

Exhibit C

Sample School District

Statement of Net Position

June 30, 2025

	Governmental Activities	
Assets		
Cash and investments (Note 4)	\$ 11,918,460	
Receivables:		
Property taxes receivable	493	
Accrued interest receivable	85,999	
Other receivables	139,027	
Due from other governments	16,159,117	
Inventory	23,480	
Prepaid expenses and other assets	453,597	
Restricted assets (Note 6)	22,775,440	A
Capital assets - Net (Note 8)	235,783,319	B
Total assets	287,338,932	
Deferred Outflows of Resources		
Deferred charges on bond refunding (Note 10)	946,854	C
Deferred pension costs (Note 13)	56,029,463	M, D
Deferred OPEB costs (Note 13)	13,742,044	N, E
Total deferred outflows of resources	70,718,361	
Liabilities		
Accounts payable	6,075,501	
Due to other governmental units	2,484,462	
Accrued liabilities and other	10,569,870	
Unearned revenue (Note 7)	1,341,329	J
Noncurrent liabilities:		
Due within one year (Note 10)	21,892,078	L
Due in more than one year (Note 10)	146,855,381	L
Net pension liability (Note 13)	188,963,393	M, R
Net OPEB liability (Note 13)	10,474,015	N, S
Total liabilities	388,656,029	
Deferred Inflows of Resources		
Revenue in support of pension contributions made subsequent to the measurement date (Note 13)	13,379,669	I
Deferred pension cost reductions (Note 13)	1,087,060	M, G
Deferred OPEB cost reductions (Note 13)	22,269,707	N, H
Total deferred inflows of resources	36,736,436	
Net Position (Deficit)		
Net investment in capital assets	89,856,045	
Restricted - Capital projects	850,088	
Unrestricted	(158,041,305)	
Total net position (deficit)	<u>\$ (67,335,172)</u>	Q

Sum of L = \$ 168,747,459

Sum of M = \$ (134,020,990)

Sum of N = \$ (19,001,678)

Year Ended June 30, 2025

	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 60,229,111	\$ 23,967	\$ 20,903,049	\$ (39,302,095)
Support services	38,149,378	64,482	13,935,366	(24,149,530)
Athletics	1,423,023	500,601	-	(922,422)
Food services	2,273,770	1,272,753	457,436	(543,581)
Community services	1,854,144	2,723,001	758,766	1,627,623
Interest	5,241,899	-	-	(5,241,899)
Other debt costs	68,022	-	-	(68,022)
Depreciation and amortization expense (unallocated)	7,277,764	-	-	(7,277,764) T
Total primary government	\$ 116,517,111	\$ 4,584,804	\$ 36,054,617	(75,877,690)
General revenue:				
Taxes:				
Property taxes levied for general purposes				9,631,468
Property taxes levied for debt service				17,890,986
Property taxes levied for capital projects				4,479,587
State aid not restricted to specific purposes				54,557,767
Interest and investment income				1,516,000
Penalties, interest, and other taxes				65,576
Gain on disposal of capital assets				91,785
Other:				
Other				838,749
Student activities				1,978,667
Total general revenue				91,050,585
Change in Net Position				15,172,895 U
Net Position (Deficit) - Beginning of year				(82,508,067)
Net Position (Deficit) - End of year				\$ (67,335,172) Q

