



---

Ford Administration  
1620 E. Elza, Hazel Park, MI 48030 | T: 248-658-5200 | F: 248-544-5223  
www.hazelparkschools.org

**Agenda**

**Special Board of Education Meeting**

Ford Administration Building

1620 E Elza Avenue

Hazel Park, MI 48030

October 30, 2025

5:30 PM

**LOCATION AND FORMAT:** The meeting will be held at the Ford Administration Building, 1620 E Elza Hazel Park, Michigan. Members of the public wishing to speak during the public comment portion of the meeting may do so in-person.

CALL TO ORDER

ROLL CALL

APPROVAL OF THE AGENDA

PUBLIC COMMENT

NEW BUSINESS

A. 2024-2025 Audit

2

B. 2025-2026 Budget Amendment #1

96

PUBLIC COMMENT

BOARD MEMBERS AND ADMINISTRATION COMMENTS

ADJOURNMENT

Any person with a disability who needs accommodation for participation in this meeting should contact the Superintendent's office at (248) 658-5220 at least five (5) days in advance of the meeting to request assistance.

All Official minutes of school board meetings are stored and available for inspection in the Ford Administration office at the above address.

This notice is given in compliance with Act No. 267 of the Public Acts Michigan, 1976



# School District of Hazel Park

Presentation of the audit of the financial  
statements for the year ended June 30, 2025

**AMBER SUTTER, *PARTNER***

**JON SCHNUR, *MANAGER***

# Independent Auditor's Report

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of the City of Hazel Park (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 District's basic financial statements. The financial statements are the responsibility of the District's management. Our responsibility was to express an opinion on those financial statements.

As detailed in our independent auditor's report, we plan to issue an unmodified opinion on the financial statements.



## Required Communications

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in a separate letter.

Professional standards also require that we communicate to you the following information related to our audit.



# Required Communications

## Accounting Policies

- Management is responsible for the selection and use of accounting policies.
- Significant accounting policies are summarized in Note 1 of the audited financial statements.
  - GASB statement No. 101, *Compensated Absences*, was adopted effective July 1, 2024. There was no material impact to the financial as a result of this adoption.



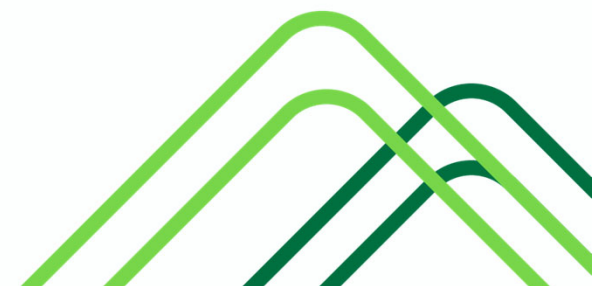
# Required Communications

## Accounting Estimates

- Certain amounts in the financial statements require management to make estimates and assumptions.
  - Estimate on net pension and OPEB liability
  - Depreciation and amortization
- As part of the audit procedures, we evaluate the reasonableness of the estimates.

## Significant Audit Adjustments

- There were two adjusting entry proposed as a result of our audit procedures.



# Required Communications

## Documents Containing Audited Financial Statements

- We are not aware of the audited financial statements being included with any other documents.

## Disagreements with Management

- We are pleased to report that there were no disagreements with the District's management over the course of the audit.



# Required Communications

## Consultation with Other Independent Accountants

- To our knowledge, there were no consultations with other independent accountants.

## Other Information in Documents Containing Audited Financial Statements

- We are not aware of any Annual Reports or equivalent reports, which are or will be prepared by the District.



# Required Communications

## Major Issues with the Retention of Our Services

- There were no issues discussed with management prior to our appointment.

## Difficulties Encountered in Performing the Audit

- There were no difficulties encountered in dealing with management related to the audit.
- Management was prepared and cooperative during the audit and allocated sufficient time to the audit process.



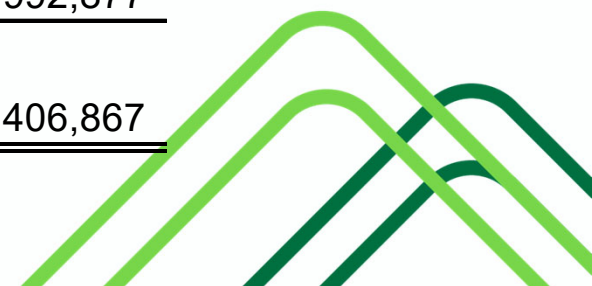
## GENERAL FUND - ASSETS

	June 30,	
	2025	2024
<b>Assets</b>		
Cash and cash equivalents	\$ 6,212,745	\$ 133,331
Receivables -		
Account receivables	1,324,166	325,366
Due from other governmental units	13,789,260	11,948,170
Prepays	23,981	-
	<u>21,350,152</u>	<u>12,406,867</u>
Total assets	<u>\$ 21,350,152</u>	<u>\$ 12,406,867</u>

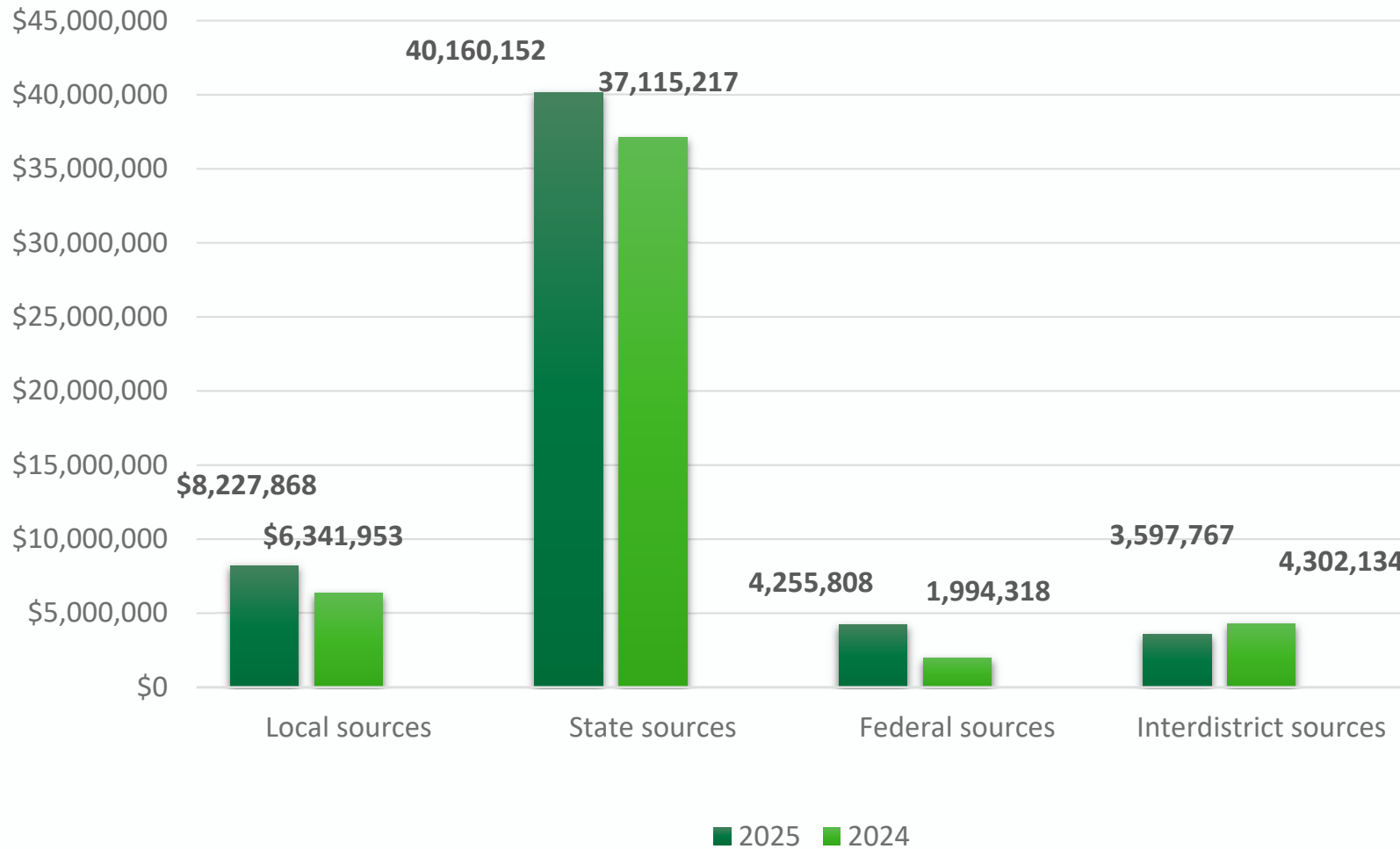


# GENERAL FUND – LIABILITIES & DEFERRED INFLOWS & FUND BALANCE

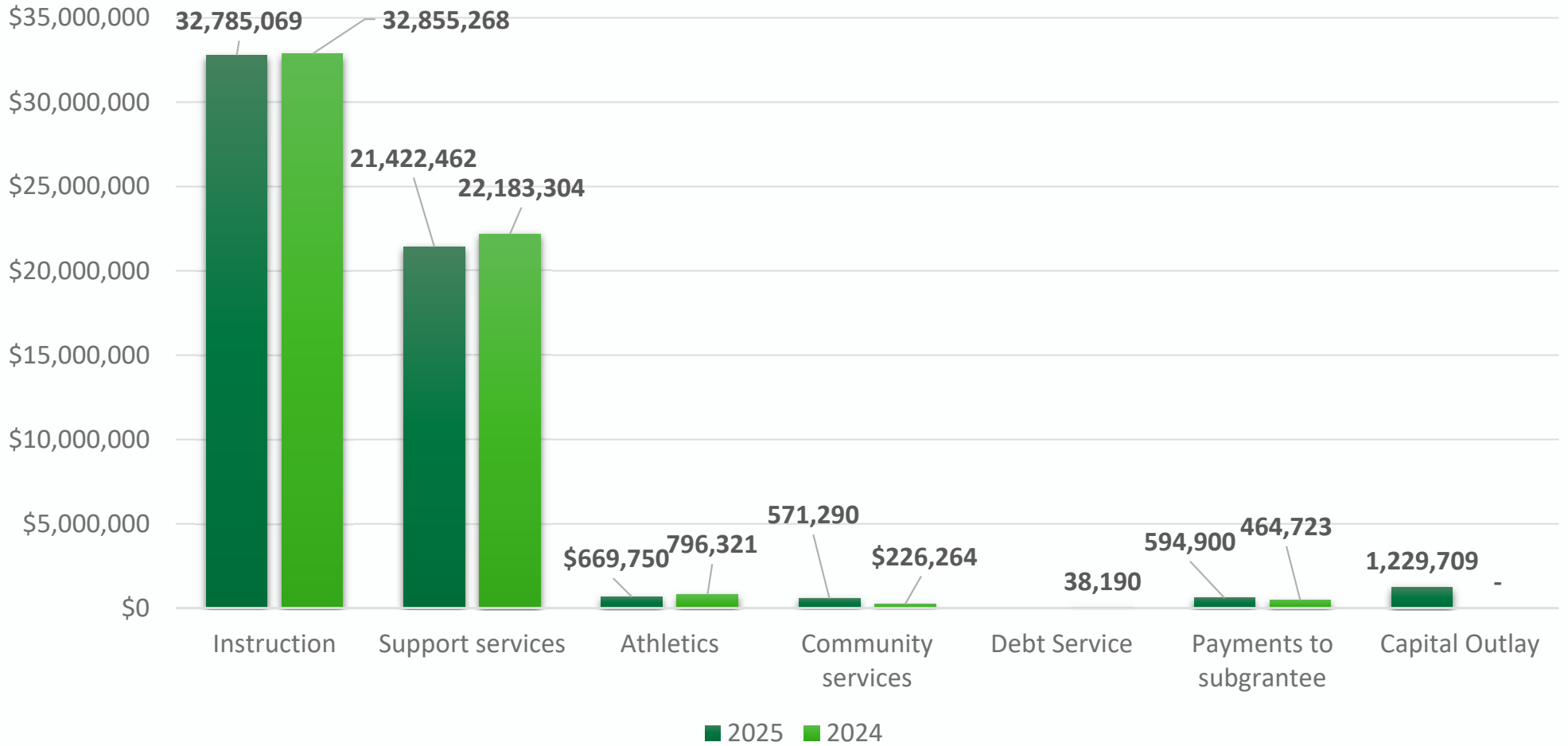
	June 30,	
	<u>2025</u>	<u>2024</u>
<b>Liabilities</b>		
Payables -		
Accounts payable	\$ 5,025,789	\$ 2,850,854
Due to other governmental units	6,169,658	-
Accrued payroll -		
Related liabilities and other	5,867,540	4,334,191
Unearned revenue	2,573,907	2,424,647
	<u>19,636,894</u>	<u>9,609,692</u>
<b>Deferred inflows of resources</b>		
Unavailable revenues - grants	473,007	1,804,298
	<u>473,007</u>	<u>1,804,298</u>
<b>Fund Balances</b>		
Nonspendable - Prepays	23,981	-
Assigned - Subsequent years budget	-	525,906
Unrestricted	1,216,270	466,971
	<u>1,240,251</u>	<u>992,877</u>
Total fund balances	<u>1,240,251</u>	<u>992,877</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 21,350,152</u>	<u>\$ 12,406,867</u>



# General Fund Revenues



# General Fund Expenditures



# Required Communications

## Internal Control

In planning and performing our audit of the financial statements of School District of Hazel Park (the “School District”) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the District’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control.



# Internal Control over financial reporting

Category	Definition
Material Weakness	A <i>material weakness</i> is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.
Significant Deficiency	A <i>significant deficiency</i> is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



## Internal control over financial reporting

Our consideration of internal control was for the limited purpose described in the preceding slides and was not designed to identify all deficiencies in internal controls that might be material weaknesses. Given these limitations during our audit, we did not identify the below deficiencies in internal control that we consider to be material weaknesses.

- The School District's books and records for the 2025 fiscal year, including bank reconciliations, were not reconciled timely resulting in material entries during the audit.



## About UHY

UHY is one of the nation's largest professional services firms providing audit, tax, consulting and advisory services to clients primarily in the dynamic middle market.

We are trailblazers who bring our experience from working within numerous industries to our clients so that we can provide them a 360-degree view of their businesses. Together with our clients, UHY works collaboratively to develop flexible, innovative solutions that meet our clients' business challenges.

As an independent member of UHY International, we are proud to be a part of a top 20 international network of independent accounting and consulting firms.





[uhy-us.com](https://www.uhy-us.com)

**Audit | Tax | Advisory | Consulting**

"UHY" is the brand name under which UHY LLP and UHY Advisors, Inc. provide professional services.

The two firms operate as separate legal entities in an alternative practice structure. UHY LLP is a licensed independent CPA firm that performs attest services. UHY Advisors, Inc. provides tax and business consulting services through wholly owned subsidiary entities. UHY Advisors, Inc. and UHY LLP are U.S. members of Urbach Hacker Young International Limited (UHY International), a UK company, and form part of the international UHY network of legally independent accounting and consulting firms. Any services described herein are provided by UHY Advisors and/or UHY LLP (as the case may be) and not by UHY International or any other member firm of UHYI. Neither UHY International nor any member of UHY International has any liability for services provided by other members.

©2024 UHY. All rights reserved.

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

To Management and the Board of Education  
School District of the City of Hazel Park

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of the City of Hazel Park (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, and have issued our report thereon dated <<DATE>>.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001, that we consider to be a material weakness.

To Management and the Board of Education  
School District of the City of Hazel Park  
Page Two

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The School District's Response to the Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the School District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

*UHY LLP*

Port Huron, Michigan  
\_\_\_\_\_, 2025

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the year ended June 30, 2025**

**2025-001**      **Finding Type:** Material weakness in internal controls over financial reporting - Timely reconciliations and adjusting entries (repeat finding 2024-001)

**Repeat Finding:** Yes

**Criteria:** Management is responsible for maintaining its accounting records in accordance with GAAP. Management was not adequately prepared for the audit team to perform their procedures efficiently. This included unreconciled accounts and bank reconciliations not being prepared timely. Statement on auditing standards No. 115, "communicating Internal Control Related Matters Identified in the Audit," specifies that if material audit adjustments are required to be prepared, that entity has a material weakness in internal control.

**Condition:** During our audit, we noted the School District's books and records for the 2025 fiscal year audit were not reconciled in a timely manner. As a result, the School District completed account reconciliations, bank reconciliation and recorded adjusting entries throughout the course of the audit.

**Cause:** The School Districts' internal controls did not detect all misstatements necessary to properly report year-end balances, certain accounts were not reconciled to subsidiary records in a timely manner due to resource constraints in the business office and time capacity.

