assets and liabilities:	
Due to and from other funds	(443,125)
Prepaid expenses and other assets	224,423
Claims payable	<u>81,511</u>
Net cash provided by (used in) operating activities	<u><u>\$ -</u></u>

Fiduciary Funds
Statement of Fiduciary Net Position

	June 30, 2025
	Scholarship
Assets - Due from other funds (Note 8)	\$ 41,013
Liabilities - Due to other funds	1,000
Net Position - Restricted for endowments	<u>\$ 40,013</u>

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Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2025

	<u>Scholarship</u>
Additions - Local sources	\$ 8,101
Deductions - Scholarships awarded	<u>11,001</u>
Change in Net Position	(2,900)
Net Position - Beginning of year	<u>42,913</u>
Net Position - End of year	<u><u>\$ 40,013</u></u>

Note 1 - Nature of Business

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

Note 2 - Significant Accounting Policies***Accounting and Reporting Principles***

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (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 of Education. 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

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.

Note 2 - Significant Accounting Policies (Continued)

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.

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

Proprietary fund and fiduciary fund statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The only proprietary fund maintained is an internal service fund, which is used to account for the financing of risk management services provided to other funds on a cost-reimbursement basis. The internal service fund maintained by the School District is the Health and Welfare Fund, which includes transactions related to the School District's risk management programs for health care, workers' compensation, and disability claims. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Fund Accounting**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 project 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 Special Education Fund is a special revenue fund used to account for the proceeds of revenue sources that support special education center program expenditures. Revenue sources for the Special Education Fund include state aid and interdistrict revenue based on the number of the School District's special education students and the costs to operate the center program. Any operating deficit generated by these activities is the responsibility of the General Fund.
- The 2021 Bond Series III Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring equipment and technology and for remodeling and equipping school facilities. 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 are the Food Service and Student Activities funds. Revenue sources for the Food Service Fund include sales to customers and dedicated grants from federal and state sources. Revenue sources for the Student Activities Fund include fundraising revenue and donations earned and received by student groups. Any operating deficit generated by these activities is the responsibility of the General Fund.

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

- The 2021 Sinking Fund is used to record the 2021 Sinking Fund property tax levy and other revenue and the disbursement of invoices specifically designated for acquiring new school sites and construction or repair of school buildings and sites.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.
- The capital projects fund is used to account for proceeds derived from the sale of real estate and transfers in from other funds. These proceeds will be held in a special capital project fund identified separately from any other capital project funds, which shall be used for purchasing other real estate for the School District and/or for renovating, replacing, or developing real estate, facilities, or capital equipment, as authorized by the Board of Education.

Proprietary Fund

The School District's internal service fund is used to account for the financing of risk management services provided to other funds on a cost-reimbursement basis. The internal service fund maintained by the School District is the Health and Welfare Fund, which includes transactions related to the School District's risk management programs for health care, workers' compensation, and disability claims.

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. The School District maintains a scholarship fund to account for resources legally held in trust, including contributions received by the School District to be awarded in the form of scholarships.

Interfund Activity

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. The other supplementary information combining balance sheet presenting the General Fund and Funded Projects Fund combined includes \$1,363,939 of interfund balances due from the General Fund to the Funded Projects Fund, which is eliminated within the combined General Fund presented on the governmental funds balance sheet. Eliminated transfers from the Funded Projects Fund to the General Fund were \$158,681 for the year ended June 30, 2025.

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.

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. The investments in 2a7-like pools or funds are valued at amortized cost. Investment income is recorded in the fund for which the investment account was established.

June 30, 2025

Note 2 - Significant Accounting Policies (Continued)**Inventories and Prepaid Items**

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

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the bonded capital projects funds required to be set aside for construction or other allowable bond purchases
- Unspent property taxes levied in the debt service funds and sinking fund are required to be set aside for future bond principal and interest payments, school building construction or repair, and capital projects.

Capital Assets

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$20,000 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.

Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

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

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

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

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.

Note 2 - Significant Accounting Policies (Continued)

The School District reports deferred outflows related to 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 various types of deferred inflows. The first arises only under a modified accrual basis of accounting and, therefore, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from federal sources for grant reimbursements that are not collected during the period of availability. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other types of deferred inflows of resources reported only in the statement of net position relate 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 and proprietary fund financial statements (as applicable), a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

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

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 government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

June 30, 2025

Note 2 - Significant Accounting Policies (Continued)

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

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

Nonspendable fund balance amounts are not in spendable form or are legally or contractually required to be maintained intact.

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. 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. Any delinquent taxes collected by the county are remitted to the School District by June 30. 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. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Pension and Other Postemployment Benefit (OPEB) Plans

For purposes of measuring the net pension and net OPEB liabilities (asset), deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from 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.