Sample School District

**Governmental Funds
Balance Sheet**

June 30, 2025

	General Fund	2019 Series 2 Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 4)	\$ 6,780,682	\$ -	\$ 5,137,778	\$ 11,918,460
Receivables:				
Property taxes receivable	192	-	301	493
Accrued interest receivable	-	85,999	-	85,999
Other receivables	130,468	-	8,559	139,027
Due from other governments	16,108,929	-	50,188	16,159,117
Due from other funds (Note 9)	199,494	17,171	197,284	413,949
Inventory	-	-	23,480	23,480
Prepaid expenses	297,601	-	36,907	334,508
Restricted assets (Note 6)	-	21,679,723	1,095,717	22,775,440
	<u>\$ 23,517,366</u>	<u>\$ 21,782,893</u>	<u>\$ 6,550,214</u>	<u>\$ 51,850,473</u>
Liabilities				
Accounts payable	\$ 945,500	\$ 4,333,298	\$ 633,428	\$ 5,912,226
Due to other governmental units	2,454,002	-	30,460	2,484,462
Due to other funds (Note 9)	520,225	-	199,494	719,719
Accrued liabilities and other	9,465,024	-	232,252	9,697,276
Unearned revenue (Note 7)	1,186,680	-	154,649	1,341,329 J
	<u>14,571,431</u>	<u>4,333,298</u>	<u>1,250,283</u>	<u>20,155,012</u>
Fund Balances				
Nonspendable:				
Inventory	-	-	23,480	23,480
Prepays	297,601	-	36,907	334,508
Restricted:				
Debt service	-	-	685,192	685,192
Capital projects	-	17,449,595	115,641	17,565,236
Food service	-	-	1,648,924	1,648,924
Committed:				
Community service	-	-	1,675,208	1,675,208
Student activities	-	-	1,121,369	1,121,369
Assigned:				
Capital projects	-	-	10,082	10,082
Long-term obligations - Compensated absences	4,950,483	-	-	4,950,483
Unassigned	3,697,851	-	(16,872)	3,680,979
	<u>8,945,935</u>	<u>17,449,595</u>	<u>5,299,931</u>	<u>31,695,461 P</u>
Total fund balances	<u>8,945,935</u>	<u>17,449,595</u>	<u>5,299,931</u>	<u>31,695,461 P</u>
Total liabilities and fund balances	<u>\$ 23,517,366</u>	<u>\$ 21,782,893</u>	<u>\$ 6,550,214</u>	<u>\$ 51,850,473</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2025

Fund Balances Reported in Governmental Funds	\$	31,695,461	P
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>			
<p>Capital assets and lease assets used in governmental activities are not financial resources and are not reported in the funds:</p>			
Cost of assets		355,832,435	
Accumulated depreciation and amortization		(120,049,116)	
Net capital assets and lease assets used in governmental activities		235,783,319	B
Deferred inflows and outflows related to bond refundings are not reported in the funds			
		946,854	C
Bonds payable, direct borrowings, and lease liabilities are not due and payable in the current period and are not reported in the funds		(163,661,976)	
Accrued interest is not due and payable in the current period and is not reported in the funds		(872,594)	
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:			
Employee compensated absences		(4,950,483)	
Net pension liability and related deferred inflows and outflows		(134,020,990)	M
Net OPEB liability and related deferred inflows and outflows		(19,001,678)	N
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		(13,379,669)	
Internal service funds are included as part of governmental activities		126,584	
Net Position (Deficit) of Governmental Activities	\$	(67,335,172)	Q