**Effect:** The School District did not have time or resources available to adequately reconcile its books in a timely manner. As a result, the aforementioned balances were not reconciled prior to the commencement of audit procedures resulting in various adjustments.

**Recommendation:** We recommend the School District implement certain closing procedures (preparing trial balance schedules for all significant balance sheet accounts, reconcile grant revenue and expenditures, complete bank reconciliations timely, etc.) to timely close the books.

**View of Responsible Officials and Corrective Action Plan:** Management agrees with the finding. See corrective action plan.

## AUDIT COMMUNICATION LETTER

To the Board of Education  
School District of the City of Hazel Park

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School District of the City of Hazel Park (the "School District") for the year ended June 30, 2025 and have issued our report thereon dated <<DATE>>. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 14, 2025. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School District are described in Note 1 to the financial statements. During the year ended June 30, 2025, the School District adopted GASB Statement No. 101, *Compensated Absences*. As of June 30, 2025, the impact of the adoption did not have a material impact on the financial statements. We noted no transactions entered into during the year for which there is a lack of authoritative guidance or consensus. All transactions have been recognized in the financial statements in the proper period.

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

Management's estimate for depreciation, which is based on historical data and estimated useful lives.

Management's estimates for the District's proportionate share of the Michigan Public School Employees Retirement System's (MPERS) net pension liability and other postemployment benefit (OPEB) asset, which are based on the pension plan's audit and actuarial reports.

To the Board of Education  
School District of the City of Hazel Park  
Page Two

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

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the School District's net pension liability and net OPEB asset, the related deferred outflows of resources and deferred inflows of resources, and pension and OPEB expense (recovery), as reported in Note 10 to the financial statements. These balances are the School District's proportionate shares of the MPSERS pension plan which may vary considerably as payroll and the chosen plan options change over all units within the plan.

The financial statement disclosures are neutral, consistent and clear.

***Difficulties Encountered in Performing the Audit***

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

***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Attachment B summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The uncorrected misstatements or the matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements under audit. A schedule of corrected entries is included as Attachment C.

To the Board of Education  
School District of the City of Hazel Park  
Page Three

***Disagreements with Management***

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

***Management Representations***

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

***Management Consultations with Other Independent Accountants***

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

***Other Audit Findings or Issues***

In the Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, which will be presented in the School District’s single audit and is provided in attachment D to this letter. We noted a material weakness in internal control.

In addition to the Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, we noted other items that, although are not considered material weaknesses or significant deficiencies, could improve controls, the operational efficiency, audit efficiency, and/or compliance with laws and regulations. These items are discussed in Attachment A.

To the Board of Education  
School District of the City of Hazel Park  
Page Four

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

### **Other Matters**

We applied certain limited procedures to management's discussion and analysis, the budgetary comparison schedules, and the pension and OPEB schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

### **Restriction on Use**

This information is intended solely for the use of the School District Board of Education and management of the School District of the City of Hazel Park and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the opportunity to be of services to the School District of the City of Hazel Park Board of Education and management.



Port Huron, Michigan  
\_\_\_\_\_, 2025

## Attachment A

The following items that we discussed with management are not considered material weaknesses or significant deficiencies, however, are items that could improve controls, the operational efficiency of the business department and/or compliance with laws and regulations:

### **GENERAL:**

#### **The School District should implement various IT environment controls.**

It was noted during our IT risk assessment that the School District does not complete the following items:

- Tested or updated Cybersecurity risk assessment within the past year.
- Data is not transferred and stored off-site.
- Prepared a formal Disaster Recovery Plan that identifies critical processes.
- Documented patch management process for reviewing and installing security patches.

UHY recommends the School District perform a cybersecurity risk assessment to determine vulnerable points in the IT network, setup cloud-based backup solutions to protect and ensure recoverability of data, develop a formal disaster recovery plan and change management policies and test annually.

**Attachment B**

**UNCORRECTED ADJUSTMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

<b>Proposed Journal Entries JE # 1 GASB</b>			
To record difference in principal between agreement schedule and PBC schedule.			
UHY22600.200.100.100 G34	Bonds Payable -> 1 Year	80,000.00	
UHY52950.100 G34	Principal		80,000.00
<b>Total</b>		<b>80,000.00</b>	<b>80,000.00</b>

<b>Proposed Journal Entries JE # 2</b>			
To record difference in State Aid FSR to accrued amount.			
110-111-0000-0000-150-1000-52821000	Elem Webb Sal & Bene - UAAL	107,474.74	
110-000-0000-0000-000-0000-24512500	General Fund - UAAL		107,474.74
<b>Total</b>		<b>107,474.74</b>	<b>107,474.74</b>

<b>Proposed Journal Entries JE # 3</b>			
To record difference in client provided schedule for reserve pay			
110-000-0000-0000-000-0000-24621000	General Fund - Reserve Pay	39,677.03	
110-111-0000-0000-130-1000-52820000	Elem Hoover Sal & Bene - Contr To Retirement Funds		39,677.03
<b>Total</b>		<b>39,677.03</b>	<b>39,677.03</b>

**Attachment C**

**CORRECTED ADJUSTMENTS  
FOR THE YEAR ENDED JUNE 30, 2025**

<b>Adjusting Journal Entries JE # 1</b>			
CJE - To adjust cash as of 6/30/2025			
110-000-0000-0000-000-0000-11019999	General Fund - Share Of Pooled Cash	10,583.00	
250-000-0000-0000-000-0000-11019999	Food Service Fund - Share Of Pooled Cash	56,978.00	
110-000-0000-3403-000-3400-43170100	GSRP Trans - ISD-Restr Pre-School		10,583.00
250-297-0000-0000-000-0000-55610000	Pup Actv Food Service Fund - Food Supplies/Materials		56,978.00
<b>Total</b>		<b>67,561.00</b>	<b>67,561.00</b>
<b>Adjusting Journal Entries JE # 2</b>			
CJE - To record adjustment for erroneous accrual to deferred inflows.			
250-000-0000-0000-000-0000-11212000	Food Service Fund - AR Deferred Inflows	650,699.00	
250-000-0000-0000-000-0000-11210000	Food Service Fund - Accounts Receivable		650,699.00
<b>Total</b>		<b>650,699.00</b>	<b>650,699.00</b>
<b>Adjusting Journal Entries JE # 3</b>			
Entry to roll fund balance & eliminate transfers			
110-261-0000-0000-000-0065-53430000	Maint & Custodial - Mail/Postage	8.00	
220-000-0000-0000-000-0000-37510000	Special Ed Fund - Unassigned Fund Balance	5.00	
250-297-0000-0000-000-0000-54120000	Pup Actv Food Service Fund - Equipment Repair/Maintenance	2.00	
290-296-9452-0000-000-0450-57920000	Other Stud/School Activity Exp	83.00	
420-000-0000-0000-000-0000-37210000	Capital Projects - Restricted Fund Balance	1.00	
110-000-0000-0000-000-0000-37510000	General Fund - Unassigned Fund Balance		7.00
110-000-0000-0000-000-0000-46220000	General Fund - Spec Ed Fund Modification		1.00
220-122-0140-0000-650-1650-55990000	Miscellaneous Supplies & Matl		5.00
250-000-0000-0000-000-0000-37510000	Food Service Fund - Unassigned Fund Balance		2.00
290-000-9471-0000-000-0450-37320000	Starlettes - Committed Activity Funds FB		83.00
420-456-0000-9927-000-0000-56220000	Oper Serv Remodeling - Facility Maintenance C.O.		1.00
<b>Total</b>	28	<b>99.00</b>	<b>99.00</b>

**Adjusting Journal Entries JE # 4**

CJE - To record Fringe corrections for Fund 220

110-000-0000-0000-000-0000-24512500	General Fund - UAAL	354,080.45	
220-122-0120-0000-600-1600-52820000	MoCI Jardon MoCI Sal - Contr To Retirement Funds	100,125.00	
220-122-0140-0000-650-1650-52820000	EI Ed Max SEI Sal - Contr To Retirement Funds	161,767.17	
220-122-0190-0000-150-1603-52820000	SMI Webb SXI Sal - Contr To Retirement Funds	50,564.64	
220-122-0193-0000-600-1601-52820000	AI Jardon ASD Sal - Contr To Retirement Funds	41,623.64	
110-122-0193-0000-130-1660-52820000	Hoover AI SE Sal & Bene - Contr To Retirement Funds		354,080.45
220-000-0000-0000-000-0000-24512500	Special Ed Fund - UAAL		354,080.45
<b>Total</b>		<b>708,160.90</b>	<b>708,160.90</b>

**Adjusting Journal Entries JE # 5**

CJE - Client adjustment for SEFA tie-out

250-219-0000-8500-130-8500-51631000	Other Aides Salary	2,065.00	
250-219-0000-8500-130-8500-52820000	Hoover NSL Brkfst	457.00	
250-219-0000-8500-130-8500-52821000	Hoover NSL Brkfst	231.00	
250-219-0000-8500-130-8500-52822000	Personal HC Fund	41.00	
250-219-0000-8500-130-8500-52825000	Defined Contrib Emplr Match	122.00	
250-219-0000-8500-130-8500-52830000	Employer Social Security	158.00	
250-219-0000-8500-130-8500-52840000	Workmans Compensation	27.00	
250-219-0000-8500-150-8500-51631000	Other Aides Salary	4,168.00	
250-219-0000-8500-150-8500-52110000	Group Life Insurance	26.00	
250-219-0000-8500-150-8500-52120000	Group Disability Insurance	67.00	
250-219-0000-8500-150-8500-52132000	Group Health Insurance	509.00	
250-219-0000-8500-150-8500-52140000	Dental Health Care	159.00	
250-219-0000-8500-150-8500-52150000	Vision Care	18.00	
250-219-0000-8500-150-8500-52820000	Contr To Retirement Funds	1,270.00	
250-219-0000-8500-150-8500-52821000	UAAL		458.00

250-219-0000-8500-150-8500-52822000	Personal HC Fund	52.00
250-219-0000-8500-150-8500-52825000	Defined Contrib Emplr Match	26.00
250-219-0000-8500-150-8500-52830000	Employer Social Security	312.00
250-219-0000-8500-150-8500-52840000	Workmans Compensation	28.00
250-219-0000-8500-170-8500-51631000	Other Aides Salary	4,318.00
250-219-0000-8500-170-8500-52820000	Contr To Retirement Funds	873.00
250-219-0000-8500-170-8500-52821000	UAAL	473.00
250-219-0000-8500-170-8500-52822000	Personal HC Fund	86.00
250-219-0000-8500-170-8500-52825000	Defined Contrib Emplr Match	320.00
250-219-0000-8500-170-8500-52830000	Employer Social Security	330.00
250-219-0000-8500-170-8500-52840000	Workmans Compensation	43.00
250-219-0000-8500-200-8500-51631000	Other Aides Salary	2,648.00
250-219-0000-8500-200-8500-52110000	Group Life Insurance	19.00
250-219-0000-8500-200-8500-52120000	Group Disability Insurance	50.00
250-219-0000-8500-200-8500-52140000	Dental Health Care	115.00
250-219-0000-8500-200-8500-52150000	Vision Care	13.00
250-219-0000-8500-200-8500-52820000	Contr To Retirement Funds	755.00
250-219-0000-8500-200-8500-52821000	UAAL	245.00
250-219-0000-8500-200-8500-52830000	Employer Social Security	208.00
250-219-0000-8500-200-8500-52840000	Workmans Compensation	24.00
250-219-0000-8500-200-8500-52920000	Cash In Lieu Of Benefits	79.00
250-219-0000-8510-130-8510-51631000	Other Aides Salary	4,601.00
250-219-0000-8510-130-8510-52820000	Contr To Retirement Funds	1,017.00
250-219-0000-8510-130-8510-52821000	UAAL	513.00
250-219-0000-8510-130-8510-52822000	Personal HC Fund	92.00
250-219-0000-8510-130-8510-52825000	Defined Contrib Emplr Match	271.00
250-219-0000-8510-130-8510-52830000	Employer Social Security	352.00

250-219-0000-8510-130-8510-52840000	Workmans Compensation	60.00
250-219-0000-8510-150-8510-51631000	Other Aides Salary	9,286.00
250-219-0000-8510-150-8510-52110000	Group Life Insurance	57.00
250-219-0000-8510-150-8510-52120000	Group Disability Insurance	149.00
250-219-0000-8510-150-8510-52132000	Group Health Insurance	1,134.00
250-219-0000-8510-150-8510-52140000	Dental Health Care	353.00
250-219-0000-8510-150-8510-52150000	Vision Care	41.00
250-219-0000-8510-150-8510-52820000	Contr To Retirement Funds	2,830.00
250-219-0000-8510-150-8510-52821000	UAAL	1,019.00
250-219-0000-8510-150-8510-52822000	Personal HC Fund	116.00
250-219-0000-8510-150-8510-52825000	Defined Contrib Emplr Match	58.00
250-219-0000-8510-150-8510-52830000	Employer Social Security	696.00
250-219-0000-8510-150-8510-52840000	Workmans Compensation	63.00
250-219-0000-8510-170-8510-51631000	Other Aides Salary	9,620.00
250-219-0000-8510-170-8510-52820000	Contr To Retirement Funds	1,945.00
250-219-0000-8510-170-8510-52821000	UAAL	1,054.00
250-219-0000-8510-170-8510-52822000	Personal HC Fund	192.00
250-219-0000-8510-170-8510-52825000	Defined Contrib Emplr Match	712.00
250-219-0000-8510-170-8510-52830000	Employer Social Security	736.00
250-219-0000-8510-170-8510-52840000	Workmans Compensation	96.00
250-219-0000-8510-200-8510-51631000	Other Aides Salary	5,899.00
250-219-0000-8510-200-8510-52110000	Group Life Insurance	42.00
250-219-0000-8510-200-8510-52120000	Group Disability Insurance	110.00
250-219-0000-8510-200-8510-52140000	Dental Health Care	256.00
250-219-0000-8510-200-8510-52150000	Vision Care	30.00
250-219-0000-8510-200-8510-52820000	Contr To Retirement Funds	1,683.00
250-219-0000-8510-200-8510-52821000	UAAL	545.00

250-219-0000-8510-200-8510-52830000	Employer Social Security	464.00
250-219-0000-8510-200-8510-52840000	Workmans Compensation	54.00
250-219-0000-8510-200-8510-52920000	Cash In Lieu Of Benefits	176.00
250-219-0000-8580-130-8580-51631000	Other Aides Salary	240.00
250-219-0000-8580-130-8580-52820000	Contr To Retirement Funds	53.00
250-219-0000-8580-130-8580-52821000	UAAL	27.00
250-219-0000-8580-130-8580-52822000	Personal HC Fund	5.00
250-219-0000-8580-130-8580-52825000	Defined Contrib Emplr Match	14.00
250-219-0000-8580-130-8580-52830000	Employer Social Security	18.00
250-219-0000-8580-130-8580-52840000	Workmans Compensation	3.00
250-219-0000-8580-150-8580-51631000	Other Aides Salary	485.00
250-219-0000-8580-150-8580-52110000	Group Life Insurance	3.00
250-219-0000-8580-150-8580-52120000	Group Disability Insurance	8.00
250-219-0000-8580-150-8580-52132000	Group Health Insurance	59.00
250-219-0000-8580-150-8580-52140000	Dental Health Care	18.00
250-219-0000-8580-150-8580-52150000	Vision Care	2.00
250-219-0000-8580-150-8580-52820000	Contr To Retirement Funds	148.00
250-219-0000-8580-150-8580-52821000	UAAL	53.00
250-219-0000-8580-150-8580-52822000	Personal HC Fund	6.00
250-219-0000-8580-150-8580-52825000	Defined Contrib Emplr Match	3.00
250-219-0000-8580-150-8580-52830000	Employer Social Security	36.00
250-219-0000-8580-150-8580-52840000	Workmans Compensation	3.00
250-219-0000-8580-170-8580-51631000	Other Aides Salary	503.00
250-219-0000-8580-170-8580-52820000	Contr To Retirement Funds	102.00
250-219-0000-8580-170-8580-52821000	UAAL	55.00
250-219-0000-8580-170-8580-52822000	Personal HC Fund	10.00
250-219-0000-8580-170-8580-52825000	Defined Contrib Emplr Match	37.00