Note 2 - Significant Accounting Policies (Continued)

Employee-related Liabilities

The employment-related liabilities reported in the government-wide statements consist of earned but unused accumulated vacation and sick leave benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. 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.

The liability for employment-related obligations also includes severance pay reported in the government-wide statements, which is calculated based on years of service multiplied by \$200 per year once employees reach 10 years of service and are eligible for retirement.

Use of Estimates

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

Accounting Changes

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 below.

Changes to or within the Financial Reporting Entity

Change in Major Funds

The 2021 Bond Series II 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 below:

	<u>June 30, 2024</u>			<u>June 30, 2024</u>
	<u>As Previously Reported</u>	<u>Adoption of New Accounting Pronouncement</u>	<u>Change to or within the Financial Reporting Entity</u>	<u>As Restated</u>
Government-wide - Governmental activities	\$ (165,081,361)	\$ (4,197,897)	\$ -	\$ (169,279,258)
Governmental funds:				
Major funds:				
General Fund	\$ 33,345,113	\$ -	\$ -	\$ 33,345,113
Special Education Fund	1,613,660	-	-	1,613,660
2021 Bond Series II Fund	31,245,567	-	(31,245,567)	-
Nonmajor funds	20,604,891	-	31,245,567	51,850,458
Total governmental funds	\$ 86,809,231	\$ -	\$ -	\$ 86,809,231

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

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

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

Note 3 - Stewardship, Compliance, and Accountability***Budgetary Information***

Annual budgets are adopted and presented on a basis consistent with generally accepted accounting principles and state law for the General Fund, special revenue funds, debt service fund, capital project funds, and internal service fund except that capital outlay expenditures are budgeted in other expenditure categories. All annual appropriations lapse at fiscal year end.

The budget for funded projects was adopted separately, and a separate budget for these activities has been presented accordingly.

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. The School District amended budgeted amounts during the year to reflect the most up-to-date information available relative to student counts and government funding received, along with the related budgetary cuts to align with updated funding amounts.

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

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

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 two banks for the deposit of its funds.

Note 4 - Deposits and Investments (Continued)

At year end, the School District had \$108,217,213 in investment pools in the Michigan Liquid Asset Fund, which is recorded at amortized cost. There are no limitations or restrictions on participant withdrawals. Additionally, \$108,217,213 of investments may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State of Michigan. Redemptions made prior to the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount redeemed.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank 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 \$8,296,688 (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's policy for custodial credit risk states custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. At June 30, 2025, there were no investment securities that were uninsured and unregistered.

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. The School District's policy minimizes interest rate risk by requiring the structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices. As of year end, the credit quality ratings of investment pools are as follows:

Investment	Carrying Value	Rating	Rating Organization
Michigan Liquid Asset Fund - MAX Class	\$ 108,217,213	AAAm	S&P

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.

June 30, 2025

Note 4 - Deposits and Investments (Continued)

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 - Restricted Assets

At June 30, 2025, restricted assets are composed of the following:

Description	Governmental Activities
Unspent bond proceeds and related interest	\$ 48,495,945
Unspent sinking fund property taxes levied	12,887,877
Unspent debt service property taxes levied	6,269,637
Total	<u>\$ 67,653,459</u>

Note 6 - 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 unavailable and unearned revenue were as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Unavailable grant revenue	\$ 191,630	\$ -
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	4,106,124
Other	-	93,869
Total	<u>\$ 191,630</u>	<u>\$ 4,199,993</u>

June 30, 2025

Note 7 - Capital Assets

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

	Balance July 1, 2024	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 6,220,906	\$ -	\$ -	\$ -	\$ 6,220,906
Construction in progress	43,282,314	(43,092,593)	10,131,317	-	10,321,038
Subtotal	49,503,220	(43,092,593)	10,131,317	-	16,541,944
Capital assets being depreciated:					
Buildings and improvements	482,008,488	43,092,593	23,928,515	-	549,029,596
Furniture and equipment	47,111,431	-	5,535,915	-	52,647,346
Buses and other vehicles	11,072,532	-	1,096,022	(271,927)	11,896,627
Subtotal	540,192,451	43,092,593	30,560,452	(271,927)	613,573,569
Accumulated depreciation:					
Buildings and improvements	178,948,175	-	12,292,766	-	191,240,941
Furniture and equipment	23,499,315	-	4,187,693	-	27,687,008
Buses and other vehicles	4,890,312	-	774,936	(184,910)	5,480,338
Subtotal	207,337,802	-	17,255,395	(184,910)	224,408,287
Net capital assets being depreciated	332,854,649	43,092,593	13,305,057	(87,017)	389,165,282
Net governmental activities capital assets	<u>\$ 382,357,869</u>	<u>\$ -</u>	<u>\$ 23,436,374</u>	<u>\$ (87,017)</u>	<u>\$ 405,707,226</u>

Depreciation expense was not charged to activities, as the School District's assets benefit multiple activities, and allocation is not practical.