Sample School District

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

Year Ended June 30, 2025

	General Fund	2019 Series 2 Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Local sources	\$ 11,254,542	\$ 875,890	\$ 28,855,405	\$ 40,985,837
State sources	77,967,843	-	1,180,848	79,148,691
Federal sources	5,862,245	-	2,595,379	8,457,624
Interdistrict sources	7,159,570	-	1,324,835	8,484,405
Total revenue	102,244,200	875,890	33,956,467	137,076,557
Expenditures				
Current:				
Instruction	63,956,568	-	2,156,963	66,113,531
Support services	36,511,824	-	2,839,080	39,350,904
Athletics	1,497,658	-	-	1,497,658
Food services	-	-	2,409,266	2,409,266
Community services	199,705	-	1,813,230	2,012,935
Debt service:				
Principal	466,125	-	14,299,754	14,765,879
Interest	37,165	-	6,638,674	6,675,839
Other debt costs	-	-	68,022	68,022
Capital outlay	1,273,938	36,079,511	5,015,746	42,369,195
Total expenditures	103,942,983	36,079,511	35,240,735	175,263,229
Excess of Expenditures Over Revenue	(1,698,783)	(35,203,621)	(1,284,268)	(38,186,672)
Other Financing Sources (Uses)				
Leases entered into	1,191,355	-	-	1,191,355
Proceeds from sale of capital assets	96,055	-	-	96,055
School Loan Revolving Fund proceeds	-	-	1,776,752	1,776,752
Transfers in (Note 9)	812,136	-	262,661	1,074,797
Transfers out (Note 9)	(198,913)	-	(875,884)	(1,074,797)
Total other financing sources	1,900,633	-	1,163,529	3,064,162
Net Change in Fund Balances	201,850	(35,203,621)	(120,739)	(35,122,510) W
Fund Balances - Beginning of year	8,744,085	52,653,216	5,420,670	66,817,971
Fund Balances - End of year	<u>\$ 8,945,935</u>	<u>\$ 17,449,595</u>	<u>\$ 5,299,931</u>	<u>\$ 31,695,461</u> P

Sample School District

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

Year Ended June 30, 2025

Net Change in Fund Balances Reported in Governmental Funds \$ (35,122,510) **W**

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

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

Capitalized capital outlay	41,049,505	F
Depreciation and amortization expense	(7,277,764)	T
Net book value of assets disposed of	(4,270)	

Revenue in support of pension contributions made subsequent to the measurement date	(5,478,336)	
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Issuing debt net of premiums and discounts and leases, provide current financial resources to governmental funds but increase long-term liabilities in the statement of net position	(2,968,107)	
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Repayment of bond principal and lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	16,122,915	
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Interest expense is recognized in the government-wide statements as it accrues	76,904	
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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	8,822,067	
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Internal service funds are included as part of governmental activities	(47,509)	
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Change in Net Position of Governmental Activities **\$ 15,172,895** **U**

June 30, 2025

Note 5 - Fair Value Measurements (Continued)

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

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2025		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments at fair value - Debt securities	\$ -	\$ 15,519,457	\$ -

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

Note 6 - Restricted Assets

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

Description	Governmental Activities
Unspent property taxes levied in the Sinking Fund	\$ 431,975
Unspent property taxes levied in the debt service funds	663,742
Capital projects funds	21,679,723
Total	\$ 22,775,440 A

Note 7 - Unavailable/Unearned Revenue

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

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

	Deferred Inflow - Unavailable	Liability - Unearned
Food service prepaid revenue	\$ -	\$ 107,921
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	1,233,408
Total	\$ -	\$ 1,341,329 J

June 30, 2025

Note 8 - Capital Assets

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

Governmental Activities

	Balance July 1, 2024	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated or amortized:					
Land	\$ 14,480,030	\$ -	\$ -	\$ (4,270)	\$ 14,475,760
Construction in progress	34,406,234	(15,945,426)	34,406,319	-	52,867,127
Subtotal	48,886,264	(15,945,426)	34,406,319	(4,270)	67,342,887
Capital assets being depreciated or amortized:					
Buildings and improvements	244,743,048	15,945,426	109,054	-	260,797,528
Furniture and equipment	18,499,477	-	5,342,777	(410,421)	23,431,833
Buses and other vehicles	2,906,072	-	-	-	2,906,072
Lease assets - Buses	162,760	-	1,191,355	-	1,354,115
Subtotal	266,311,357	15,945,426	6,643,186	(410,421)	288,489,548
Accumulated depreciation and amortization:					
Buildings and improvements	99,613,693	-	5,220,533	-	104,834,226
Furniture and equipment	12,267,121	-	1,182,921	(410,421)	13,039,621
Buses and other vehicles	1,219,579	-	395,812	-	1,615,391
Accumulated amortization - Lease assets - Buses	81,380	-	478,498	-	559,878
Subtotal	113,181,773	-	7,277,764	(410,421)	120,049,116
Net capital assets being depreciated or amortized	153,129,584	15,945,426	(634,578)	-	168,440,432
Net governmental activities capital assets	\$ 202,015,848	\$ -	\$ 33,771,741	\$ (4,270)	\$ 235,783,319

Sum of highlights = \$41,049,505 F

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

Construction Commitments

The School District has active construction projects at year end. The outstanding commitments as of June 30, 2025 were \$16,017,349, and the amount spent to date is \$49,116,989.