250-219-0000-8580-170-8580-52830000	Employer Social Security	39.00
250-219-0000-8580-170-8580-52840000	Workmans Compensation	5.00
250-219-0000-8580-200-8580-51631000	Other Aides Salary	308.00
250-219-0000-8580-200-8580-52110000	Group Life Insurance	2.00
250-219-0000-8580-200-8580-52120000	Group Disability Insurance	6.00
250-219-0000-8580-200-8580-52140000	Dental Health Care	13.00
250-219-0000-8580-200-8580-52150000	Vision Care	2.00
250-219-0000-8580-200-8580-52820000	Contr To Retirement Funds	88.00
250-219-0000-8580-200-8580-52821000	UAAL	29.00
250-219-0000-8580-200-8580-52830000	Employer Social Security	24.00
250-219-0000-8580-200-8580-52840000	Workmans Compensation	3.00
250-219-0000-8580-200-8580-52920000	Cash In Lieu Of Benefits	9.00
250-297-0000-8500-000-8500-53150000	Management Services	33,866.00
250-297-0000-8500-000-8500-53151000	Management Services	21,624.00
250-297-0000-8500-000-8500-53190000	Other Professional/Tech Serv	162,298.00
250-297-0000-8500-000-8500-54220000	Equipment Rentals	189.00
250-297-0000-8500-000-8500-55610000	Food Supplies/Materials	199,752.00
250-297-0000-8500-000-8500-55640000	Non Food Items	53,138.00
250-297-0000-8500-000-8500-55990000	Miscellaneous Supplies & Matl	869.00
250-297-0000-8500-000-8500-56410000	New Equip/Furniture-Depr	53,711.00
250-297-0000-8500-000-8500-56420000	New Equip/Furniture-Non Depr	1,236.00
250-297-0000-8500-000-8500-57410000	Dues And Fees	20.00
250-297-0000-8510-000-8510-53150000	Management Services	75,448.00
250-297-0000-8510-000-8510-53151000	Management Services	48,174.00
250-297-0000-8510-000-8510-53190000	Other Professional/Tech Serv	361,574.00
250-297-0000-8510-000-8510-54220000	Equipment Rentals	422.00
250-297-0000-8510-000-8510-55610000	Food Supplies/Materials	445,016.00

250-297-0000-8510-000-8510-55640000	Non Food Items	118,384.00	
250-297-0000-8510-000-8510-55990000	Miscellaneous Supplies & Matl	1,935.00	
250-297-0000-8510-000-8510-56410000	New Equip/Furniture-Depr	119,660.00	
250-297-0000-8510-000-8510-56420000	New Equip/Furniture-Non Depr	2,753.00	
250-297-0000-8510-000-8510-57410000	Dues And Fees	44.00	
250-297-0000-8580-000-8580-53150000	Management Services	3,942.00	
250-297-0000-8580-000-8580-53151000	Management Services	2,517.00	
250-297-0000-8580-000-8580-53190000	Other Professional/Tech Serv	18,890.00	
250-297-0000-8580-000-8580-54220000	Equipment Rentals	22.00	
250-297-0000-8580-000-8580-55610000	Food Supplies/Materials	23,249.00	
250-297-0000-8580-000-8580-55640000	Non Food Items	6,185.00	
250-297-0000-8580-000-8580-55990000	Miscellaneous Supplies & Matl	101.00	
250-297-0000-8580-000-8580-56410000	New Equip/Furniture-Depr	6,252.00	
250-297-0000-8580-000-8580-56420000	New Equip/Furniture-Non Depr	144.00	
250-297-0000-8580-000-8580-57410000	Dues And Fees	2.00	
250-297-0000-8610-000-8610-55610000	SEFA Entry Account	26,674.00	
250-219-0000-0000-130-1000-51631000	Pupil Sup Hoover Sal & Bene - Other Aides Salary		7,007.00
250-219-0000-0000-130-1000-52820000	Pupil Sup Hoover Sal & Bene - Contr To Retirement Funds		1,550.00
250-219-0000-0000-130-1000-52821000	Pupil Sup Hoover Sal & Bene - UAAL		782.00
250-219-0000-0000-130-1000-52822000	Pupil Sup Hoover Sal & Bene - Personal HC Fund		140.00
250-219-0000-0000-130-1000-52825000	Pupil Sup Hoover Sal & Bene - Defined Contrib Emplr Match		412.00
250-219-0000-0000-130-1000-52830000	Pupil Sup Hoover Sal & Bene - Employer Social Security		536.00
250-219-0000-0000-130-1000-52840000	Pupil Sup Hoover Sal & Bene - Workmans Compensation		92.00
250-219-0000-0000-150-1000-51631000	Pupil Sup Webb Sal & Bene - Other Aides Salary		14,142.00
250-219-0000-0000-150-1000-52110000	Pupil Sup Webb Sal & Bene - Group Life Insurance		87.00
250-219-0000-0000-150-1000-52120000	Pupil Sup Webb Sal & Bene - Group Disability Insurance		227.00
250-219-0000-0000-150-1000-52132000	Pupil Sup Webb Sal & Bene - Group Health Insurance		1,728.00

250-219-0000-0000-150-1000-52140000	Pupil Sup Webb Sal & Bene - Dental Health Care	537.00
250-219-0000-0000-150-1000-52150000	Pupil Sup Webb Sal & Bene - Vision Care	62.00
250-219-0000-0000-150-1000-52820000	Pupil Sup Webb Sal & Bene - Contr To Retirement Funds	4,310.00
250-219-0000-0000-150-1000-52821000	Pupil Sup Webb Sal & Bene - UAAL	1,552.00
250-219-0000-0000-150-1000-52822000	Pupil Sup Webb Sal & Bene - Personal HC Fund	176.00
250-219-0000-0000-150-1000-52825000	Pupil Sup Webb Sal & Bene - Defined Contrib Emplr Match	88.00
250-219-0000-0000-150-1000-52830000	Pupil Sup Webb Sal & Bene - Employer Social Security	1,059.00
250-219-0000-0000-150-1000-52840000	Pupil Sup Webb Sal & Bene - Workmans Compensation	97.00
250-219-0000-0000-170-1000-51631000	Pupil Sup UO Sal & Bene - Other Aides Salary	14,651.00
250-219-0000-0000-170-1000-52820000	Pupil Sup UO Sal & Bene - Contr To Retirement Funds	2,962.00
250-219-0000-0000-170-1000-52821000	Pupil Sup UO Sal & Bene - UAAL	1,605.00
250-219-0000-0000-170-1000-52822000	Pupil Sup UO Sal & Bene - Personal HC Fund	293.00
250-219-0000-0000-170-1000-52825000	Pupil Sup UO Sal & Bene - Defined Contrib Emplr Match	1,084.00
250-219-0000-0000-170-1000-52830000	Pupil Sup UO Sal & Bene - Employer Social Security	1,121.00
250-219-0000-0000-170-1000-52840000	Pupil Sup UO Sal & Bene - Workmans Compensation	147.00
250-219-0000-0000-200-1000-51631000	Pupil Sup JH Sal & Bene - Other Aides Salary	8,983.00
250-219-0000-0000-200-1000-52110000	Pupil Sup JH Sal & Bene - Group Life Insurance	64.00
250-219-0000-0000-200-1000-52120000	Pupil Sup JH Sal & Bene - Group Disability Insurance	168.00
250-219-0000-0000-200-1000-52140000	Pupil Sup JH Sal & Bene - Dental Health Care	390.00
250-219-0000-0000-200-1000-52150000	Pupil Sup JH Sal & Bene - Vision Care	46.00
250-219-0000-0000-200-1000-52820000	Pupil Sup JH Sal & Bene - Contr To Retirement Funds	2,563.00
250-219-0000-0000-200-1000-52821000	Pupil Sup JH Sal & Bene - UAAL	831.00
250-219-0000-0000-200-1000-52830000	Pupil Sup JH Sal & Bene - Employer Social Security	707.00
250-219-0000-0000-200-1000-52840000	Pupil Sup JH Sal & Bene - Workmans Compensation	82.00
250-219-0000-0000-200-1000-52920000	Pupil Sup JH Sal & Bene - Cash In Lieu Of Benefits	268.00
250-297-0000-0000-000-0000-53150000	Pup Actv Food Service Fund - Management Services	114,906.00
250-297-0000-0000-000-0000-53151000	Pup Actv Food Service Fund - Management Services	73,368.00

250-297-0000-0000-000-0000-53190000	Pup Actv Food Service Fund - Other Professional/Tech Serv	550,669.00	
250-297-0000-0000-000-0000-54220000	Pup Actv Food Service Fund - Equipment Rentals	642.00	
250-297-0000-0000-000-0000-55610000	Pup Actv Food Service Fund - Food Supplies/Materials	677,748.00	
250-297-0000-0000-000-0000-55640000	Pup Actv Food Service Fund - Non Food Items	180,296.00	
250-297-0000-0000-000-0000-55990000	Pup Actv Food Service Fund - Miscellaneous Supplies & Matl	2,948.00	
250-297-0000-0000-000-0000-56410000	Pup Actv Food Service Fund - New Equip/Furniture-Depr	182,240.00	
250-297-0000-0000-000-0000-56420000	Pup Actv Food Service Fund - New Equip/Furniture-Non Depr	4,192.00	
250-297-0000-0000-000-0000-57410000	Pup Actv Food Service Fund - Dues And Fees	67.00	
<b>Total</b>		<b>1,857,625.00</b>	<b>1,857,625.00</b>

#### Adjusting Journal Entries JE # 6

CJE - To allocate overstated expenses in fund 110 to fund 220

110-000-0000-2081-000-0000-43120000	147c UAAL Rate Stabilization - State Revenue-Restricted	565,014.00	
220-000-0000-0000-000-0000-11019999	Special Ed Fund - Share Of Pooled Cash	565,014.00	
110-000-0000-0000-000-0000-11019999	General Fund - Share Of Pooled Cash	565,014.00	
220-000-0000-2081-000-0000-43120000	147c UAAL Rate Stabilization - State Revenue-Restricted	565,014.00	
<b>Total</b>		<b>1,130,028.00</b>	<b>1,130,028.00</b>

#### Adjusting Journal Entries JE # 7

CJE - To adjust unearned revenue due to a spreadsheet calculation error

220-000-0000-0000-000-0000-45130120	Special Ed Fund - ISD Millage Tax SpEd Grants	977,233.00	
220-000-0000-0000-000-0000-24710000	Unearned Revenue	977,233.00	
<b>Total</b>		<b>977,233.00</b>	<b>977,233.00</b>

#### Adjusting Journal Entries JE # 8

Entry to adjust federal revenue

110-000-0000-7640-000-7640-44140040	MDE-Rstr Fed Billingual	206,439.00	
110-000-0000-0000-000-0000-24710000	General Fund - Unearned Revenue	206,439.00	
<b>Total</b>		<b>206,439.00</b>	<b>206,439.00</b>



---

Ford Administration  
1620 E. Elza, Hazel Park, MI 48030 | T: 248-658-5200 | F: 248-544-5223  
www.hazelparkschools.org

October 29, 2025

UHY LLP  
1979 Holland Avenue, Suite A  
Port Huron, MI 48060

This representation letter is provided in connection with your audit of the financial statements of School District of the City of Hazel Park, which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2025, and the respective changes in financial position for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of October 29, 2025, the following representations made to you during your audit.

**Financial Statements**

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 14, 2025, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
- 3) We acknowledge our responsibility 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements.

- 8) The effects of uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole for each opinion unit. A list of the uncorrected and corrected misstatements is attached to audit communication letter.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which the school district is contingently liable, if any, have been properly recorded or disclosed.

**Information Provided**

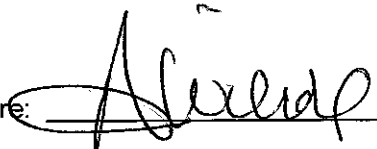
- 11) We have provided you with:
  - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters, and all audit or relevant monitoring reports, if any, received from funding sources.
  - b) Additional information that you have requested from us for the purpose of the audit.
  - c) Unrestricted access to persons within the school district from whom you determined it necessary to obtain audit evidence.
  - d) Minutes of the meetings of Board of Education or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 14) We have no knowledge of any fraud or suspected fraud that affects the school district and involves—
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the school district's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- 18) We have disclosed to you the names of the school district's related parties and all the related party relationships and transactions of which we are aware.

**Government-specific**

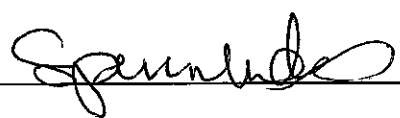
- 19) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 20) We have a process to track the status of audit findings and recommendations.
- 21) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

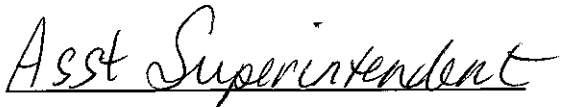
- 23) The District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 25) We have appropriately identified, recorded, and disclosed all leases in accordance with GASB Statement (GASBS) No. 87 .
- 26) We have appropriately disclosed or recognized conduit debt obligations and/or certain arrangements associated with conduit debt obligations in accordance with GASBS No. 91 .
- 27) We have appropriately identified, recorded, and disclosed subscription-based information technology arrangements in accordance with GASBS No. 96 .
- 28) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statement or other financial data significant to the audit objectives and any other instances that warrant the attention of those charged with governance.
- 29) We have appropriately measured, recorded, and disclosed compensated absences and other salary-related payments in accordance with GASBS No. 101 .
- 30) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statements amounts or other financial data significant to the audit objectives.
- 31) We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 32) Except as disclosed in Note 3 to the financial statements, there are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 33) As part of your audit, you assisted with preparation of the financial statements and related notes and schedule of expenditures of federal awards. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 34) The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 35) The District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 36) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 37) The financial statements properly classify all funds and activities, in accordance with GASBS No. 34 , as amended.
- 38) All funds that meet the quantitative criteria in GASBS Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

- 39) Components of net position (net investment in capital assets; restricted; and unrestricted) and components of fund balance (nonspendable and restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 40) Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
- 41) Provisions for uncollectible receivables have been properly identified and recorded.
- 42) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 43) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 44) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 45) Deposits and investment securities and derivative instrument transactions are properly classified as to risk and are properly disclosed.
- 46) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 47) We have appropriately disclosed the District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 48) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 49) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 50) With respect to the combining nonmajor financial statements and schedules and schedule of bonded indebtedness, hereon after referred to as the supplementary information.
  - a) We acknowledge our responsibility for presenting the supplementary information in accordance with accounting principles generally accepted in the United States of America, and we believe the supplementary information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
  - b) If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date we issue the supplementary information and the auditor's report thereon.

Signature: 

Signature: 

Title: 

Title: 

**SCHOOL DISTRICT OF  
THE CITY OF HAZEL PARK**

ANNUAL FINANCIAL REPORT  
AND  
SUPPLEMENTARY INFORMATION

For the year ended June 30, 2025

DRAFT

# SCHOOL DISTRICT OF THE CITY OF HAZEL PARK

## TABLE OF CONTENTS

	<b>Page</b>
<b>Independent Auditor's Report</b>	1
<b>Management's Discussion and Analysis</b>	5
<b>Basic Financial Statements</b>	
Government-wide Financial Statements -	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements -	
Balance Sheet - Governmental Funds	15
Reconciliation of the Balance Sheet for Governmental Funds	
to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund	
Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures,	
and Changes in Fund Balances of Governmental Funds	
to the Statement of Activities	18
Notes to Financial Statements	19
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedules -	
General Fund	47
Special Education Center Programs Fund	48
Pension System Schedules -	
Schedule of Proportionate Share of the Net Pension Liability	49
Schedule of District Pension Contributions	49
Other Postemployment Benefit Schedules -	
Schedule of Proportionate Share of the Net OPEB Liability	50
Schedule of District OPEB Contributions	50
Notes to Required Supplementary Information	51
<b>Other Supplementary Information</b>	
Nonmajor Governmental Funds -	
Combining Balance Sheet	53
Combining Statement of Revenues, Expenditures, and Changes	
in Fund Balances	55
Schedule of Bonded Indebtedness	57

# SCHOOL DISTRICT OF THE CITY OF HAZEL PARK

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the School District of the City of Hazel Park's (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 statements. These statements are organized so the reader can understand the School District of the City of Hazel Park financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund and Special Education Center Programs Fund, with all other funds presented in one column as nonmajor funds. This report is composed of the following elements:

#### Management's Discussion and Analysis (MD&A)

(Required Supplementary Information)

#### Basic Financial Statements

Government-wide Financial Statements      Fund Financial Statements

Notes to Financial Statements

#### Required Supplementary Information

Budgetary Comparison Schedule - General Fund

Budgetary Comparison Schedule - Major Special Revenue Fund

Pension and OPEB Supplementary Information

#### Other Supplementary Information

Nonmajor Governmental Funds

Schedule of Bonded Indebtedness

## **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 the current year's revenues and expenses are considered, 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 revenues 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 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, childcare, athletics, and food services. Property taxes, unrestricted State aid (foundation allowance revenue), and State of Michigan (the "State") and federal grants finance most of these activities.

