

Redford Union  
School District #1



Year Ended  
June 30, 2025

Financial  
Statements and  
Supplementary  
Information

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# REDFORD UNION SCHOOL DISTRICT #1

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## INDEPENDENT AUDITORS' REPORT

October 31, 2025

Board of Education  
Redford Union School District #1  
Redford, Michigan

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Redford Union School District #1** (the "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 as listed in the table of contents.

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

#### *Implementation of GASB Statement No. 101*

As described in Note 17, the District implemented the provisions of GASB Statement No. 101, *Compensated Absences*, in the current year. Accordingly, beginning net position of the governmental activities was restated. Our opinion is not modified with respect to this matter.

#### *Basis for Opinions*

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



### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Independent Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

#### ***Required Supplementary Information***

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

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated October 31, 2025, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lehmann Lobson LLC". The signature is written in a cursive, flowing style.

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

# REDFORD UNION SCHOOL DISTRICT #1

## Management's Discussion and Analysis

This section of Redford Union School District #1 (the "District") annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2025. Please read it in conjunction with the 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 District financially as a whole. The government-wide financial statements provide information about the activities of the whole District, presenting both an aggregate view of the 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 as well as what remains for future spending. The fund financial statements look at the District's operations in more detail than the government-wide financial statements by providing information about the District's major funds, the general fund, special education center special revenue fund, the 2021 building and site capital projects fund, and the 2025 building and site capital projects fund, with all other funds presented in one column as nonmajor funds.

*Management's Discussion & Analysis (MD&A)*

*Basic Financial Statements*

*Government-wide Financial Statements*

*Fund Financial Statements*

*Notes to the Basic Financial Statements*

*Required Supplementary Information*

*Other Supplemental Information*

### ***Reporting the District as a Whole - Government-wide Financial Statements***

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

These two statements report the District's net position - the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources, as reported in the statement of net position - as one way to measure the District's financial health or financial position. Over time, increases or decreases in the 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 District's operating results. However, the 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 District.

# REDFORD UNION SCHOOL DISTRICT #1

## Management's Discussion and Analysis

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

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

The District's fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, the District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it's meeting legal responsibilities for using certain taxes, grants, and other money (like bond-funded construction funds used for voter-approved capital projects). The governmental funds of the District use the following accounting approach:

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

# REDFORD UNION SCHOOL DISTRICT #1

## Management's Discussion and Analysis

### The District as a Whole

Recall that the statement of net position provides the perspective of the District as a whole and over time, may serve a useful indicator of a government's financial position. Below is a summary of the District's net position as of June 30, 2025 and 2024.

	Net Position	
	2025	2024
<b>Assets</b>		
Current and other assets	\$ 36,567,058	\$ 38,922,978
Capital assets, net	75,153,022	59,099,328
<b>Total assets</b>	<u>111,720,080</u>	<u>98,022,306</u>
 <b>Deferred outflows of resources</b>	 <u>18,213,220</u>	 <u>23,500,255</u>
 <b>Liabilities</b>		
Long-term liabilities	122,720,454	127,147,246
Other liabilities	11,761,223	15,454,579
<b>Total liabilities</b>	<u>134,481,677</u>	<u>142,601,825</u>
 <b>Deferred inflows of resources</b>	 <u>30,351,630</u>	 <u>23,119,871</u>
 <b>Net position</b>		
Net investment in capital assets	14,609,847	12,948,181
Restricted	11,627,094	3,165,119
Unrestricted (deficit)	<u>(61,136,948)</u>	<u>(60,312,435)</u>
 <b>Total net position</b>	 <u>\$ (34,900,007)</u>	 <u>\$ (44,199,135)</u>

The District's net position was a negative \$35.0 million on June 30, 2025. Net investment in capital assets totaling \$14.6 million, compares the original costs, less depreciation/amortization of the District's capital assets, to long-term debt used to finance the acquisition of those assets. Restricted net position is \$11.6 million and is reported separately to show legal constraints from enabling legislations that limit the District's ability to use net position for day-to-day operations. The remaining amount is unrestricted net position of negative \$61.1 million. This negative net position is primarily the result of the net pension liability and other postemployment benefit asset and related amounts. The operating results of the general fund will have a significant impact on the change in unrestricted net position from year to year.

## REDFORD UNION SCHOOL DISTRICT #1

### Management's Discussion and Analysis

The results of this year's operations for the District as a whole are reported in the statement of activities. Below is a summary of the District's changes in net position for the years ended June 30, 2025 and 2024.