June 30, 2025

Note 10 - Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and notes payable:					
Direct borrowings and direct placements:					
Installment purchase agreements	\$ 291,521	\$ -	\$ (193,215)	\$ 98,306	\$ 98,306
Equipment financing obligation	382,502	-	(176,539)	205,963	176,539
School Loan Revolving Fund	849,210	1,776,752	-	2,625,962	-
Total direct borrowings and direct placements principal outstanding	1,523,233	1,776,752	(369,754)	2,930,231	274,845
Other debt - General obligation bonds payable					
Unamortized bond premiums	156,830,000	-	(13,930,000)	142,900,000	14,645,000
	18,804,855	-	(1,781,142)	17,023,713	1,489,793
Total bonds and notes payable	177,158,088	1,776,752	(16,080,896)	162,853,944	16,409,638
Leases (Note 11)	82,802	1,191,355	(466,125)	808,032	396,957
Compensated absences	5,038,506	265,600	(353,623)	4,950,483	4,950,483
Self-insurance	130,000	769,157	(764,157)	135,000	135,000
Total governmental activities long-term debt	\$ 182,409,396	\$ 4,002,864	\$ (17,664,801)	\$ 168,747,459	\$ 21,892,078

The School District had deferred outflows of \$946,854 related to deferred charges on bond refundings at June 30, 2025.

C

Note 11 - Leases

The School District leases buses from a third party. Payments on the leases are fixed annually.

Lease asset activity of the School District is included in Note 8.

Future principal and interest payment requirements related to the School District's lease liability at June 30, 2025 are as follows:

Years Ending	Principal	Interest	Total
2026	\$ 396,957	\$ 21,953	\$ 418,910
2027	411,075	7,835	418,910
Total	\$ 808,032	\$ 29,788	\$ 837,820

Note 12 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for medical benefit claims. The School District participates in the SET-SEG risk pool for claims relating to property loss, torts, and errors and omissions. The School District is partially insured for workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

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

The School District estimates the liability for dental claims that have been incurred through the end of each fiscal year, including claims that have been reported and those that have not yet been reported. The School District accounts for dental estimates in the Internal Service Fund.

Changes in the estimated liability for the past two fiscal years were as follows:

	Dental	
	2025	2024
Estimated liability - Beginning of year	\$ 130,000	\$ 140,000
Estimated claims incurred, including changes in estimates	769,157	754,157
Claim payments	(764,157)	(764,157)
Estimated liability - End of year	\$ 135,000	\$ 130,000

Note 13 - Michigan Public School Employees' Retirement System

Plan Description

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

June 30, 2025

Note 13 - Michigan Public School Employees' Retirement System (Continued)

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

Benefits Provided

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

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

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

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

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

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

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

Contributions

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

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

Note 13 - Michigan Public School Employees' Retirement System (Continued)

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

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

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2023 - September 30, 2024	13.73% - 20.14%	7.23% - 8.09%
October 1, 2024 - September 30, 2025	13.75% - 20.16%	7.21% - 8.07%

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2025 were \$24,109,214, 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 \$8,455,366 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate, as well as \$4,924,303 of a one-time contribution to the System for the purpose of contributing additional assets to the System. Sum of highlights = \$13,379,669

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2025 were \$4,426,419, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

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At June 30, 2025, the School District reported a liability of \$188,963,393 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated liability to September 30, 2024. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the School District's proportion was 0.5024 percent and 0.5036 percent, respectively, representing a change of (0.22) percent.