## **Reporting the School District's Most Significant Funds - Fund Financial Statements**

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

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and governmental and fiduciary fund financial statements. The notes to the financial statements can be found on pages 19-46 of this report.

## 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 the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

### The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table I provides a summary of the School District's net position as of June 30, 2025 in a condensed format.

**Table I**

	Governmental Activities (in millions)	
	2025	2024
<b>Assets</b>		
Current and other assets	\$ 26.7	\$ 19.3
Net OPEB asset	11.3	1.4
Capital assets	57.7	59.5
Total assets	95.7	80.2
<b>Deferred outflows of resources</b>	22.9	34.7
<b>Liabilities</b>		
Current liabilities	21.1	11.0
Non-current liabilities	32.0	38.1
Net pension liability	63.3	80.5
Total liabilities	116.5	129.6
<b>Deferred inflows of resources</b>	34.9	24.8
<b>Net position (deficit)</b>		
Net investment in capital assets	29.8	21.5
Restricted	13.9	4.6
Unrestricted deficit	(73.6)	(65.5)
Total net position (deficit)	\$ (29.8)	\$ (39.4)

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(29.8) million at June 30, 2025.

Net investment in capital assets totaling \$29.8 million compares the original cost, less depreciation of the School District's capital assets, to the long-term debt used to finance the acquisition of those assets.

Most of the debt will be repaid from voter approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the School District's ability to use this net position for day-to-day operations. The remaining amount of net position of \$(73.6) million was unrestricted.

The \$(73.6) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year. The negative unrestricted net position balance is attributed to the net pension liability arising from the underfunded MPSERS obligation.

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

**Table II**

	Governmental Activities (in millions)	
	2025	2024
<b>Revenue</b>		
Program revenue -		
Charges for services	\$ 8.6	\$ 6.5
Operating grants	14.3	20.1
General revenue -		
Taxes	11.1	12.3
State aid not restricted to specific purposes	35.5	31.1
Other	9.3	6.7
Total revenue	<u>78.8</u>	<u>76.6</u>
<b>Expenses</b>		
Instruction	36.7	38.3
Support services	24.0	26.4
Athletics	0.5	0.7
Food services	2.7	2.5
Community services	0.9	0.4
Payments to subgrantee	1.8	0.5
Debt service	2.5	1.9
Total expenses	<u>69.1</u>	<u>70.7</u>
<b>Change in net position</b>	9.6	5.8
<b>Net position (deficit) - beginning of year</b>	<u>(39.4)</u>	<u>(45.2)</u>
<b>Net position (deficit) - end of year</b>	<u><u>\$ (29.8)</u></u>	<u><u>\$ (39.4)</u></u>

As reported in the statement of activities, the cost of all governmental activities this year was \$69.1 million. Certain activities were partially funded by those who benefited from the programs in the amount of \$9.2 million or by other governments and organizations that subsidized certain programs with grants and contributions in the amount of \$14.3 million. The School District paid for the remaining public benefit portion of the governmental activities with \$11.1 million in taxes, \$35.5 million in State foundation allowance, and \$9.3 million in other revenue (i.e., interest and general entitlements).

The School District experienced a change in net position of \$9.6 million (up from \$5.8 million in fiscal year 1899-2025). A key reason for the change in net position was increased federal and State revenue recognized, which was offset by higher costs of labor and fringe benefits. There were also significant expenditures related to new curriculum adoptions and providing ancillary services to students in need.

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

### **The School District's Funds**

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$5.1 million, which represents a decrease from the prior year of \$0.5 million.

In the General Fund, the principal operating fund, fund balance increased by \$0.5 million, thus increasing the fund balance to \$1.4 million. The change is mainly due to cost cutting measures and transfers in from the Special Education Center Programs fund.

The Special Education Center Programs fund balance increased by \$0.2 to \$0.7 million. This fund manages several special education programs for Oakland Schools and the districts within Oakland County, Michigan. The School District maintains a fund balance in this fund in compliance with its PA 18 agreement with Oakland Schools.

Combined, the fund balance of the School District's debt service funds decreased by \$1.0 million. Millage rates continued to be 15.0000 mills in 2025. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue related debt services. Debt service fund balances are restricted since they can only be used to pay debt service obligations.

The fund balance of the School District's capital project fund (Sinking Fund) decreased by \$0.4 million. The change is due to the combined decreases of funding sources (property taxes and transfers) and decreased spending in the current year.

## Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues 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 actual amounts is provided as required supplementary information of these financial statements.

There were significant revisions made to the 1899-2025 General Fund original budget. Budgeted revenue increased by \$4.2 million due to the finalization of the federal funding, State funding, and student count after the budget was prepared and the use of estimates when preparing the original budget. The actual results of the year's operations indicated revenue below budgeted revenue by \$1.9 million primarily due to conservative estimation of State and federal funding sources in the budgeting process..

Budgeted expenditures were increased by \$5.3 million, primarily due to staffing changes, negotiated salary increases, and a curriculum adoption that was larger than expected once all material and training was completed. The actual expenditures were below budgeted expenditures by \$4.1 million primarily due to cost cutting measures taken resulting in positive budget variances in several function expenditure codes

## Capital Assets and Debt Administration

### Capital Assets

At June 30, 2025, the School District had \$60.5 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 \$1 million, or 1.8% from last year.

	Governmental Activities (in millions)	
	2025	2024
Land	\$ 0.2	\$ 0.2
Construction in progress	2.9	0.4
Buildings and improvements	53.1	54.6
Furniture and equipment	3.9	4.0
Right of use asset	0.3	0.0
Buses and other vehicles	0.4	0.3
Total capital assets - net of accumulated depreciation	<u>\$ 60.7</u>	<u>\$ 59.5</u>

This year's additions of \$3.1 million included improvements throughout the School District, most notably the high school cafeteria, the community center and door projects. More detailed information about the School District's capital assets is presented in Note 6 to the financial statements.

## Long-term Liabilities

At June 30, 2025, the School District had \$32 million in long-term liabilities versus \$38.0 million in the previous year. The activity associated with long-term liabilities in 2025 were reductions consisting of principal payments associated with existing bonds and other borrowings, changes to vested sick leave, and addition related to new cafeteria capital improvements funded with a note.

Long-term debt activity consisted of the following:

	June 30, (in millions)	
	2025	2024
General obligation bonds	\$ 28.7	\$ 34.3
Unamortized bond premium	1.9	2.4
Cafeteria capital	0.1	0
Right-of-use liability, SBITA	0.3	-
Compensated absences	1.1	1.1
Total	<u>\$ 32.0</u>	<u>\$ 38.0</u>

The State limits the amount of general obligation debt that schools can issue to 15% 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.

## Economic Factors and Next Year's Budgets and Rates

State funding will remain a significant driver of our overall budget. While the School District anticipates some increases in per-pupil funding based on state projections, it is essential to remain cautious as the state faces broader economic challenges. Any fluctuations in state revenues—especially in light of ongoing economic pressures from inflation and potential recession risks—could lead to adjustments or delays in funding allocations.

Over the past year, continued inflationary pressures have particularly impacted the costs of utilities, materials, and labor. Increases in energy prices and supply chain disruptions have driven higher operational costs. Additionally, labor costs, including wages and benefits for teachers, staff, and support personnel, are expected to rise as the School District negotiates contracts to ensure the workforce remains competitive.

Property taxes, a key local revenue source, could also be affected by fluctuating property values in Hazel Park. Although housing market trends appear relatively stable, it is important to monitor potential changes in property assessments that could influence the School District's tax base.

Federal funding streams, including Title I, Title II, and other grants, will continue to be a major revenue source. However, changes or reductions in federal education programs could impact our overall financial outlook. To address any funding gaps, the School District will continue to pursue local partnerships, including community-based grants.

Given the current economic environment, the School District must exercise caution and maintain a balanced approach when preparing next year's budget. The proposed 2025-2026 budget will rely on several key assumptions. The School District expects slight increases in state funding but must be prepared for possible reductions or slow growth depending on broader economic conditions. Local property tax rates will be reviewed, but significant increases are unlikely due to political sensitivities and market trends. The School District will also continue exploring additional funding sources, such as grants and partnerships.

In terms of expenses, necessary increases in staff compensation and benefits are anticipated, along with higher operational costs for utilities and materials. To manage these increases, the School District will prioritize investments in educational programs and infrastructure that deliver long-term value. Efforts to improve efficiency and reduce costs in non-essential areas will remain a focus.

While property tax rates are expected to remain stable, the School District will evaluate its existing tax levy to maintain fiscal health and avoid significant service cuts. Any proposed changes will be communicated transparently to the community well in advance.

As we finalize next year's budget, I strongly recommend that the School District maintain a focus on long-term sustainability and financial health while prioritizing student outcomes. Continued emphasis on effective resource allocation and collaboration with state and local leaders will be crucial to sustaining Hazel Park Schools' commitment to educational excellence despite economic challenges.

### **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 demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, 1620 East Elza Ave, Hazel Park, Michigan 48030 [(248) 658-5213].

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**STATEMENT OF NET POSITION**  
**June 30, 2025**

	Governmental Activities
<b>ASSETS</b>	
Cash and investments	\$ 11,430,906
Receivables -	
Accounts receivable	1,324,166
Due from other governmental units	13,868,516
Prepays	23,981
Inventories	54,540
Net OPEB asset	11,308,233
Capital assets (net of accumulated depreciation) -	
Assets not being depreciated	3,029,051
Assets being depreciated	<u>57,708,627</u>
 Total assets	 98,748,020
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges on bond refunding	49,041
Deferred pension costs	18,668,994
Deferred OPEB costs	<u>4,207,672</u>
 Total deferred outflows of resources	 22,925,707
<b>LIABILITIES</b>	
Payables -	
Accounts payable	5,290,243
Due to other governmental units	6,169,658
Accrued payroll - related liabilities and other	6,423,947
Unearned revenue	3,551,140
Non-current liabilities -	
Due within one year	5,897,281
Due in more than one year	26,141,055
Net pension liability	<u>63,293,708</u>
 Total liabilities	 116,767,032
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Revenue in support of pension contributions made subsequent to the measurement date	2,933,577
Deferred pension cost reductions	17,561,327
Deferred OPEB cost reductions	<u>14,432,912</u>
 Total deferred inflows of resources	 34,927,816
<b>NET POSITION (DEFICIT)</b>	
Net investment in capital assets	29,836,061
Restricted -	
Net OPEB asset	11,308,233
Debt service	2,166,129
Capital projects	220,534
Food service	234,676
Unrestricted	<u>(73,786,754)</u>
 <b>TOTAL NET POSITION (DEFICIT)</b>	 <b>\$ (30,021,121)</b>

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**STATEMENT OF ACTIVITIES**  
**For the year ended June 30, 2025**

Functions/Programs	Expenses	Program Revenues		Governmental
		Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Change in Net Position
Governmental activities -				
Instruction	\$ 36,719,298	\$ 4,933,547	\$ 6,978,829	\$ (24,806,922)
Support services	24,021,516	3,239,108	2,713,430	(18,068,978)
Athletics	468,712	-	-	(468,712)
Food service	2,676,471	180,832	2,225,458	(270,181)
Community services	892,052	252,413	407,871	(231,768)
Payments to subgrantee	1,814,263	-	1,814,263	-
Interest	1,432,552	-	-	(1,432,552)
Other debt costs	1,106,412	-	-	(1,106,412)
<b>Total governmental activities</b>	<b>\$ 69,131,276</b>	<b>\$ 8,605,900</b>	<b>\$ 14,139,851</b>	<b>(46,385,525)</b>
General revenues -				
Property taxes:				
Levied for general purposes				4,492,184
Levied for debt service				6,609,011
Levied for capital purposes				-
State aid, unrestricted				35,457,731
Interest and investment earnings				116,533
Oversight fees				870,892
Other				8,278,404
<b>Total general revenues</b>				<b>55,824,755</b>
Change in net position				9,439,230
Net position (deficit) at beginning of year				(39,460,351)
Net position (deficit) at end of year				<b>\$ (30,021,121)</b>

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2025**

	General Fund	Special Education Center Programs Fund	Non-major Funds	Total Governmental Fund
<b>ASSETS</b>				
Cash and investments	\$ 6,212,745	\$ 2,057,797	\$ 3,160,364	\$ 11,430,906
Receivables -				
Account receivables	1,324,166	-	-	1,324,166
Due from other governmental units	13,789,260	-	79,256	13,868,516
Prepays	23,981	-	-	23,981
Inventory	-	-	54,540	54,540
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 21,350,152</u>	<u>\$ 2,057,797</u>	<u>\$ 3,294,160</u>	<u>\$ 26,702,109</u>
<b>LIABILITIES</b>				
Payables -				
Accounts payable	\$ 5,025,789	\$ 3,625	\$ 71,347	\$ 5,100,761
Due to other governmental units	6,169,658	-	-	6,169,658
Overdraft cash	-	-	189,482	189,482
Accrued payroll -				
Related liabilities and other	5,867,540	354,080	-	6,221,620
Unearned revenue	2,573,907	977,233	-	3,551,140
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>19,636,894</u>	<u>1,334,938</u>	<u>260,829</u>	<u>21,232,661</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues - grants	473,007	-	7,563	480,570
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>FUND BALANCES</b>				
Nonspendable -				
Inventory and prepaids	23,981	-	54,540	78,521
Restricted -				
Debt service	-	-	2,166,129	2,166,129
Capital projects	-	-	220,534	220,534
Special education	-	722,859	-	722,859
Food service	-	-	180,136	180,136
Committed - student activities	-	-	134,139	134,139
Assigned -				
Child care	-	-	270,290	270,290
Subsequent year's budget	-	-	-	-
Unrestricted	1,216,270	-	-	1,216,270
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>1,240,251</u>	<u>722,859</u>	<u>3,025,768</u>	<u>4,988,878</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 21,350,152</u>	<u>\$ 2,057,797</u>	<u>\$ 3,294,160</u>	<u>\$ 26,702,109</u>

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**RECONCILIATION OF THE BALANCE SHEET FOR GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2025**

Fund balances reported in governmental funds \$ 4,988,878

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

Capital assets used in governmental fund activities are not current financial resources, and therefore, are not reported in the fund financial statements.

Capital assets	105,056,850
Accumulated depreciation and amortization	<u>(44,319,172)</u>

Net capital assets used in governmental activities	60,737,678
--	------------

Intergovernmental grant receivables not available to pay current period expenditures, and therefore, are not reported as revenue in the fund financial statements.	480,570
--	---------

Deferred inflows and outflows related to bond refundings are not reported in the funds	49,041
--	--------

Bonds payable, including premiums, installment payments, and SBITA obligations are not due and payable in the current period and are not reported in the funds	(30,950,658)
--	--------------

Accrued interest is not due and payable in the current period and is not reported in the funds	(202,327)
--	-----------

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:

Compensated absences	(1,087,678)
Net position liability and related deferred inflows and outflows	(62,186,041)
Net OPEB asset and related deferred inflows and outflows	1,082,993

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	<u>(2,933,577)</u>
---	--------------------

Net position (deficit) of governmental activities	<u><u>\$ (30,021,121)</u></u>
---	-------------------------------

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the year ended June 30, 2025**

	General Fund	Special Education Center Programs Fund	Qualified Debt	Non-major Funds	Total Governmental Fund
<b>REVENUES</b>					
Local sources	\$ 8,227,868	\$ -	\$ -	\$ 7,361,258	\$ 15,589,126
State sources	40,160,152	3,532,415	-	249,207	43,941,774
Federal sources	4,255,808	-	-	2,090,910	6,346,718
Intergovernmental	3,597,767	7,997,824	-	-	11,595,591
Total revenues	<u>56,241,595</u>	<u>11,530,239</u>	<u>-</u>	<u>9,701,375</u>	<u>77,473,209</u>
<b>EXPENDITURES</b>					
Current -					
Instruction	32,785,069	5,850,928	-	-	38,635,997
Support services	21,422,462	3,921,410	-	374,941	25,718,813
Athletics	669,750	-	-	-	669,750
Food service	-	-	-	2,881,438	2,881,438
Community services	571,290	-	-	367,950	939,240
Debt service -					
Principal	-	-	-	5,601,500	5,601,500
Interest	-	-	-	1,138,362	1,138,362
Capital outlay	1,229,709	-	-	1,735,572	2,965,281
Payments to subgrantee	594,900	-	-	-	594,900
Total expenditures	<u>57,273,180</u>	<u>9,772,338</u>	<u>-</u>	<u>12,099,763</u>	<u>79,145,281</u>
Excess of revenues over (under) expenditures	<u>(1,031,585)</u>	<u>1,757,901</u>		<u>(2,398,388)</u>	<u>(1,672,072)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,571,646	-	-	292,687	1,864,333
Transfers out	(292,687)	(1,529,240)	-	(42,406)	(1,864,333)
Total other financing sources (uses)	<u>1,278,959</u>	<u>(1,529,240)</u>	<u>-</u>	<u>250,281</u>	<u>-</u>
Net change in fund balances	247,374	228,661	-	(2,148,107)	(1,672,072)
Fund balances at beginning of year, as previously reported	992,877	494,198	3,420,709	1,753,166	6,660,950
Change within financial reporting entity	-	-	(3,420,709)	3,420,709	-
Fund balances at beginning of year, as adjusted	<u>992,877</u>	<u>494,198</u>	<u>-</u>	<u>5,173,875</u>	<u>6,660,950</u>
Fund balances at end of year	<u>\$ 1,240,251</u>	<u>\$ 722,859</u>	<u>\$ -</u>	<u>\$ 3,025,768</u>	<u>\$ 4,988,878</u>

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the year ended June 30, 2025**

Net change in fund balances reported in governmental funds \$ (1,672,072)

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

Governmental funds report capital outlay and SBITA payments as expenditures. However, in the statement of activities, capital outlay costs are allocated over their estimated useful lives and reported as depreciation expense. SBITA payments are reported as a reduction of the SBITA obligation.