	Change in Net Position	
	2025	2024
<b>Revenue</b>		
Program revenues:		
Charges for services	\$ 519,618	\$ 457,948
Operating grants and contributions	37,037,132	34,294,521
General revenues:		
Property taxes	7,761,797	7,243,026
State aid unrestricted	13,266,201	18,548,546
Other	1,439,195	2,718,897
<b>Total revenues</b>	<u>60,023,943</u>	<u>63,262,938</u>
<b>Expenses</b>		
Instruction	23,885,156	25,629,475
Supporting services	18,280,114	19,767,939
Community services	75,288	48,355
Athletics	537,652	469,849
Food service	2,199,364	1,603,912
Interest on long-term liabilities	1,936,001	2,105,252
Unallocated depreciation/amortization	3,301,164	1,386,558
<b>Total expenses</b>	<u>50,214,739</u>	<u>51,011,340</u>
<b>Change in net position</b>	9,809,204	12,251,598
Net position, beginning of year	(44,199,135)	(56,450,733)
Restatement for implementation of GASB 101	(510,076)	-
<b>Net Position, end of year</b>	<u>\$ (34,900,007)</u>	<u>\$ (44,199,135)</u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$50.3 million. Certain activities were partially funded from those who benefited from the programs (\$0.5 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$37.0 million). The District paid for the remaining "public benefit" portion of our governmental activities with \$7.8 million in taxes, \$13.3 million in state foundation allowance and special education, and \$1.4 million in other revenues, i.e., interest and general entitlements.

# REDFORD UNION SCHOOL DISTRICT #1

## Management's Discussion and Analysis

Net position increased by \$9.7 million. The increase in net position was primarily due to reductions in instructional and supporting services costs because the ESSER II grant was completely spent in the 2023-24 school year and related programs were adjusted. The net pension liability, net OPEB asset (liability), and the related deferrals also have a significant impact on net position as the effect of those changes are recorded through operating expense at the government-wide level.

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

### The District's Funds

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

As the District completed this year, the governmental funds reported a combined fund balance of \$15.1 million, which is a decrease of \$7.0 million from last year. The primary reasons for the change are as follows:

In the general fund, the principal operating fund, the total fund balance decreased from \$7.2 million to \$3.5 million. The change is mainly due to:

- The District incurring additional unanticipated costs in the general fund in instructional and student support services

The special education center fund was established to account for funding that is restricted to expenditures for operation of the center and related programs. The special education center fund had an ending fund balance of \$30,893. This was primarily attributable to the reconciliation of revenues and expenditures with Wayne RESA, which resulted in a modest surplus in the fund balance.

The 2021 capital projects fund was established to account for the activity related to the issuance of bonds to finance school improvements. During fiscal year 2025, the District spent \$12.9 million on planned bond funding projects. The District has fully expended this bond project.

# REDFORD UNION SCHOOL DISTRICT #1

## Management's Discussion and Analysis

The 2025 capital projects fund was established to account for the activity related to the issuance of bonds to finance school improvements. During fiscal year 2025, the District spent \$3.9 million on planned bond funding projects. Fund balance at year end totaled \$8.9 million.

### General Fund Budgetary Highlights

Over the course of the year, the 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 on June 16, 2025. A statement showing the District's original and final budget amounts compared with amounts actually earned and expended is provided within the basic financial statements.

There were revisions made to the 2024-2025 general fund original budget for revenue. Budgeted revenues were decreased by \$1.1 million between the original and final amended budgets due primarily due to adjustments made for local, state and federal grants received during the year.

The general fund actual revenue was \$37.9 million. That amount is less than the final budget estimate of \$38.4 million. The variance was \$509 thousand, or 1.32%. The District's budget carefully reflects estimates of revenue to be received based on the various funding sources available to the District.

There were revisions made to the 2024-2025 general fund original budget for expenditures. Budgeted expenditures were increased by \$6.2 million between the original and final amended budgets due to anticipated cost increases for projects.

The actual expenditures and other financing uses of the general fund were \$44.4 million, which is below the final budget estimate of \$45.7 million. The variance was \$1.3 million, or 2.85%. The variance was primarily due to the District budgeting conservatively and final costs coming in lower than initially anticipated.

### Capital Assets and Debt Administration

#### ***Capital Assets***

As of June 30, 2025, the District had \$75.2 million (net of accumulated depreciation/amortization) invested in a broad range of capital assets, including land, buildings and improvements, equipment and furniture, vehicles and buses, and lease equipment.