Construction Commitments

The School District has active construction projects at year end. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Capital Projects Fund	\$ 115,680	\$ 66,254
2021 Sinking Fund	4,903,115	3,892,965
2021 Bond Series II Fund	5,302,243	8,431,449
Total	<u>\$ 10,321,038</u>	<u>\$ 12,390,668</u>

June 30, 2025

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From	
	General Fund	Nonmajor Funds
General Fund	\$ -	\$ 1,084,667
Special Education Fund	13,052,348	-
Nonmajor funds	8,444,176	-
Private Purpose Trust Fund	41,013	-
Internal service fund - Health and Welfare Fund	994,500	-
Total	\$ 22,532,037	\$ 1,084,667

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
Special Education Fund	General Fund	\$ 1,900,000
Nonmajor governmental funds	General Fund	300,000
General Fund	Nonmajor governmental funds	1,000,000
Total		\$ 3,200,000

Transfers from the Special Education Fund and Food Service Fund to the General Fund help offset the indirect costs of running those programs incurred in the General Fund. Transfers from the General Fund and Special Education Fund to the nonmajor Capital Projects Fund include amounts to subsidize future special education capital improvements.

Note 9 - Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligations	\$ 268,420,000	\$ 36,165,000	\$ (12,170,000)	\$ 292,415,000	\$ 15,320,000
Unamortized bond premiums	26,290,672	2,029,627	(1,416,658)	26,903,641	1,518,139
Total bonds payable	294,710,672	38,194,627	(13,586,658)	319,318,641	16,838,139
Compensated absences*	6,508,403	85,760	-	6,594,163	676,072
Severance liability	937,300	130,730	-	1,068,030	-
Arbitrage liability	1,387,314	545,391	-	1,932,705	-
Total governmental activities long-term debt	\$ 303,543,689	\$ 38,956,508	\$ (13,586,658)	\$ 328,913,539	\$ 17,514,211

*The beginning balance of compensated absences was restated for the implementation of GASB Statement No. 101, *Compensated Absences*.

June 30, 2025

Note 9 - Long-term Debt (Continued)

The School District recognizes a liability for severance benefits when the criteria for eligibility are met. Under the School District's terminal leave pay policy, employees are eligible for severance benefits upon voluntary termination if they have completed at least 10 consecutive years of full-time service within the School District and are eligible for benefits under the Michigan School Employees Retirement Fund. Qualified employees receive \$200 per year for each year of full-time service. As of June 30, 2025, the School District has recognized a severance liability of \$1,068,030

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	Remaining Annual Installments	Interest Rates	Maturing May 1	Outstanding
\$76,180,000 qualified school building and site bonds	\$2,175,000 - \$4,175,000	5%	2045	\$ 62,925,000
\$90,770,000 unqualified refunding bonds	\$4,285,000 - \$4,710,000	1.16% - 3.01%	2043	80,350,000
\$65,925,000 qualified school building and site bonds	\$2,760,000 - \$3,400,000	3.00% - 5.00%	2041	52,435,000
\$62,015,000 qualified school building and site bonds	\$1,655,000 - \$4,850,000	5.00%	2043	60,540,000
\$36,165,000 unqualified school building and site bonds	\$810,000 - \$6,120,000	5.00%	2045	36,165,000
Total governmental activities				<u>\$ 292,415,000</u>

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	Governmental Activities		
	Other Debt		
	Principal	Interest	Total
2026	\$ 15,320,000	\$ 11,770,480	\$ 27,090,480
2027	16,290,000	11,304,514	27,594,514
2028	17,815,000	10,648,555	28,463,555
2029	12,940,000	9,908,010	22,848,010
2030	13,445,000	9,407,143	22,852,143
2031-2035	74,295,000	38,676,414	112,971,414
2036-2040	83,195,000	23,154,546	106,349,546
2041-2045	59,115,000	6,588,134	65,703,134
Total	<u>\$ 292,415,000</u>	<u>\$ 121,457,796</u>	<u>\$ 413,872,796</u>

In previous years, the School District defeased certain bonds by completing an advance refunding. As of June 30, 2025, there are no bonds outstanding that are considered defeased.

Note 10 - Michigan Public School Employees' Retirement System***Plan Description***

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

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

Benefits Provided

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

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

Depending on the member's date of hire, MPERS 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 supplementary payment in those years when investment earnings exceed actuarial assumptions.

MPERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPERS, 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.

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

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.

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 \$47,947,874, 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 \$14,406,959 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 \$2,688,254 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 \$4,196,007, which includes the School District's contributions required for those members with a defined contribution benefit.