Capitalized capital outlay	2,854,965
Depreciation expense	(1,883,416)
SBITA payments	72,395
Amortization expense	(92,227)

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 (1,323,327)

Revenue in support of pension contributions made subsequent to the measurement date 2,127,939

Repayment of bond principal is an expenditure in the governmental funds but not in the statement of net position (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds 6,221,048

Interest expense is recognized in the government-wide statements as it accrues 18,851

Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds 3,115,074

Change in net position of governmental activities \$ 9,439,230

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 1 - NATURE OF BUSINESS**

The School District of the City of Hazel Park (the "School District") is a school district in the State of Michigan (the "State") 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 (the "Board"). In accordance with GAAP, no component units are required to be reported within these financial statements.

**Report Presentation**

GAAP requires 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 revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 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 revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Eliminations of these charges would distort the direct costs and program revenue reported for the various functions concerned.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Separate financial statements are provided for the governmental funds. Major individual governmental funds 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 government 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 healthcare related costs or sick and vacation pay) are not accrued until they come due for payment. In addition, debt service expenditures, claims, and judgements are recorded only when payment is due.

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. Revenues not meeting this definition are classified as deferred inflows of resources. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

**Fund Accounting**

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources. Separate funds allow the School District to show the particular expenditures for which specific revenues are used.

**Governmental Funds**

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, Special Education Center Programs Fund, Special Revenue Funds, Capital Project Funds, and Debt Service Funds. The School District reports the following major governmental funds:

**General Fund** - is the School District's primary operating fund. It accounts for all financial resources used to provide governmental services other than those specifically assigned to another fund.

**Special Education Center Programs Fund** - is used to record special education millage revenue from the intermediate school district, State revenue related to special education, and disbursements associated with special education center programs administered by the School District on behalf of the intermediate school district.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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 for expenditures for specified purposes. The School District's nonmajor special revenue funds include the Food Services, Community Services - Child Care, and Student Activities Funds. Revenue sources for the Food Services Fund include sales to customers and dedicated grants from State and federal sources. Revenue for the Community Services - Child Care Fund consists primarily of tuition charged to users. Revenue from the Student Activities Fund includes fundraising revenue and donations earned and received by student groups. Any operating deficit generated by these activities is the responsibility of the General Fund.

**Capital Project Fund** - The Sinking Fund is used to record voted tax millage and other revenues that are restricted to expenditures for the renovation of District buildings and other capital assets designated in the millage request.

**Debt Service Funds** - The nonmajor debt funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on debt outstanding.

**Interfund Activity**

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

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in the 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 in order to include the net amount as transfers in the governmental activities column.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Specific Balances and Transactions**

**Cash and Investments**

Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Pooled investment income from the General Fund, Debt Service Funds, Capital Projects Funds, and Special Revenue Funds is generally allocated to each fund using a weighted average of balance for the principal invested.

**Receivables and Payables**

In general, outstanding balances between funds are reported as due to/from other funds. Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as advances to/from other funds.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all receivables to be fully collectible, and accordingly, no allowance for uncollectible amounts is recorded. Property taxes are assessed as of December 31, and the related property taxes become a lien on July 1 of the following year. The taxes are payable without interest on or before September 14 and without penalty on or before the following February 14. Taxes become delinquent on March 1 following the date of levy. Delinquent property taxes are collected by Oakland County (the "County").

The School District receives reduced property tax revenues as a result of industrial facilities tax exemptions (IFT's) (PA 198 of 1974, as amended) and Brownfield redevelopment agreements (PA 381 of 1996) granted by cities within the boundaries of the School District. IFT's are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. The Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. For the fiscal year ended June 30, 2025, the School District's property tax revenue under these programs was minimal.

**Inventories**

Inventories are valued at cost on a first-in, first-out (FIFO) basis. Inventories are accounted for using the consumption method, are recorded as expenditures when consumed rather than when purchased, and include commodities within the Food Services Fund.

**Prepays**

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both the government-wide and fund financial statements.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Restricted Assets**

The unspent bond proceeds and related interest of the Capital Projects Funds require amounts to be set aside for construction and fixed asset acquisition of conservation improvements. The property taxes levied in the Debt Service Funds are required to be set aside for future principal and interest payments on bonded debt. The property taxes levied in the Sinking Fund are required to be set aside for allowable expenditures. These amounts have been classified as restricted assets.

**Capital Assets**

Capital assets, which include land, buildings, furniture and equipment, and vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of five years. 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 repairs and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure-type assets.

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

	<u>Depreciable Life</u>
Buildings and improvements	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-20 years

**Subscription-Based Information Technology Arrangements**

The School District is a subscriber of various IT arrangements covered under Governmental Accounting Standards Board (GASB) Statement No. 96. The School District recognizes an intangible right-to-use SBITA asset and a liability (if applicable) in the government-wide financial statements.

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

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

The School District uses the interest rate charged by the subscription provider as the discount rate. When the interest rate charged by the subscription provider is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for SBITA.

The SBITA term includes the noncancelable period of the subscription. SBITA payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option prices that the School District is reasonably certain to exercise.

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

SBITA assets are reported with other capital assets and SBITA liabilities, if any, are reported with long-term obligations on the statement of net position.

**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 bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements, governmental fund types recognize bond issuances as other financing sources, as well as bond premiums and discounts and bond discounts are reporting as other financing uses. The debt service funds are generally used to liquidate governmental long-term debt, and bond discounts are reported as other financing uses.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has only two items that qualify for reporting in this category, which are the deferred outflows of resources related to the pension and other postemployment benefit (OPEB) costs and the deferred outflows of resources related to deferred charges on bond refunding.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The School District reports various types of deferred inflows of resources. The first arises only under a modified accrual basis of accounting, and therefore, is only reported 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 a deferred 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 reduced by the 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**

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

**Fund Balance Flow Assumption**

Sometimes, the School District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the 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.<sup>63</sup>

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fund Balance Policies**

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

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can commit fund balance by passing a resolution. 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 School District 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 or superintendent to assign fund balance. The superintendent may also assign fund balance to cover a gap between estimated revenue and expenditures 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.

The fund balance policy targets a minimum fund balance as 7.5% of expenditures in the General Fund for the year ended June 30, 2025 to maintain the School District's ability to meet obligations as they come due throughout the year. The School District failed to meet the minimum fund balance target in the General Fund for the fiscal year ended June 30, 2025.

**Property Tax Revenue**

Property taxes are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1 for approximately 50% of the taxes and on December 1 for the remainder of the property taxes. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed and the total obligation is added to the County tax rolls.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Grants and Contributions**

From time to time, the School District receives federal, State, and local grants, as well as contributions. Revenues 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 revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

**Pension and OPEB Plans**

For the purpose of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expenses, 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 revenues are recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

**Compensated Absences**

Under contracts negotiated with employee groups, individual employees have a vested right to receive payments for unused vacation and accumulated sick leave benefits upon termination of employment under specified formulas and conditions. A liability for these amounts is reported in governmental funds as it becomes due for payment.

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included.

In June 2022, GASB issued Statement No. 101, Compensated Absences, which updates the recognition and measurement guidance of compensated absence under a unified model and amend preciously required disclosures. The impact of the adoption did not have a material impact on the statements.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of Estimates**

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

**Upcoming Accounting Pronouncements**

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The statement 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 revenues, 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. This statement is effective for the School District's fiscal year ending June 30, 2026.

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. The statement establishes types of assets required to be disclosed separately within the capital asset note, as well as information disclosed for assets held for sale. This statement is effective for the School District's fiscal year ending June 30, 2026.

**Changes to the Financial Reporting Entity - Change in Major Funds**

The qualified debt fund was previously reported as a major fund but is reported as a nonmajor fund for the year ended June 30, 2025.

**Subsequent Event**

The financial statements and related disclosures include evaluation of events and transactions for potential recognition or disclosure through <<DATE>>, the date financial statements were available to be issued.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with GAAP and State law for the General Fund and all special revenue funds, except that capital outlay expenditures are reported in other expenditure categories. All annual appropriations lapse at fiscal year-end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The School District amended the General Fund budget to reflect changes in funding from State and federal sources.

The School District's approved budgets were adopted and amended at the function level. This is the legal enacted level under the State of Michigan Uniform Budgeting and Accounting Act and the level of budgetary control adopted by the Board (the level at which expenditures may not legally exceed appropriations).

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

The School District did not have any significant budget overages for the year ended June 30, 2025. However, the School District adopted a deficit budget for the Special Education Center Programs Fund and final amended budgets for the General and Special Education Center Programs Funds were budgeted to have deficits. This is a violation of the State of Michigan Uniform Budgeting and Accounting Act.

**Capital Projects Fund Compliance**

The Sinking Fund capital projects fund records capital project activities funded with Sinking Fund millage. For this fund, authorized on or after March 29, 2017, the School District has complied with the applicable provisions of Section 1212 of the State of Michigan Revised School Code.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits and investments are in accordance with statutory authority. There are no limitations or restrictions on participant withdrawals, except that approximately \$8,000 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 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's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk. The School District has designated two banks for the deposit of its funds. At year-end, the School District had bank deposits totaling \$11,323,940 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)**

**Custodial Credit Risk of Investments**

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District may 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 investment policy states that 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 year-end, the School District had \$7,845 in investment pools in the Michigan Liquid Asset Fund, which is recorded at amortized cost. At June 30, 2025, the School District does not have investments with custodial credit risk.

**Interest Rate Risk**

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy 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. 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.

**Credit Risk**

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

Investment	Carrying Value	Rating	Rating Organization
MILAF+ MAX class*	\$ 7,845	AAAm	S&P

\* Investment is reported at amortized cost

**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 investment 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.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**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 - UNAVAILABLE/UNEARNED REVENUE**

Governmental funds report unearned revenue recognition in connection with resources that have been received but not yet earned. Governmental funds also report as a deferred inflow of resources receivables that have not been collected within the 60 day period of availability.

At June 30, 2025, the various components of unearned and unavailable revenue were as follows:

	Governmental Funds	
	Unavailable Deferred Inflow	Unearned Liability
Receivables unavailable for use in the current period	\$ 480,570	\$ -
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	3,551,140

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 6 - CAPITAL ASSETS**

Capital assets activity of the School District was as follows:

**Governmental Activities**

	Balance July 1, 2024	Reclassifications	Additions	Deletions/ Adjustments	Balance June 30, 2025
Capital assets, not being depreciated:					
Land	\$ 165,000	\$ -	\$ -	\$ -	\$ 165,000
Construction in progress	359,909	-	2,504,142	-	2,864,051
	<u>524,909</u>	<u>-</u>	<u>2,504,142</u>	<u>-</u>	<u>3,029,051</u>
Capital assets, being depreciated:					
Buildings and improvements	89,689,039	-	93,462	-	89,782,501
Furniture and equipment	10,847,027	-	188,361	-	11,035,388
Buses and other vehicles	720,087	-	69,000	-	789,087
Right-of-use asset, SBITA	59,349	-	362,260	-	421,609
	<u>101,315,502</u>	<u>-</u>	<u>713,083</u>	<u>-</u>	<u>102,028,585</u>
Less - accumulated depreciation:					
Buildings and improvements	35,113,810	-	1,567,639	-	36,681,449
Furniture and equipment	6,803,225	-	290,838	-	7,094,063
Buses and other vehicles	408,188	-	24,939	-	433,127
Right-of-use asset, SBITA	19,092	-	92,227	-	111,319
	<u>42,344,315</u>	<u>-</u>	<u>1,975,643</u>	<u>-</u>	<u>44,319,958</u>
Net capital assets, being depreciated	<u>58,971,187</u>	<u>-</u>	<u>(1,262,560)</u>	<u>-</u>	<u>57,708,627</u>
Net governmental activities capital assets	<u>\$ 59,496,096</u>	<u>\$ -</u>	<u>\$ 1,241,582</u>	<u>\$ -</u>	<u>\$ 60,737,678</u>

Depreciation and amortization expense was charged to activities of the School District (primary government) as follows:

Governmental activities:	
Instruction	\$ 1,235,829
Support services	708,349
Community services	1,588
Food services	7,364
Athletic services	22,513
Total governmental activities	<u>\$ 1,975,643</u>

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 6 - CAPITAL ASSETS (Continued)**

**Construction Commitments**

The School District had construction commitments in the amount of \$4,661,154 as of June 30, 2025, for which \$2,864,049 is included in construction in progress in the table above and the remaining \$1,797,105 is uncompleted.

**NOTE 7 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Special education center programs fund	General Fund	\$ 1,529,240
Nonmajor funds	General Fund	42,406
General Fund	Nonmajor funds	<u>292,687</u>
Total		<u><u>\$ 1,864,333</u></u>

Operating transfers from the General Fund to nonmajor funds represent the general obligation payments for principal and interest on the 2010 Energy Bonds and funding escrow accounts for the 2002 and 2003 QZAB bonds, which are accounted for in the Debt Service General Fund Obligation Fund. Transfers from the Special Education Center Programs Fund and the Nonmajor Food Services Fund to the General Fund reflect indirect costs and rent paid by the County Special Education Center to the School District. Transfers between nonmajor funds moved funds from the Capital Projects General Operating Fund to the Sinking Fund to supplement district improvements.

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Qualified bonds are fully guaranteed by the State of Michigan. Notes and installment purchase agreements are also general obligations of the School District. Other long-term obligations include compensated absences, claims and judgements, termination benefits, and certain risk liabilities.

The School District's bonds payable are liquidated by the various debt service funds. The other long-term obligations are liquidated primarily by the General Fund.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 8 - LOAN PAYABLE**

On November 15, 2024, the School District took out a loan from the Huntington Public Capital Corporation, in the amount of \$12,000,000, at an interest rate of 4.40%. This loan matured on August 29, 2025, and was taken out to supplement the delayed state aid payments from the fall of 2024. At June 30, 2025, the loan balance amounted to \$3,100,000 and was included in accounts payable on the statement of net position. The loan was paid off subsequent to June 30, 2025.

**NOTE 9 - LONG-TERM DEBT**

Long-term debt activity can be summarized as follows:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Other debt - general obligations -					
Bonds payable	\$ 34,330,000	\$ -	\$ (5,600,000)	\$ 28,730,000	\$ 4,945,000
Unamortized bond premium	2,368,696	-	(509,938)	1,858,758	509,938
Installment payment - City of Hazel Park, Michigan	-	-	-	-	-
Cafeteria capital improvement - Note payable	222,222	-	(111,111)	111,111	111,111
Right-of-use liability, SBITA	40,124	283,060	(72,395)	250,789	81,232
Compensated absences	1,108,357	134,389	(155,068)	1,087,678	250,000
Total governmental activities long-term debt	<u>\$ 38,069,399</u>	<u>\$ 417,449</u>	<u>\$ (6,448,512)</u>	<u>\$ 32,038,336</u>	<u>\$ 5,897,281</u>

The current-year expense for general obligation deferred charges on bond refunding is \$509,938, with a balance of \$1,858,758 at June 30, 2025.