June 30, 2025

Note 13 - Michigan Public School Employees' Retirement System (Continued)

Net OPEB Liability

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At June 30, 2025, the School District reported a liability of \$10,474,015 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2025 was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated liability to September 30, 2024. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the School District's proportion was 0.495 and 0.504 percent, respectively, representing a change of (1.91) percent.

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

For 2025, the School District recognized pension expense of \$22,771,384, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,890,293	\$ (422,502)
Changes in assumptions	32,470,682	-
Net difference between projected and actual earnings on pension plan investments	443,119	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	159,514	(664,558)
The School District's contributions to the plan subsequent to the measurement date	21,065,855	-
	<u>21,065,855</u>	<u>-</u>
Total	D \$ <u>56,029,463</u>	\$ <u>(1,087,060)</u> G

The \$13,379,669 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2026	\$ 9,758,891
2027	7,139,350
2028	6,155,679
2029	10,822,618
Total	<u>\$ 33,876,538</u>

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

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

For the year ended June 30, 2025, the School District recognized OPEB recovery of \$4,291,148.

June 30, 2025

Note 13 - Michigan Public School Employees' Retirement System (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (20,514,582)
Changes in assumptions	9,335,825	(760,176)
Net difference between projected and actual earnings on OPEB plan investments	818,627	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	491,130	(994,949)
Employer contributions to the plan subsequent to the measurement date	3,096,462	-
Total	E 13,742,044	\$ (22,269,707) H

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

Years Ending	Amount
2026	\$ (4,090,968)
2027	(3,585,106)
2028	(3,338,895)
2029	(310,761)
2030	(279,359)
Thereafter	(19,036)
Total	<u>\$ (11,624,125)</u>

Actuarial Assumptions

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

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	5.25% - 7.75%	Year 1, graded to 3.5% in year 15, 3.0% in year 120
Mortality basis		RP-2014 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-2017 from 2006
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 2013 to 2018 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2019 valuation.

Note 13 - Michigan Public School Employees' Retirement System (Continued)

Significant assumption changes since the prior measurement date, September 30, 2023, for the pension and OPEB plans include a decrease in the discount rate used in the September 30, 2024 measurement date by 0.80 percentage points in the pension plan and 0.95 percentage points in the OPEB plan. The investment rate of return used in the September 30, 2024 measurement date decreased by 0.80 percentage points in the pension plan and 0.95 percentage points in the OPEB plan. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2023.

Discount Rate

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

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.10 %
Private equity pools	16.00	8.70
International equity pools	15.00	6.70
Fixed-income pools	13.00	(0.20)
Real estate and infrastructure pools	10.00	5.30
Absolute return pools	9.00	2.70
Real return/opportunistic pools	10.00	5.80
Short-term investment pools	2.00	(0.50)
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.2 percent.

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	\$ 249,361,478	\$ 188,963,393	\$ 139,192,650

June 30, 2025

Note 13 - Michigan Public School Employees' Retirement System (Continued)

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB liability of the School District	\$ 17,569,153	\$ 10,474,015	\$ 4,499,029

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

The following presents the net OPEB liability of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's 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 than the current rate:

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB liability of the School District	\$ 4,386,017	\$ 10,474,015	\$ 17,307,914

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2025, the School District reported a payable of \$4,098,891 and \$636,243 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2025.

Note 14 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974), property tax exemption (PA 328 of 1998), payments in lieu of taxes (PILOT), and brownfield redevelopment agreements granted by cities, villages, and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities, property tax exemptions are intended to promote the purchase of assets, PILOTs are intended to reduce costs for tax-exempt entities, and brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2025, the School District's property tax revenue was reduced by approximately \$431,000 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the school aid formula. The School District received approximately \$293,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the Sinking Fund or debt service millages.