June 30, 2025

Note 10 - Michigan Public School Employees' Retirement System (Continued)***Net Pension Liability***

At June 30, 2025, the School District reported a liability of \$267,321,967 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 1.09 and 1.08 percent, respectively, representing a change of 0.92 percent.

Net OPEB Asset

At June 30, 2025, the School District reported an asset of \$(46,371,234) 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 asset 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 asset 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 1.08 and 1.10 percent, respectively, representing a change of (1.82) percent.

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

For 2025, the School District recognized pension expense of \$20,779,593, 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	\$ 7,252,633	\$ (2,904,490)
Changes in assumptions	27,869,899	(19,586,246)
Net difference between projected and actual earnings on pension plan investments	-	(51,016,363)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	3,644,795	(2,800,378)
The School District's contributions to the plan subsequent to the measurement date	40,280,534	-
Total	<u>\$ 79,047,861</u>	<u>\$ (76,307,477)</u>

The \$14,406,959 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	\$ (8,874,909)
2027	2,350,885
2028	(18,038,546)
2029	(12,977,580)
Total	<u>\$ (37,540,150)</u>

June 30, 2025

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

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

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

For the year ended June 30, 2025, the School District recognized OPEB recovery of \$17,062,993.

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	\$ -	\$ (49,139,347)
Changes in assumptions	10,128,145	(1,164,146)
Net difference between projected and actual earnings on OPEB plan investments	-	(8,778,606)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	1,680,229	(1,975,078)
Employer contributions to the plan subsequent to the measurement date	1,051,489	-
Total	<u>\$ 12,859,863</u>	<u>\$ (61,057,177)</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 reduce the net OPEB asset and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2026	\$ (16,091,342)
2027	(9,986,850)
2028	(9,399,298)
2029	(8,331,832)
2030	(4,550,597)
Thereafter	(888,884)
Total	<u>\$ (49,248,803)</u>

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

Actuarial Assumptions

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

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75 percent
Health care cost trend rate - OPEB	6.5% - 7.25%	Year 1 graded to 3.5 percent in year 15, 3.0 percent in year 120
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.

Significant assumption changes since the prior measurement date, September 30, 2023, for the OPEB plans 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 depending on the plan option. 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.

June 30, 2025

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.30 %
Private equity pools	16.00	9.00
International equity pools	15.00	6.50
Fixed-income pools	13.00	2.20
Real estate and infrastructure pools	10.00	7.10
Absolute return pools	9.00	5.20
Short-term investment pools	10.00	6.90
Real return/opportunistic 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	\$ 391,896,875	\$ 267,321,967	\$ 163,589,387

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	\$ (35,836,072)	\$ (46,371,234)	\$ (55,479,995)

June 30, 2025

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

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

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

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB asset of the School District	\$ (55,480,094)	\$ (46,371,234)	\$ (36,602,032)

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 \$11,371,241 and \$302,399 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2025.

Note 11 - 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). The School District has purchased commercial insurance for health claims. The School District also participates in the Metropolitan Association for Improved School Legislation (M.A.I.S.L.) risk pool for claims relating to property loss, torts, and errors and omissions; the School District is self-insured for 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 workers' compensation claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2025	2024
Estimated liability - Beginning of year	\$ 316,779	\$ 445,153
Estimated claims expense (recovery), including changes in estimates	563,048	(86,797)
Claim payments	(481,537)	(41,577)
Estimated liability - End of year	<u>\$ 398,290</u>	<u>\$ 316,779</u>

Note 12 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974), brownfield redevelopment agreements, and personal property tax relief exemptions (PA 328 of 1998) 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; and personal property tax relief agreements are intended to promote business investment in distressed communities.

June 30, 2025

Note 12 - Tax Abatements (Continued)

For the fiscal year ended June 30, 2025, the School District's property tax revenue was reduced by approximately \$1,557,215 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the School Aid formula. The School District received approximately \$1,290,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the 2021 Sinking Fund or debt service millages. There are no abatements made by the School District.

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Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedules
General Fund

Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue				
Local sources	\$ 36,988,778	\$ 35,607,000	\$ 36,238,982	\$ 631,982
State sources	123,518,185	131,606,786	131,961,460	354,674
Federal sources	58,785	93,071	93,071	-
Interdistrict sources	11,533,996	11,535,863	11,167,072	(368,791)
Net realized/unrealized investment earnings	1,200,000	2,179,400	2,292,957	113,557
Total revenue	173,299,744	181,022,120	181,753,542	731,422
Expenditures				
Current:				
Instruction:				
Basic programs	86,155,722	89,460,295	89,454,125	(6,170)
Added needs	16,806,673	17,716,122	17,712,306	(3,816)
Support services:				
Pupil	10,221,549	11,466,878	11,462,671	(4,207)
Instructional staff	8,472,690	8,912,470	8,908,934	(3,536)
General administration	985,999	970,139	928,069	(42,070)
School administration	11,641,112	11,635,933	11,633,424	(2,509)
Business	2,005,815	1,853,556	1,851,458	(2,098)
Operations and maintenance	20,099,747	21,556,491	21,532,512	(23,979)
Pupil transportation services	9,036,151	9,411,594	9,162,575	(249,019)
Central	5,526,820	6,863,782	6,756,137	(107,645)
Athletics	2,630,293	2,791,803	2,787,587	(4,216)
Community services	2,952,783	2,983,668	2,965,118	(18,550)
Total expenditures	176,535,354	185,622,731	185,154,916	(467,815)
Excess of Expenditures Over Revenue	(3,235,610)	(4,600,611)	(3,401,374)	1,199,237
Other Financing Sources (Uses)				
Transfers in	2,350,000	2,300,000	2,358,681	58,681
Transfers out	(500,000)	(1,000,000)	(1,000,000)	-
Total other financing sources	1,850,000	1,300,000	1,358,681	58,681
Net Change in Fund Balance	(1,385,610)	(3,300,611)	(2,042,693)	1,257,918
Fund Balance - Beginning of year	33,345,113	33,345,113	33,345,113	-
Fund Balance - End of year	\$ 31,959,503	\$ 30,044,502	\$ 31,302,420	\$ 1,257,918

Required Supplementary Information
Budgetary Comparison Schedules
General Fund - Funded Projects

Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Under) Over Final Budget</u>
Revenue				
Local sources	\$ 54,542	\$ 100,197	\$ 88,946	\$ (11,251)
State sources	13,543,353	13,451,823	12,663,378	(788,445)
Federal sources	7,859,629	7,606,012	6,574,996	(1,031,016)
Interdistrict sources	-	271,944	172,917	(99,027)
Total revenue	21,457,524	21,429,976	19,500,237	(1,929,739)
Expenditures				
Current:				
Instruction	14,622,023	13,481,065	12,958,811	(522,254)
Support services	6,447,006	7,620,519	6,496,899	(1,123,620)
Community services	127,597	104,650	77,477	(27,173)
Total expenditures	21,196,626	21,206,234	19,533,187	(1,673,047)
Excess of Revenue Over (Under)				
Expenditures	260,898	223,742	(32,950)	(256,692)
Other Financing Uses - Transfers out	(260,898)	(223,742)	(158,681)	65,061
Net Change in Fund Balance	-	-	(191,631)	(191,631)
Fund Balance (Deficit) - Beginning of year	-	-	-	-
Fund Balance (Deficit) - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (191,631)</u>	<u>\$ (191,631)</u>

Livonia Public Schools

Required Supplementary Information
Budgetary Comparison Schedule - Major Special Revenue Funds
Special Education Fund

Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Under) Over Final Budget</u>
Revenue				
Local and interdistrict sources	\$ 14,908,426	\$ 14,908,426	\$ 11,220,517	\$ (3,687,909)
State sources	10,757,731	10,989,339	10,211,400	(777,939)
Total revenue	25,666,157	25,897,765	21,431,917	(4,465,848)
Expenditures				
Current:				
Instruction	14,006,643	13,450,506	10,393,985	(3,056,521)
Support services	9,640,104	9,636,910	7,888,113	(1,748,797)
Facility improvements	800,507	1,431,476	223,615	(1,207,861)
Total expenditures	24,447,254	24,518,892	18,505,713	(6,013,179)
Excess of Revenue Over Expenditures	1,218,903	1,378,873	2,926,204	1,547,331
Other Financing Uses - Transfers out	(2,000,000)	(2,000,000)	(1,900,000)	100,000
Net Change in Fund Balance	(781,097)	(621,127)	1,026,204	1,647,331
Fund Balance - Beginning of year	1,613,660	1,613,660	1,613,660	-
Fund Balance - End of year	<u>\$ 832,563</u>	<u>\$ 992,533</u>	<u>\$ 2,639,864</u>	<u>\$ 1,647,331</u>

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	1.09191 %	1.08200 %	1.07427 %	1.09088 %	1.11055 %	1.10382 %	1.10966 %	1.10839 %	1.11646 %	1.14578 %
School District's proportionate share of the net pension liability	\$ 267,321,967	\$ 350,200,637	\$ 404,017,312	\$ 258,269,636	\$ 381,486,236	\$ 365,547,134	\$ 333,583,678	\$ 287,231,919	\$ 278,547,083	\$ 279,856,068
School District's covered payroll	\$ 112,706,038	\$ 108,805,548	\$ 102,180,226	\$ 96,640,061	\$ 98,377,074	\$ 95,654,243	\$ 94,116,658	\$ 92,678,036	\$ 93,062,218	\$ 95,140,276
School District's proportionate share of the net pension liability as a percentage of its covered payroll	237.19 %	321.86 %	395.40 %	267.25 %	387.78 %	382.15 %	354.44 %	309.92 %	299.31 %	294.15 %
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 %