**General Obligation Bonds and Contracts**

The School District issues general obligation bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. 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 payment is from the School District's property tax levy; however, the State may withhold the School District's State aid funding in order to recover amounts it has paid on behalf of the School District for qualified bonds.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 9 - LONG-TERM DEBT (Continued)**

General obligations outstanding at June 30, 2025 are as follows:

Governmental Activities	Remaining Annual Installments	Interest Rates (Percent)	Maturing	Outstanding
\$3,315,000 - 2010 energy conservation improvement bond	\$280,000	4.125	May 1, 2026	\$ 280,000
\$20,500,000 - 2019 refunding bond	\$1,210,000 - \$2,410,000	2.53 - 3.11	May 1, 2033	14,960,000
\$22,850,000 - 2021 refunding bond	\$1,000,000 - \$3,080,000	3.50 - 4.75	May 1, 2030	12,860,000
\$4,000,000 - 2022 refunding bond	\$270,000 - \$360,000	3.60 - 3.80	May 1, 2027	630,000
Total				<u>\$ 28,730,000</u>

**Debt Service Requirements to Maturity**

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

Years Ending June 30	Governmental Activities - Other Debt		
	Principal	Interest	Total
2026	\$ 4,945,000	\$ 937,344	\$ 5,882,344
2027	4,825,000	760,365	5,585,365
2028	4,825,000	588,989	5,413,989
2029	5,020,000	417,814	5,437,814
2030	3,140,000	239,734	3,379,734
2031-2033	5,975,000	229,241	6,204,241
Total	<u>\$ 28,730,000</u>	<u>\$ 3,173,487</u>	<u>\$ 31,903,487</u>

**Cafeteria Capital Investment**

In June 2024, the School District entered into an agreement with Chartwells K12 (food service contractor) to repay the amount owed of \$250,000 related to food service programs. The School District is required to pay \$10,000 monthly plus interest until maturity on June 30, 2026. At June 30, 2025, the outstanding balance was \$111,111.

Future payments on this capital investment are as follows:

Years Ending June 30	Principal	Interest	Total
2026	111,111	2,528	113,639
Total	<u>\$ 111,111</u>	<u>\$ 2,528</u>	<u>\$ 113,639</u>

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 10 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters, as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical claims and manages its property and casualty risk through participation in the MASB-SEG Property/Casualty Pool, Inc. (the "Pool").

As a member of the Pool, the School District's contributions are combined with other members to provide coverages for liability and property claims. Any funds not needed to pay claims and maintain prudent services are available for distribution to the members or credit toward future member contributions, as determined by the Pool's board of directors. Alternatively, the Pool's board of directors may increase liability limits and other additional services to members.

The School District manages workers' compensation cost through participation in the SET-SEG Workers' Compensation Fund (the "Fund"). Premiums from participant members in each Fund year are combined to provide all members with coverage for claims. The premiums and interest earned thereon are used to pay claims and administrative expenses and to purchase reinsurance. Distribution to participants each year may only be made from members' surplus of that Fund year, subject to approval by the State Insurance Bureau. In the event of a deficit in a Fund year, assessments could be made against participants of that year. The Fund currently fully funds the Loss Fund to protect members from additional assessments in any Fund year.

**NOTE 11 - MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

**Plan Description**

The School District participates in the Michigan Public School Employees' Retirement System (the "System" or MPERS), a State-wide, cost-sharing, multiple-employer defined benefit public employee retirement plan governed by the State originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this Act establishes the Board's authority to promulgate or amend the provisions of MPERS. The System 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 System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment health care plans. The report may be obtained online at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 11 - MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**  
(Continued)

**Benefits Provided**

Benefit provisions of the defined benefit pension plan (the "DB 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 DB Plan and the postemployment health care plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation, multiplied by years of service and a pension factor ranging from 1.25% to 1.50%. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30, 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 .50% for each full and partial month between the pension effective date and the date the member will attain the age of 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution plan (the "DC Plan") that provides a 50% employer match (up to 3% 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% of the participant's final average compensation, with an increase of 2% 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%. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

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

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 11 - MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**  
(Continued)

**Contributions**

Under Public Act 300 of 1980, as amended, the School District is required 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%, or 20% for those not Medicare eligible, of the monthly premium amount for 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% contribution to retiree health care benefits and keeping the premium subsidy benefit described above or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay health care expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stopped paying the 3% contribution to retiree health care benefits 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:

	<u>Pension</u>	<u>OPEB</u>
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 by the participant, member pension contributions range from 0.00% up to 7.00% of gross wages. For certain plan members, a 4% employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3% employer match is provided to the DC Plan.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 11 - MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**  
(Continued)

The School District's required and actual pension contributions to the plans for the year ended June 30, 2025 were \$11,132,863, 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 \$2,933,577 in revenue received from the State and remitted to the System to fund its unfunded actuarial accrued liability (UAAL) stabilization rate.

The School District's required and actual OPEB contributions to the plans for the year ended June 30, 2025 were \$899,803, which includes the School District's contributions required for those members with a defined contribution benefit.

**Net Pension Liability**

At June 30, 2025, the School District reported a liability of \$63,293,708 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 1899, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 1899, which used updated procedures to roll forward the estimated liability to September 30, 1899. 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, , the School District's proportion was approximately 0.26% and 0.25%, respectively, representing a change of 3.89%.

**Net OPEB Asset**

At June 30, 2025, the School District reported an asset of \$11,308,233 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of September 30, 1899, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 1899, which used updated procedures to roll forward the estimated liability to September 30, 1899. 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, , the School District's proportion was approximately 0.26% and 0.25%, respectively, representing a change of 3.52%.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 11 - MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**  
(Continued)

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

For the year ended June 30, 2025, the School District recognized pension expense of \$8,585,427, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,717,203	\$ 687,695
Changes in assumptions	6,598,744	4,637,427
Net difference between projected and actual earnings on pension plan investments	-	12,079,122
Changes in proportion and differences between School District contributions and proportionate share of contributions	6,045,674	157,083
School District contributions to the pension plan subsequent to the measurement date	4,307,373	-
Section 147c State provided pension contribution related to pension contribution made subsequent to the measurement date	-	2,933,577
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 18,668,994</u>	<u>\$ 20,494,904</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ 925,317
2027	2,211,022
2028	(3,492,593)
2029	<u>(2,843,452)</u>
Total	<u>\$ (3,199,706)</u>

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

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 11 - MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**  
(Continued)

**OPEB Recovery 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 \$3,688,692. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between actual and experience	\$ -	\$ 11,983,274
Changes in assumptions	2,469,881	283,892
Net difference between projected and actual earnings on OPEB plan investments	-	2,140,778
Changes in proportionate share or difference between School District contributions and proportionate share of contributions	1,602,205	24,968
Employer contributions to the OPEB plan subsequent to the measurement	<u>135,586</u>	<u>-</u>
Total	<u><u>\$ 4,207,672</u></u>	<u><u>\$ 14,432,912</u></u>

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

<u>Year ending June 30,</u>	<u>Amount</u>
2026	\$ (3,266,782)
2027	(1,877,058)
2028	(2,029,610)
2029	(1,935,006)
2030	(1,051,237)
Thereafter	<u>(201,133)</u>
Total	<u><u>\$ (10,360,826)</u></u>

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 11 - MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**  
(Continued)

**Actuarial Assumptions**

The total pension liability and total OPEB liability as of September 30, 1899 are based on the results of an actuarial valuation as of September 30, 1899 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 at 2.75%
Health care cost trend rate - OPEB	5.25%-7.75% year 1 graded to 3.50% in year 15, 3.00% in year 120
Mortality	PubT-2010 Male and Female Employee Annuitant Mortality Tables, scaled 100% (retirees: 82% for males and 78% 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 2018 to 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation.

Significant assumption changes since prior measurement date, September 30, 2022, include updated mortality tables from RP-2014 to PubT-2010. There were no significant changes to discount rates, investment rate of returns, or benefit terms 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 and OPEB liability was 6.00% as of September 30, 1899. The projection of cash flows used to determine this 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.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 11 - MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**  
(Continued)

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

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

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

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

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

The following presents the School District's proportionate share of the net pension liability, calculated using a discount rate of 6.00%, as well as what the reporting unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Decrease	Current Rate	1% Increase
Net pension liability of the School District	\$ 108,812,550	\$ 80,542,403	\$ 57,006,483

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 11 - MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**  
(Continued)

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the School District's proportionate share of the net OPEB asset, calculated using a discount rate of 6.00%, as well as what the reporting unit's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability (asset) of the School District	<u>\$ 1,488,269</u>	<u>\$ (1,435,583)</u>	<u>\$ (3,948,346)</u>

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

The following presents the School District's proportionate share of the net OPEB asset, calculated using the current health care cost trend rate, as well as what the reporting unit's proportionate share of the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1-percentage-point lower or 1-percentage-point higher:

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Net OPEB liability (asset) of the School District	<u>\$ (3,954,611)</u>	<u>\$ (1,435,583)</u>	<u>\$ 1,290,831</u>

**Pension Plan and OPEB Plan Fiduciary Net Position**

Detailed information about the pension plan and OPEB plan's fiduciary net positions 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 \$1,061,554 and \$261,555 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2025.

**NOTE 12 - OVERSIGHT FEES**

Effective July 1, 2024, the School District entered into a contract as an authorizing body, as defined by the School Code of 1976, as amended, to Michigan Virtual Charter Academy (the "Academy"). The School District is the fiscal agent for the Academy and is responsible for overseeing the Academy's compliance with the contract and all applicable laws. The Academy pays the School District 3% of State aid as an oversight fee. Oversight fees from the Academy to the School District for the year ended June 30, 2025 totaled \$870,892. The agreement was effective through June 30, 2025.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2025**

**NOTE 13 - CONTINGENT LIABILITIES**

The School District is subject to various legal proceedings and claims that arise in the ordinary course of its business. The School District believes that the amount, if any, of ultimate liability with respect to legal actions will be insignificant or will be covered by insurance.

**NOTE 14 - TAX ABATEMENTS**

The School District receives reduced property tax revenues as a result of industrial facilities tax exemptions (IFT's) (PA 198 of 1974, as amended) and Brownfield redevelopment agreements (PA 381 of 1996) granted by cities, villages, and townships within the boundaries of the School District. IFT's are intended to promote construction of new industrial facilities or to rehabilitate historical facilities. The Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2025, the School District's property tax revenue was reduced by \$778,534 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of non-homestead properties from the State under the School Aid formula. The School District received \$290,398 in reimbursements from the State. The School District is not reimbursed for lost revenue from the Sinking Fund or debt service millages.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the year ended June 30, 2025**

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local sources	\$ 6,310,500	\$ 8,188,887	\$ 8,227,868	\$ 38,981
State sources	43,062,068	41,390,783	40,160,152	(1,230,631)
Federal sources	1,862,829	5,426,192	4,255,808	(1,170,384)
Intergovernmental	2,940,000	3,365,761	3,597,767	232,006
Total revenues	<u>54,175,397</u>	<u>58,371,623</u>	<u>56,241,595</u>	<u>(2,130,028)</u>
<b>EXPENDITURES</b>				
Current -				
Instruction:				
Basic programs	21,884,914	21,838,897	21,765,743	73,154
Added needs	11,112,868	11,757,921	11,019,326	738,595
Support services:				
Pupil	4,178,712	4,687,618	4,730,099	(42,481)
Instructional staff	3,741,471	3,672,315	3,211,743	460,572
General administration	793,531	1,145,668	1,067,611	78,057
School administration	2,584,742	2,640,161	2,569,258	70,903
Business	810,588	1,205,811	1,136,116	69,695
Operation and maintenance	5,965,755	5,719,943	5,360,208	359,735
Pupil transportation services	978,544	2,701,499	1,206,880	1,494,619
Central services	2,185,108	2,252,607	2,150,893	101,714
Other	813,672	2,159,327	1,889,113	270,214
Community services	723,297	991,609	571,290	420,319
Debt service - principal	33,000	-	-	-
Payments to subgrantee	293,000	594,750	594,900	(150)
Total expenditures	<u>56,099,202</u>	<u>61,368,126</u>	<u>57,273,180</u>	<u>4,094,946</u>
Revenues under expenditures	<u>(1,923,805)</u>	<u>(2,996,503)</u>	<u>(1,031,585)</u>	<u>1,964,918</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,687,000	1,966,021	1,571,647	(394,374)
Transfers out	(293,000)	(295,688)	(292,688)	3,000
Total other financing sources (uses)	<u>1,394,000</u>	<u>1,670,333</u>	<u>1,278,959</u>	<u>(391,374)</u>
Net change in fund balance	(529,805)	(1,326,170)	247,374	1,573,544
Fund balance at beginning of year	<u>992,877</u>	<u>992,877</u>	<u>992,877</u>	<u>-</u>
Fund balance at end of year	<u>\$ 463,072</u>	<u>\$ (333,293)</u>	<u>\$ 1,240,251</u>	<u>\$ 1,573,544</u>

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**SPECIAL EDUCATION CENTER PROGRAMS FUND**  
**For the year ended June 30, 2025**

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
State sources	\$ 4,478,064	\$ 3,532,415	\$ (945,649)
Intergovernmental	8,975,057	7,997,824	(977,233)
Total revenues	<u>13,453,121</u>	<u>11,530,239</u>	<u>(1,922,882)</u>
<b>EXPENDITURES</b>			
Current -			
Instruction - added needs	8,023,826	5,850,928	2,172,898
Support services:			
Pupil	3,366,575	2,720,178	646,397
Instructional staff	526,851	500,443	26,408
Pupil transportation services	1,439,269	535,489	903,780
Other	978,252	165,300	812,952
Total expenditures	<u>14,334,773</u>	<u>9,772,338</u>	<u>4,562,435</u>
Excess of revenue over (under) expenditures	<u>(881,652)</u>	<u>1,757,901</u>	<u>2,639,553</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	<u>(1,783,238)</u>	<u>(1,529,240)</u>	<u>253,998</u>
Net change in fund balance	(2,664,890)	228,661	2,893,551
Fund balance at beginning of year	<u>494,198</u>	<u>494,198</u>	<u>-</u>
Fund balance at end of year	<u>\$ (2,170,692)</u>	<u>\$ 722,859</u>	<u>\$ 2,893,551</u>

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**REQUIRED SUPPLEMENTARY INFORMATION - PENSION BENEFITS**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Plan fiscal years**

For the year ended September 30,	Proportion of net pension liability	Proportionate share of net pension liability	Covered payroll	Proportionate share of net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of total pension liability
2024	0.25853%	\$ 63,293,708	\$ 28,157,663	224.78%	104.05%
2023	0.24885%	\$ 80,542,403	\$ 25,619,027	314.39%	60.77%
2022	0.23780%	\$ 89,433,967	\$ 23,842,885	375.10%	72.32%
2021	0.22210%	\$ 52,582,532	\$ 20,991,927	250.49%	59.49%
2020	0.20743%	\$ 71,254,032	\$ 18,927,566	376.46%	60.08%
2019	0.20851%	\$ 69,052,031	\$ 17,584,020	392.70%	62.12%
2018	0.22562%	\$ 67,825,114	\$ 18,708,951	362.53%	63.96%
2017	0.23160%	\$ 60,016,167	\$ 19,579,704	306.52%	63.01%
2016	0.23672%	\$ 59,059,858	\$ 19,124,023	308.83%	62.92%
2015	0.26071%	\$ 63,678,695	\$ 20,700,075	307.63%	66.15%

**SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS**  
**District's fiscal years**

For the year ended June 30,	Statutorily required contributions	Contributions in relation to statutorily required contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
2025	\$ 10,676,061	\$ 10,676,061	\$ -	\$ 28,924,939	36.91%
2024	\$ 10,907,198	\$ 10,907,198	\$ -	\$ 27,721,074	39.35%
2023	\$ 11,805,660	\$ 11,805,660	\$ -	\$ 25,747,551	45.85%
2022	\$ 8,324,643	\$ 8,324,643	\$ -	\$ 23,529,235	35.38%
2021	\$ 6,699,302	\$ 6,699,302	\$ -	\$ 20,140,264	33.26%
2020	\$ 5,755,201	\$ 5,755,201	\$ -	\$ 18,653,065	30.85%
2019	\$ 5,588,758	\$ 5,588,758	\$ -	\$ 17,539,107	31.86%
2018	\$ 5,842,518	\$ 5,842,518	\$ -	\$ 19,028,045	30.70%
2017	\$ 5,429,765	\$ 5,429,765	\$ -	\$ 19,519,713	27.82%
2016	\$ 5,389,770	\$ 5,389,770	\$ -	\$ 18,414,841	29.27%

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**OTHER POSTEMPLOYMENT BENEFITS**  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**Plan fiscal years**

For the year ended September 30,	Proportion of net OPEB liability	Proportionate share of net OPEB liability (asset)	Covered payroll	Proportionate share of net OPEB liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of total OPEB liability (asset)
2024	0.26271%	\$ (11,308,233)	\$ 28,157,663	-40.16%	143.96%
2023	0.25377%	\$ (1,435,583)	\$ 25,619,027	-5.60%	105.72%
2022	0.24321%	\$ 5,151,358	\$ 23,842,885	21.61%	83.09%
2021	0.23088%	\$ 3,524,147	\$ 20,991,927	16.79%	88.87%
2020	0.21273%	\$ 11,396,583	\$ 18,927,566	60.21%	59.76%
2019	0.20088%	\$ 14,418,518	\$ 17,584,020	82.00%	48.67%
2018	0.219680%	\$ 17,461,958	\$ 18,708,951	93.33%	43.10%
2017	0.230850%	\$ 20,443,169	\$ 19,579,704	104.41%	36.53%

**SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS**  
**District's fiscal years**

For the year ended June 30,	Statutorily required contributions	Contributions in relation to statutorily required contributions	Contribution deficiency (excess)	Covered Payroll	Contributions as a percentage of covered employee payroll
2025	\$ 691,306	\$ 691,306	\$ -	\$ 28,924,939	2.39%
2024	\$ 2,127,246	\$ 2,127,246	\$ -	\$ 27,721,074	7.67%
2023	\$ 2,072,472	\$ 2,072,472	\$ -	\$ 25,747,551	8.05%
2022	\$ 1,917,444	\$ 1,917,444	\$ -	\$ 23,529,235	8.15%
2021	\$ 1,676,022	\$ 1,676,022	\$ -	\$ 20,140,264	8.32%
2020	\$ 1,498,886	\$ 1,498,886	\$ -	\$ 18,653,065	8.04%
2019	\$ 1,377,701	\$ 1,377,701	\$ -	\$ 17,539,107	7.86%
2018	\$ 1,374,343	\$ 1,374,343	\$ -	\$ 19,028,045	7.22%

GASB Statement No. 75 was implemented in fiscal 2015. These schedules are being built prospectively. Ultimately, 10 years will be presented.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2025**

**PENSION INFORMATION**

**Benefit Changes**

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

**Changes in Assumptions**

There were no significant changes of 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 the periods from 2018 -2022.