Livonia Public 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	\$ 46,858,622	\$ 45,118,353	\$ 49,300,354	\$ 36,227,182	\$ 32,726,136	\$ 30,130,286	\$ 29,162,712	\$ 28,273,165	\$ 26,551,658	\$ 26,167,534
Contributions in relation to the statutorily required contribution	46,858,622	45,118,353	49,300,354	36,227,182	32,726,136	30,130,286	29,162,712	28,273,165	26,551,658	26,167,534
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 115,627,688	\$ 112,102,854	\$ 107,472,751	\$ 100,463,576	\$ 96,512,832	\$ 97,419,463	\$ 95,355,911	\$ 93,813,172	\$ 95,901,095	\$ 92,940,215
Contributions as a Percentage of Covered Payroll	40.53 %	40.25 %	45.87 %	36.06 %	33.91 %	30.93 %	30.58 %	30.14 %	27.69 %	28.16 %

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	1.07730 %	1.09516 %	1.05717 %	1.07353 %	1.11338 %	1.09716 %	1.10760 %	1.10567 %
School District's proportionate share of the net OPEB (asset) liability	\$ (46,371,234)	\$ (6,195,296)	\$ 22,391,457	\$ 16,386,164	\$ 59,646,548	\$ 78,751,350	\$ 88,042,409	\$ 97,912,644
School District's covered payroll	\$ 112,706,038	\$ 108,805,548	\$ 102,180,226	\$ 96,640,061	\$ 98,377,074	\$ 95,654,243	\$ 94,116,658	\$ 92,678,036
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(41.14)%	(5.69)%	21.91 %	16.96 %	60.63 %	82.33 %	93.55 %	105.65 %
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 %

Livonia Public 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	\$ 3,442,814	\$ 8,732,655	\$ 8,322,800	\$ 7,903,024	\$ 7,807,388	\$ 7,703,526	\$ 7,413,228	\$ 6,728,930
Contributions in relation to the statutorily required contribution	3,442,814	8,732,655	8,322,800	7,903,024	7,807,388	7,703,526	7,413,228	6,728,930
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 115,627,688	\$ 112,102,854	\$ 107,472,751	\$ 100,463,576	\$ 96,512,832	\$ 97,419,463	\$ 95,355,911	\$ 93,813,172
Contributions as a Percentage of Covered Payroll	2.98 %	7.79 %	7.74 %	7.87 %	8.09 %	7.91 %	7.77 %	7.17 %

June 30, 2025***Pension Information***

The required contributions for the year ended June 30, 2025 include a one-time contribution of \$2,688,254, referred to as 147c(2), related to funding received from the State and remitted to the System for the purpose of contributing additional assets to the System.

Benefit Changes

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

Changes in Assumptions

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

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return 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 for each of the reported plan years ended September 30.

Changes in Assumptions

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

- 2024 - The health care cost trend rate used in the September 30, 2024 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage points for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.

June 30, 2025

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

Supplementary Information

Livonia Public Schools

Supplementary Information Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2025

	Special Revenue Funds			Capital Project Funds			
	Food Service	Student Activities	Debt Service	Capital Projects	2021 Sinking	2021 Bond Series II	Total
Assets							
Cash and investments	\$ 3,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,116
Receivables - Due from other governments	65,590	-	-	-	-	-	65,590
Due from other funds	1,959,560	1,842,142	364,941	4,001,993	275,540	-	8,444,176
Inventory	71,813	-	-	-	-	-	71,813
Restricted assets	-	-	6,269,637	-	12,887,877	10,474,559	29,632,073
Total assets	\$ 2,100,079	\$ 1,842,142	\$ 6,634,578	\$ 4,001,993	\$ 13,163,417	\$ 10,474,559	\$ 38,216,768
Liabilities							
Accounts payable	\$ 165	\$ -	\$ -	\$ 871,152	\$ 3,412,923	\$ 2,283,383	\$ 6,567,623
Due to other funds	-	-	-	-	-	1,084,667	1,084,667
Accrued liabilities and other	3,166	-	-	-	-	-	3,166
Unearned revenue	93,869	-	-	-	-	-	93,869
Total liabilities	97,200	-	-	871,152	3,412,923	3,368,050	7,749,325
Fund Balances							
Nonspendable - Inventory and prepaid expenses	71,813	-	-	-	-	-	71,813
Restricted:							
Debt service	-	-	6,634,578	-	-	-	6,634,578
Capital projects	-	-	-	-	9,750,494	7,106,509	16,857,003
Food service	1,931,066	-	-	-	-	-	1,931,066
Committed - Student activities	-	1,842,142	-	-	-	-	1,842,142
Assigned - Capital projects	-	-	-	3,130,841	-	-	3,130,841
Total fund balances	2,002,879	1,842,142	6,634,578	3,130,841	9,750,494	7,106,509	30,467,443
Total liabilities and fund balances	\$ 2,100,079	\$ 1,842,142	\$ 6,634,578	\$ 4,001,993	\$ 13,163,417	\$ 10,474,559	\$ 38,216,768

Livonia Public Schools

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

Year Ended June 30, 2025

	Special Revenue Funds			Capital Project Funds			
	Food Service	Student Activities	Debt Service	Capital Projects	2021 Sinking	2021 Bond Series II	Total
Revenue							
Local sources	\$ 292,770	\$ 2,787,542	\$ 23,875,333	\$ -	\$ 9,099,159	\$ -	\$ 36,054,804
State sources	2,778,155	-	881,664	-	240,845	-	3,900,664
Federal sources	3,608,874	-	-	-	-	-	3,608,874
Net realized/unrealized investment earnings	-	-	300,844	-	433,133	1,017,441	1,751,418
Total revenue	6,679,799	2,787,542	25,057,841	-	9,773,137	1,017,441	45,315,760
Expenditures							
Current:							
Support services	-	2,726,789	-	-	-	319,662	3,046,451
Food services	5,699,876	-	-	-	-	-	5,699,876
Debt service:							
Principal	-	-	12,170,000	-	-	-	12,170,000
Interest	-	-	10,396,372	-	-	-	10,396,372
Other debt costs	-	-	2,000	-	-	1,750	3,750
Capital outlay	218,336	-	-	3,052,845	8,211,316	24,835,087	36,317,584
Total expenditures	5,918,212	2,726,789	22,568,372	3,052,845	8,211,316	25,156,499	67,634,033
Excess of Revenue Over (Under) Expenditures	761,587	60,753	2,489,469	(3,052,845)	1,561,821	(24,139,058)	(22,318,273)
Other Financing Sources (Uses)							
Proceeds from sale of capital assets	-	-	-	235,258	-	-	235,258
Transfers in	-	-	-	1,000,000	-	-	1,000,000
Transfers out	(300,000)	-	-	-	-	-	(300,000)
Total other financing (uses) sources	(300,000)	-	-	1,235,258	-	-	935,258
Net Change in Fund Balances	461,587	60,753	2,489,469	(1,817,587)	1,561,821	(24,139,058)	(21,383,015)
Fund Balances - Beginning of year, as previously reported (Note 2)	1,541,292	1,781,389	4,145,109	4,948,428	8,188,673	-	20,604,891
Change within Financial Reporting Entity (Note 2)	-	-	-	-	-	31,245,567	31,245,567
Fund Balances - Beginning of year, as adjusted or restated	1,541,292	1,781,389	4,145,109	4,948,428	8,188,673	31,245,567	51,850,458
Fund Balances - End of year	<u>\$ 2,002,879</u>	<u>\$ 1,842,142</u>	<u>\$ 6,634,578</u>	<u>\$ 3,130,841</u>	<u>\$ 9,750,494</u>	<u>\$ 7,106,509</u>	<u>\$ 30,467,443</u>

**Supplementary Information
Combining Balance Sheet
General Fund**

June 30, 2025

	General Fund	Funded Projects Fund	Total
Assets			
Cash and investments	\$ 48,902,802	\$ -	\$ 48,902,802
Receivables:			
Other receivables	115,688	-	115,688
Due from other governments	27,512,701	2,769,241	30,281,942
Due from other funds	1,084,667	1,363,939	2,448,606
Inventory	103,310	-	103,310
Prepaid expenses	253,036	5,647	258,683
	<u>\$ 77,972,204</u>	<u>\$ 4,138,827</u>	<u>\$ 82,111,031</u>
Total assets			
Liabilities			
Accounts payable	\$ 642,770	\$ 63,791	\$ 706,561
Due to other governmental units	3,930,219	-	3,930,219
Due to other funds	23,895,976	-	23,895,976
Accrued liabilities and other	18,158,798	1,288,823	19,447,621
Unearned revenue	42,021	2,786,214	2,828,235
	<u>46,669,784</u>	<u>4,138,828</u>	<u>50,808,612</u>
Total liabilities			
Deferred Inflows of Resources - Unavailable revenue	-	191,630	191,630
	<u>46,669,784</u>	<u>4,330,458</u>	<u>51,000,242</u>
Total liabilities and deferred inflows of resources			
Fund Balances			
Nonspendable - Inventory and prepaid expenses	356,346	5,647	361,993
Assigned - Subsequent year's budget	1,946,281	-	1,946,281
Unassigned	28,999,793	(197,278)	28,802,515
	<u>31,302,420</u>	<u>(191,631)</u>	<u>31,110,789</u>
Total fund balances			
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 77,972,204</u>	<u>\$ 4,138,827</u>	<u>\$ 82,111,031</u>