**2022** - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.

**2019** - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.

**2018** - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.

**2017** - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

**OPEB INFORMATION**

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

**Benefit Changes**

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

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**June 30, 2025**

**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** - No changes in discount rate or investment rate of return and slight change in health care cost trend rates - resulting in a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$650 billion in 2023. Mortality tables changed from RP-2014 to PubT-2010. The valuation also includes the impact of an updated experience study for the periods from 2018 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 OPEB Plan's total OPEB liability by an additional \$1.1 billion in 2022.
- **2021** - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the OPEB 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 the actual per person health benefit cost being lower than projected, reduced the OPEB Plan's total OPEB liability by an additional \$1.8 billion in 2020.
- **2019** - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the OPEB 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 a lower than projected per person health benefit cost to reduce the OPEB Plan's total OPEB liability by \$1.4 billion in 2018.

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2025**

	Special Revenue Funds		
	Food Services	Community Services - Child Care	Student Activities
<b>ASSETS</b>			
Cash and investments	\$ 176,090	\$ 271,025	\$ 137,104
Receivables - due from other governmental units	79,256	-	-
Inventory	54,540	-	-
Total assets	<u>\$ 309,886</u>	<u>\$ 271,025</u>	<u>\$ 137,104</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 67,647	\$ 735	\$ 2,965
Overdraft cash	-	-	-
Total liabilities	<u>67,647</u>	<u>735</u>	<u>2,965</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - grants	<u>7,563</u>	-	-
<b>FUND BALANCE</b>			
Nonspendable - inventory	54,540	-	-
Restricted -			
Debt service	-	-	-
Capital projects	-	-	-
Food service	180,136	-	-
Committed - student activities	-	-	134,139
Assigned - child care	-	270,290	-
Total fund balances	<u>234,676</u>	<u>270,290</u>	<u>134,139</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 309,886</u>	<u>\$ 271,025</u>	<u>\$ 137,104</u>

Debt Service		Capital Projects Fund	
Formerly major - Qualified Debt	Unqualified Debt	Sinking	Total
\$ 2,355,611	\$ -	\$ 220,534	\$ 3,160,364
-	-	-	79,256
-	-	-	54,540
<u>\$ 2,355,611</u>	<u>\$ -</u>	<u>\$ 220,534</u>	<u>\$ 3,294,160</u>
\$ -	\$ -	\$ -	\$ 71,347
-	189,482	-	189,482
-	189,482	-	260,829
-	-	-	7,563
-	-	-	54,540
2,355,611	(189,482)	-	2,166,129
-	-	220,534	220,534
-	-	-	180,136
-	-	-	134,139
-	-	-	270,290
<u>2,355,611</u>	<u>(189,482)</u>	<u>220,534</u>	<u>3,025,768</u>
<u>\$ 2,355,611</u>	<u>\$ -</u>	<u>\$ 220,534</u>	<u>\$ 3,294,160</u>

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the year ended June 30, 2025**

	Special Revenue Funds		
	Food Service	Community Services - Child Care	Student Activities
<b>REVENUES</b>			
Local sources	\$ 180,832	\$ 252,413	\$ 319,004
State sources	134,548	-	-
Federal sources	2,090,910	-	-
Total revenues	<u>2,406,290</u>	<u>252,413</u>	<u>319,004</u>
<b>EXPENDITURES</b>			
Current -			
Support services	-	-	364,203
Food services	2,881,438	-	-
Community services	-	367,950	-
Debt service -			
Principal	-	-	-
Interest	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>2,881,438</u>	<u>367,950</u>	<u>364,203</u>
Excess of revenues over (under) expenditures	<u>(475,148)</u>	<u>(115,537)</u>	<u>(45,199)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	(42,406)	-	-
Total other financing sources (uses)	<u>(42,406)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(517,554)	(115,537)	(45,199)
Fund balances at beginning of year, as previously reported	752,230	385,827	179,338
Change within financial reporting entity	-	-	-
Fund balances at beginning of the year, as adjusted	<u>752,230</u>	<u>385,827</u>	<u>179,338</u>
Fund balances at end of year	<u>\$ 234,676</u>	<u>\$ 270,290</u>	<u>\$ 134,139</u>

Debt Service Funds			Capital Projects Fund	
Formerly major - Qualified Debt	Unqualified Debt	Debt Service General Fund Obligation	Sinking	Total
\$ 3,962,685	\$ 1,348,063	\$ -	\$ 1,298,261	\$ 7,361,258
83,792	22,342	-	8,525	249,207
-	-	-	-	2,090,910
<u>4,046,477</u>	<u>1,370,405</u>	<u>-</u>	<u>1,306,786</u>	<u>9,701,375</u>
-	-	-	10,738	374,941
-	-	-	-	2,881,438
-	-	-	-	367,950
4,071,500	1,260,000	270,000	-	5,601,500
1,040,075	75,600	22,687	-	1,138,362
-	-	-	1,735,572	1,735,572
<u>5,111,575</u>	<u>1,335,600</u>	<u>292,687</u>	<u>1,746,310</u>	<u>12,099,763</u>
<u>(1,065,098)</u>	<u>34,805</u>	<u>(292,687)</u>	<u>(439,524)</u>	<u>(2,398,388)</u>
-	-	292,687	-	292,687
-	-	-	-	(42,406)
-	-	292,687	-	250,281
<u>(1,065,098)</u>	<u>34,805</u>	<u>-</u>	<u>(439,524)</u>	<u>(2,148,107)</u>
-	(224,287)	-	660,058	1,753,166
<u>3,420,709</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,420,709</u>
<u>3,420,709</u>	<u>(224,287)</u>	<u>-</u>	<u>660,058</u>	<u>5,173,875</u>
<u>\$ 2,355,611</u>	<u>\$ (189,482)</u>	<u>\$ -</u>	<u>\$ 220,534</u>	<u>\$ 3,025,768</u>

**SCHOOL DISTRICT OF THE CITY OF HAZEL PARK**  
**SCHEDULE OF BONDED INDEBTEDNESS**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the year ended June 30, 2025**

Years Ending June 30,	2010 Energy Conservation Improvement Bond	2019 Refunding Bond	2021 Refunding Bond	2022 Refunding Bond	Total
	Principal	Principal	Principal	Principal	
2026	\$ 280,000	\$ 1,500,000	\$ 2,805,000	\$ 360,000	\$ 4,945,000
2027	-	1,635,000	2,920,000	270,000	4,825,000
2028	-	1,770,000	3,055,000	-	4,825,000
2029	-	1,940,000	3,080,000	-	5,020,000
2030	-	2,140,000	1,000,000	-	3,140,000
2031	-	2,355,000	-	-	2,355,000
2032	-	2,410,000	-	-	2,410,000
2033	-	1,210,000	-	-	1,210,000
Total remaining payments	<u>\$ 280,000</u>	<u>\$ 14,960,000</u>	<u>\$ 12,860,000</u>	<u>\$ 630,000</u>	<u>\$ 28,730,000</u>
Interest rate	4.125%	2.175% to 3.114%	3.50% to 4.75%	3.60%	
Original issue	<u>\$ 3,315,000</u>	<u>\$ 20,500,000</u>	<u>\$ 22,850,000</u>	<u>\$ 4,000,000</u>	

Principal payments for the bond issues not including the 2019 Refunding Bond are due on May 1 of each year. The 2019 Refunding Bond principal payments are due on November 1 of each year.

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



**HAZEL PARK**  
**SCHOOLS**

# School District of the City of Hazel Park

## Budget Amendment #1

October 30, 2025

Monica Papasian – Assistant Superintendent of Business

Crystal Mubarak – Director of Business

# Budget Notes 2026



- It is important to remember that this budget represents our spending projections based on what is known as of right now.
- While State funding has been decided, specific impacts of some funding changes are still unknown to the District. Federal funding is still up in the air bringing uncertainty and volatility to the budget.
- Fall Student counts are still unknown. Increases or decreases are not reflected in the State Aid funding formula.

# Budget Summary: Revenues



- Revenue Summary

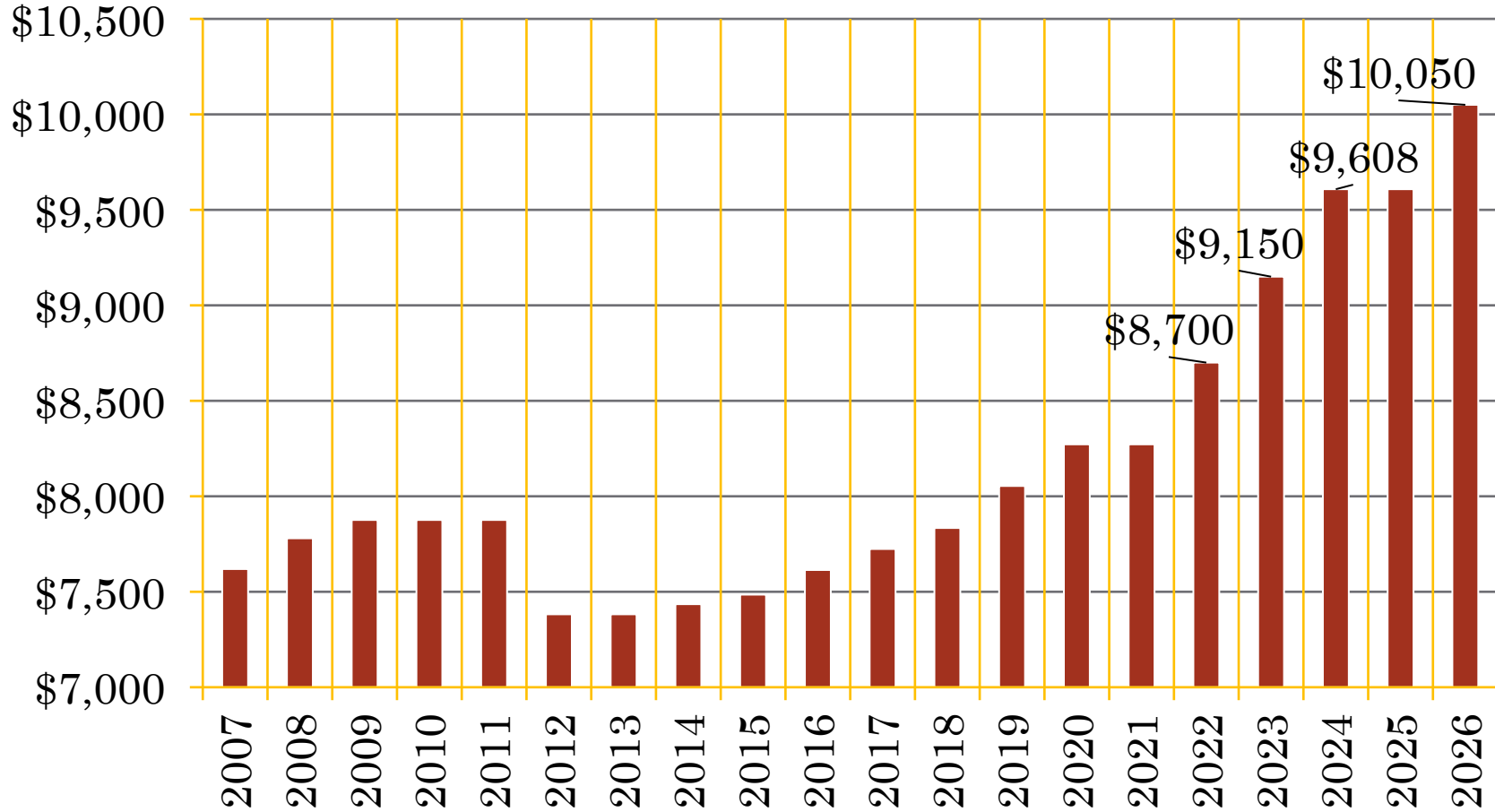
- State Funding –

- Foundation allowance increased from \$9,608 to \$10,050 per student
      - \$442 per pupil increase
      - \$1,284,341 increase at current State Aid enrollment of 2,905.75
    - Used blended count from October State Aid report, not updated for fall 2025 count (numbers not available as of yet)
    - FTE of 2,905.75 (Oct – 2,909.34 | Feb – 2,868.23)
    - Categorical eliminations **\$1M**
      - 147c(2) MPSERS one time deposit \$667k
      - 147a(1) MPSERS cost offset \$318k
    - Categorical increases **\$862k**
      - 31a At Risk 25% increase of \$862k

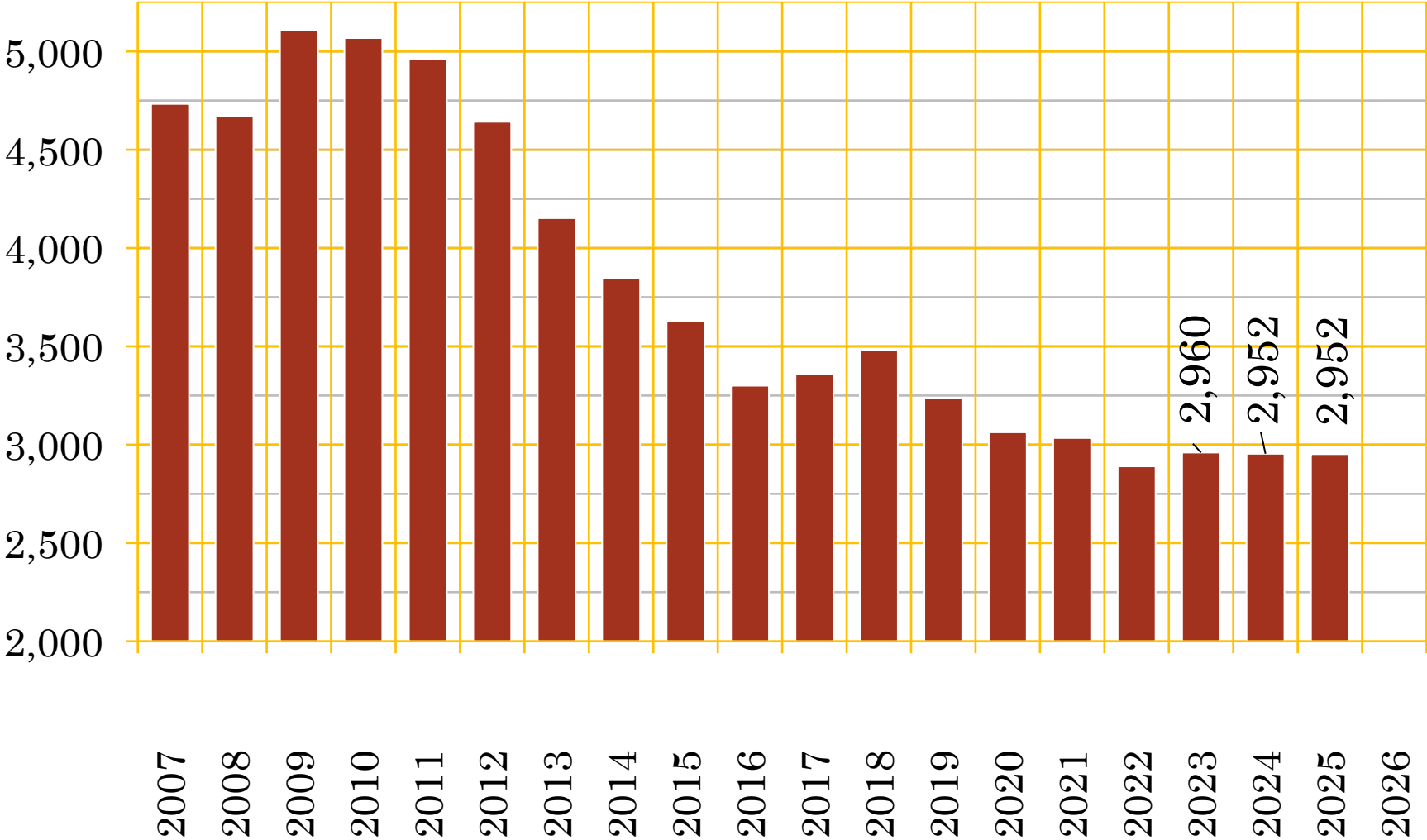
- Federal Funding –

- Continued funding for our regular grants (Title/IDEA)
    - ESSERS was fully concluded last year

# State Aid Per Student Summary



# Enrollment Trend



# Budget Summary: Revenues



- Funding -
  - Adjustments made for taxes, grants, and other local items
  - State Aid changes due to revised funding from State
  - Federal Funding – reconciliation of grants allocations and carryover from prior year
  - Adjustments made for categorical and new awards
  - Adjusted MVCA revenues for increased foundation allowance and previous assumption of 400 pupil increase

101

Original	Proposed Amendment #1	Change
\$ 59,579,756	\$ 60,111,861	\$ 532,105

# FY25 Revenue Carryover



## Revenue Carryover – Funds could not be recognized in 2025 General Fund **\$1.2M**

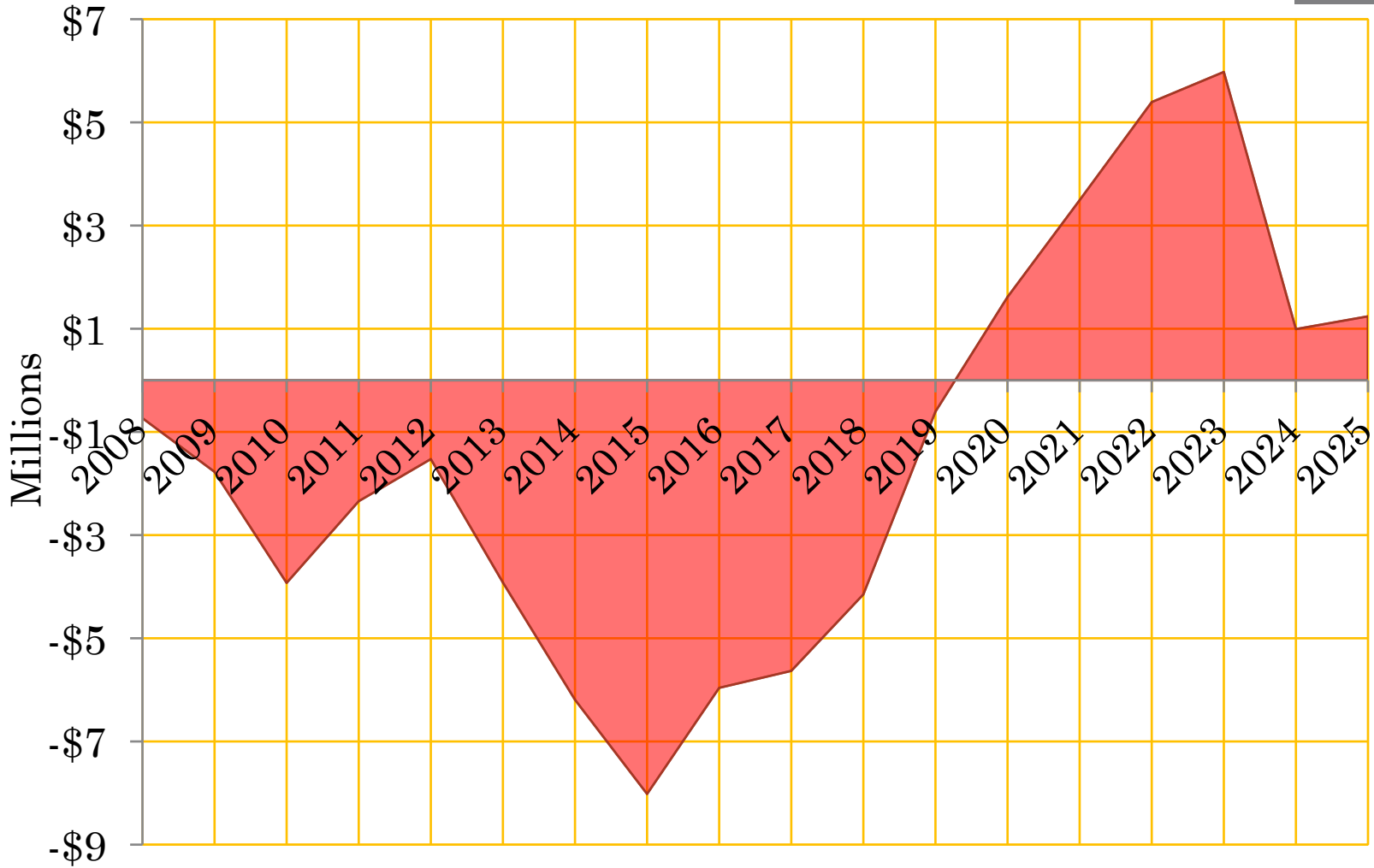
[Revenue only, no expenses in FY26 (favorable in FY26)]

- Community Center Grant (Longfellow) \$460,011
- DFC grant \$35k (reimbursement from 2024 expenses)
- Center Program Fund Balance Transfer \$722,859

102

Beginning Fund Balance	\$ 1,240,251
Carryover Revenue:	
Community Center Grant	460,011
DFC Grant reimbursement from FY24	35,000
Center Program Fund Balance Transfer	<u>722,859</u>
Beginning Fund Balance + Carryover Funds	<u><u>\$ 2,458,121</u></u>

# General Fund Deficit/Surplus



# Budget Summary: Expenses



- Expense Summary:
  - Reviewed all employee positions in the District and took actual incurred costs to date and added in projected remaining costs (including fringes).
  - Added new hires and the new accounting position
  - Reviewed current contracts for liability insurance, workers comp, copiers, and other known contract changes.

Original	Proposed Amendment #1	Change
\$ 61,288,446	\$ 59,081,621	(\$ 2,206,825)

# General Fund Budget Trends



	Original 2025/26	First Amendment 2025/26
Revenue \$	57,613,735	\$ 57,004,771
Expenditures	<u>60,992,778</u>	<u>59,081,622</u>
	( 3,379,043)	( 2,076,851)
Other Financing Sources	<u>1,670,333</u>	<u>3,107,090</u>
	( 1,708,710)	1,030,239
Beg. Fund Balance	<u>( 333,293)</u>	<u>1,240,251</u>
Est. Ending Fund Balance \$	<u>( 2,042,003)</u>	<u>\$ 2,270,490</u>
	Fund Balance -3.35%	Fund Balance 3.84%

# Budget: Next Steps



- It is important to remember that this budget represents our spending projections based on what is known as of right now.
- While State funding has been decided, specific impacts of some funding changes are still unknown to the District. Federal funding is still up in the air bringing uncertainty and volatility to the budget.
- Be diligent in our spending.
- Continually review expenditures and contracts for cost saving opportunities.
- Monitor Grant expenditures to ensure dollars committed are expended and reimbursed timely.
- Continue evaluation of the budget and projections to make informed decisions.
- Consideration should be given before making large unbudgeted purchases as negotiations with all union groups is beginning.



Thank You

107

Questions? & Discussion

The School District of the City of  
Hazel Park  
Of Oakland County

Amendment #1

APPROPRIATION ACT  
July 1, 2025-June 30, 2026

**For  
Public Hearing  
For  
Board of Education Adoption**

**October 30, 2025**

**GENERAL FUND REVENUE  
BUDGET  
July 1, 2025-June 30, 2026**

	<b>2022-2023 <u>Actual</u></b>	<b>2023-2024 <u>Actual</u></b>	<b>2024-2025 <u>Actual</u></b>	<b>2025-2026 Proposed Budget <u>6/16/2025</u></b>	<b>2025-2026 Amend 1 Budget <u>10/30/2025</u></b>
Local	\$6,887,610 <sup>1</sup>	\$6,341,953 <sup>2</sup>	\$8,227,868	\$8,188,887 <sup>3</sup>	\$9,410,239 <sup>3</sup>
State	36,767,647	37,115,217	40,160,152	42,340,022	40,386,574
Federal	5,024,103	1,994,318	4,255,808	3,719,065	3,524,348
Other Transactions	<u>2,813,231</u>	<u>4,302,134</u>	<u>3,597,767</u>	<u>3,365,761</u>	<u>3,683,610</u>
	<b><u>\$51,492,591</u></b>	<b><u>\$49,753,622</u></b>	<b><u>\$56,241,595</u></b>	<b><u>\$57,613,735</u></b>	<b><u>\$57,004,771</u></b>

<sup>1</sup> Included in local revenue is \$3,708,744 resulting from a levy of 18.0000 mills on non-homestead property approved by voters. This revenue is to be used to pay wage, fringe benefit, purchased service, supply and material, and capital outlay expenses.

<sup>2</sup> Included in local revenue is \$3,837,533 resulting from a levy of 18.0000 mills on non-homestead property approved by voters. This revenue is to be used to pay wage, fringe benefit, purchased service, supply and material, and capital outlay expenses.

<sup>3</sup> Included in local revenue is \$4,736,899 resulting from a levy of 18.0000 mills on non-homestead property approved by voters. This revenue is to be used to pay wage, fringe benefit, purchased service, supply and material, and capital outlay expenses.

**GENERAL FUND EXPENDITURES  
BUDGET  
July 1, 2025-June 30, 2026**

	<b>2022-2023 <u>Actual</u></b>	<b>2023-2024 <u>Actual</u></b>	<b>2024-2025 <u>Actual</u></b>	<b>2025-2026 Proposed Budget <u>6/16/2025</u></b>	<b>2025-2026 Amend 1 Budget <u>10/30/2025</u></b>
<b>INSTRUCTION</b>					
Basic Programs	\$21,124,671	\$21,379,370	\$21,765,743	\$22,077,940	\$20,415,117
Added Needs	10,449,195	11,475,898	11,019,326	11,923,793	11,705,377
<b>TOTAL INSTRUCTION</b>	<b>\$31,573,866</b>	<b>\$32,855,268</b>	<b>\$32,785,069</b>	<b>\$34,001,733</b>	<b>\$32,120,494</b>
<b>SUPPORT SERVICES</b>					
Pupil	\$3,787,054	\$4,001,330	\$4,730,099	\$4,751,947	\$6,135,490
Instructional Staff	4,183,446	3,933,194	3,211,743	3,328,671	3,202,114
General Administration	936,837	870,417	1,067,611	954,141	822,175
School Administration	2,073,574	2,455,975	2,569,258	2,714,191	2,385,807
Business	878,736	747,801	1,136,116	900,983	1,057,041
Operation & Maintenance	5,627,792	6,843,136	5,360,208	5,754,169	5,298,750
Transportation	585,617	1,123,780	1,206,880	2,714,841	2,997,813
Central	1,619,253	2,207,674	2,150,893	2,132,911	2,203,028
Other	837,533	796,321	1,889,113	2,149,338	1,289,483
<b>TOTAL SUPPORT SERVICES</b>	<b>\$20,529,842</b>	<b>\$22,979,628</b>	<b>\$23,321,921</b>	<b>\$25,401,192</b>	<b>\$25,391,701</b>
Community Services	\$234,748	\$226,275	\$571,290	\$995,103	\$757,834
Debt Service	33,000	38,190	0	0	0
Payments to Subgrantee	342,062	464,723	594,900	594,750	811,591
<b>TOTAL OTHER</b>	<b>\$609,810</b>	<b>\$729,188</b>	<b>\$1,166,190</b>	<b>\$1,589,853</b>	<b>\$1,569,425</b>
<b>GRAND TOTAL</b>	<b>\$52,713,518</b>	<b>\$56,564,084</b>	<b>\$57,273,180</b>	<b>\$60,992,778</b>	<b>\$59,081,621</b>
<b>OTHER FIN. SOURCES (USES)</b>					
Transfers In	\$1,626,076	\$2,121,044	\$1,571,647	\$1,966,021	\$3,107,090
Transfers Out	(296,088)	(295,393)	(292,688)	(295,688)	0
<b>TOTAL OTHER FIN. SOURCES (USES)</b>	<b>\$1,329,988</b>	<b>\$1,825,651</b>	<b>\$1,278,959</b>	<b>\$1,670,333</b>	<b>\$3,107,090</b>
<b>Excess (Deficit)</b>	<b>\$109,061</b>	<b>(\$4,984,808)</b>	<b>\$247,374</b>	<b>(\$1,708,710)</b>	<b>\$1,030,240</b>
Beginning Fund Balance	5,868,613	5,977,685	992,877	(333,293)	1,240,251
<b>Ending Fund Balance</b>	<b>\$5,977,675</b>	<b>\$992,877</b>	<b>\$1,240,251</b>	<b>(\$2,042,003)</b>	<b>\$2,270,492</b>
As % of Total Expenses	11.34%	1.76%	2.17%	-3.35%	3.84%

**RESOLUTION FOR ADOPTION BY  
THE BOARD OF EDUCATION OF THE SCHOOL DISTRICT OF THE CITY OF HAZEL PARK  
2025-2026 BUDGET**

**RESOLVED**, that this resolution shall be the **GENERAL FUND** Appropriation Act of The School District of the City of Hazel Park for the fiscal year 2025-2026. A resolution to make appropriations: and to provide for the disposition of all income received by The School District of the City of Hazel Park.

**BE IT FURTHER RESOLVED**, that the total revenues and unappropriated fund balance estimated to be available for appropriations in the **GENERAL FUND** of The School District of the City of Hazel Park for fiscal year 2025-2026, be adopted as follows:

**REVENUE**

Local	9,410,239	
State	40,386,574	
Federal	3,524,348	
Other Transaction	<u>3,683,610</u>	
<b>Total Revenue</b>		<b>\$57,004,771</b>
Beginning Fund Balance (Deficit)	1,240,251	
<b>Estimated Fund Balance Available to Appropriate</b>		<b><u>1,240,251</u></b>
<b>TOTAL APPROPRIATED FOR GENERAL FUND</b>		<b><u>\$58,245,022</u></b>

**BE IT FURTHER RESOLVED**, that **\$62,188,710** in the **GENERAL FUND** is hereby appropriated in the amounts and for the purposes set forth below

**FURTHER RESOLVED**, that no Board of Education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to the Appropriation Act as Adopted by the Board of Education.

**EXPENDITURES**

Instruction:

Basic Programs	20,415,117
Added Needs	11,705,377
Adult/Continuing Education	-

Support Services:

Pupil	6,135,490
Instructional Staff	3,202,114
General Administration	822,175
School Administration	2,385,807
Business	1,057,041
Operation & Maintenance	5,298,750
Transportation	2,997,813
Central	2,203,028
Other	1,289,483

Community Services 757,834

Outgoing Transfers & Other Transactions 3,107,090

Debt Service and Subgrantee Payments 811,591

**TOTAL APPROPRIATED - GENERAL FUND** \$ 62,188,710

**Estimated Fund Balance June 30, 2026** \$ 2,270,492

**FURTHER BE IT RESOLVED**, that the revenue from the levy of 18 mills on non-homestead property (with Commercial Personal Property being exempted from 12 of these 18 mills) be used to pay wages, fringe benefits, purchased services, supplies and materials, capital outlay, and for transfers to other funds or governmental entities (O.C.I.S.D.).

**FURTHER RESOLVED** that no Board of Education member or employee of the school district shall expend any funds or obligate the expenditure of any funds except pursuant to the Appropriation Act as Adopted by the Board of Education.

**BE IT FURTHER RESOLVED**, that the Superintendent and his/her designee are hereby charged with the responsibility of preparing and presenting proposed budgets and executing the budgets adopted by the Board.

**FURTHER RESOLVED**, that for purposes of meeting emergency needs of the district in the event that an appropriation is insufficient and there is no regular scheduled board meeting prior to the date the expenditure exceeding the appropriation would normally occur, transfers of appropriation not to exceed \$100,000 may be made upon written authorization of the Superintendent or his/her designee. When a transfer, as permitted by this resolution, is made, said transfer shall be presented to the Board of Education at the next regular scheduled Board of Education meeting as an amendment to the Appropriation.