Supplementary Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
General Fund

Year Ended June 30, 2025

	General Fund	Funded Projects Fund	Total
Revenue			
Local sources	\$ 36,238,982	\$ 88,946	\$ 36,327,928
State sources	131,961,460	12,663,378	144,624,838
Federal sources	93,071	6,574,996	6,668,067
Interdistrict sources	11,167,072	172,917	11,339,989
Net realized/unrealized investment earnings	2,292,957	-	2,292,957
Total revenue	181,753,542	19,500,237	201,253,779
Expenditures			
Current:			
Instruction:			
Basic programs	89,443,470	1,953,998	91,397,468
Added needs	17,712,306	10,466,035	28,178,341
Adult/Continuing education	-	263,344	263,344
Support services:			
Pupil	11,462,671	2,527,132	13,989,803
Instructional staff	8,908,934	2,055,582	10,964,516
General administration	928,069	-	928,069
School administration	11,633,424	7,183	11,640,607
Business	1,851,458	17,746	1,869,204
Operations and maintenance	21,379,420	1,398,211	22,777,631
Pupil transportation services	9,132,475	113,241	9,245,716
Central	5,758,706	204,536	5,963,242
Athletics	2,785,717	-	2,785,717
Community services	2,965,118	77,477	3,042,595
Capital outlay	1,193,148	448,702	1,641,850
Total expenditures	185,154,916	19,533,187	204,688,103
Excess of Expenditures Over Revenue	(3,401,374)	(32,950)	(3,434,324)
Other Financing Sources (Uses)			
Transfers in	2,358,681	-	2,358,681
Transfers out	(1,000,000)	(158,681)	(1,158,681)
Total other financing sources (uses)	1,358,681	(158,681)	1,200,000
Net Change in Fund Balances	(2,042,693)	(191,631)	(2,234,324)
Fund Balances - Beginning of year	33,345,113	-	33,345,113
Fund Balances - End of year	\$ 31,302,420	\$ (191,631)	\$ 31,110,789

**Supplementary Information
Schedule of Bonded Indebtedness**

June 30, 2025

Years Ending June 30	2016 Bond Series II Principal	2020 Refunding Principal	2021 Bond Series I Principal	2021 Bond Series II Principal	2021 Bond Series III Principal	Total
2026	\$ 2,175,000	\$ 4,285,000	\$ 2,760,000	\$ 1,655,000	\$ 4,445,000	\$ 15,320,000
2027	2,275,000	4,300,000	2,885,000	1,830,000	5,000,000	16,290,000
2028	2,375,000	4,315,000	3,055,000	1,950,000	6,120,000	17,815,000
2029	2,475,000	4,335,000	3,165,000	2,155,000	810,000	12,940,000
2030	2,575,000	4,355,000	3,275,000	2,385,000	855,000	13,445,000
2031	2,675,000	4,370,000	3,375,000	2,665,000	890,000	13,975,000
2032	2,775,000	4,385,000	3,375,000	3,045,000	935,000	14,515,000
2033	2,875,000	4,405,000	3,375,000	3,325,000	980,000	14,960,000
2034	2,975,000	4,420,000	3,375,000	3,475,000	1,005,000	15,250,000
2035	3,075,000	4,435,000	3,395,000	3,625,000	1,065,000	15,595,000
2036	3,175,000	4,470,000	3,400,000	3,775,000	1,115,000	15,935,000
2037	3,275,000	4,510,000	3,400,000	3,925,000	1,175,000	16,285,000
2038	3,375,000	4,545,000	3,400,000	4,075,000	1,230,000	16,625,000
2039	3,475,000	4,580,000	3,400,000	4,225,000	1,290,000	16,970,000
2040	3,600,000	4,615,000	3,400,000	4,375,000	1,390,000	17,380,000
2041	3,725,000	4,645,000	3,400,000	4,525,000	1,455,000	17,750,000
2042	3,850,000	4,670,000	-	4,680,000	1,525,000	14,725,000
2043	3,950,000	4,710,000	-	4,850,000	1,600,000	15,110,000
2044	4,075,000	-	-	-	1,640,000	5,715,000
2045	4,175,000	-	-	-	1,640,000	5,815,000
Total remaining payments	\$ 62,925,000	\$ 80,350,000	\$ 52,435,000	\$ 60,540,000	\$ 36,165,000	\$ 292,415,000
Principal payments due	May	May	May	May	May	
Interest payments due	May and November	May and November	May and November	May and November	May and November	
Interest rate	5.00%	1.16% - 3.01%	3.00% - 5.00%	5.00%	5.00%	
Original issue	\$ 76,180,000	\$ 90,770,000	\$ 65,925,000	\$ 62,015,000	\$ 36,165,000	