Major capital asset additions during the year included:

- Building improvements for the high school
- Beech playground improvements

## REDFORD UNION SCHOOL DISTRICT #1

### Management's Discussion and Analysis

	Capital Assets (Net of Depreciation/ Amortization)	
	2025	2024
Land	\$ 29,623	\$ 29,623
Construction in progress	-	47,816,322
Buildings and improvements	72,501,914	8,186,111
Equipment and furniture	2,360,605	2,714,921
Vehicles and buses	22,461	17,356
Lease equipment	238,419	334,995
<b>Total capital assets, net</b>	<b>\$ 75,153,022</b>	<b>\$ 59,099,328</b>

More detailed information about capital assets are presented in the notes to the financial statements.

#### **Debt**

At the end of this year, the District had \$65,290,000 in bonds outstanding versus \$54,510,000 in the previous year. The outstanding bonds consist of the following:

2021 building and site bonds	\$ 25,340,000
2023 building and site bonds	27,450,000
2025 building and site bonds	<u>12,500,000</u>
<b>Total</b>	<b><u>\$ 65,290,000</u></b>

The District's general obligation bond debt increased by \$10.8 million due to the District issuing additional bonds.

The state limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the District's boundaries. If the District issues "Qualified Debt", i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit.

Other obligations include the District's compensated absences, leases and unamortized bond premiums. We present more detailed information about our long-term debt in the notes to the financial statements.



# REDFORD UNION SCHOOL DISTRICT #1

## Management's Discussion and Analysis

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

Our elected officials and administration considered many factors when setting the District's 2025-2026 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The foundation calculation for the 2025-2026 fiscal year is based on 90 percent of the September 2025 and 10 percent of the February 2025 student counts. The 2025-2026 budget was adopted in June 2025, based on an estimate of students that will be enrolled in September 2025. The State budget was still undecided at the time the budget was adopted. The District budgeted for a per pupil foundation allowance of \$10,000.

Under State law, the District cannot assess additional property tax revenue for general operations. As a result, District funding is heavily dependent on the State's ability to fund local school operations. Based on enrollment numbers at the start of the 2025-2026 school year, the District anticipates that the fall student count for fiscal year 2025-2026 will be flat and close to the estimated blended count used in the created 2024-2025 budget.

Since the District's revenue is heavily dependent on state funding, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts.

Union group contracts are in place for the 2025-2026 fiscal year. The District is on a two year contract with the MEA beginning with the 2024-2025 school year. Changes to pay scale and benefits for union contracts always have a significant potential impact on future projected expenditures depending on the scale of increases negotiated. The District is also under a two year contract for educational assistants/paraprofessionals, and is in a three year contract with its secretarial staff both ending on June 30, 2026.

In addition, the District is continuously evaluating and improving the appropriate methods to deliver education to students in a safe environment. These factors will have a significant impact on the operational and financial performance of the District.

### Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer via the Business office, 17715 Brady Street, Redford, MI 48240.

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## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

# REDFORD UNION SCHOOL DISTRICT #1

## Statement of Net Position

June 30, 2025

	Governmental Activities
<b>Assets</b>	
Cash and investments	\$ 18,551,295
Receivables	8,680,454
Prepaid Items and other assets	41,019
Net other postemployment benefit asset	9,294,290
Capital assets not being depreciated	29,623
Capital assets being depreciated/amortized, net	75,123,399
<b>Total assets</b>	<b>111,720,080</b>
<b>Deferred outflows of resources</b>	
Deferred pension amounts	15,734,894
Deferred other postemployment benefit amounts	2,478,326
<b>Total deferred outflows of resources</b>	<b>18,213,220</b>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	11,278,263
Unearned revenue	299,960
Claims incurred but not reported	183,000
Bonds and other long-term liabilities:	
Due within one year	3,708,967
Due in more than one year	67,727,452
Net pension liability (due in more than one year)	51,284,035
<b>Total liabilities</b>	<b>134,481,677</b>
<b>Deferred inflows of resources</b>	
Deferred pension amounts	16,490,763
Deferred other postemployment benefit amounts	12,924,161
Deferred lease amounts	936,706
<b>Total deferred inflows of resources</b>	<b>30,351,630</b>
<b>Net position</b>	
Net investment in capital assets	14,609,847
Restricted for:	
Food service	719,539
Debt service	1,594,522
Special education	18,743
Other postemployment benefits	9,294,290
Unrestricted (deficit)	(61,136,948)
<b>Total net position</b>	<b>\$ (34,900,007)</b>

The accompanying notes are an integral part of these financial statements.

# REDFORD UNION SCHOOL DISTRICT #1

## Statement of Activities

For the Year Ended June 30, 2025

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
<b>Governmental activities</b>				
Instruction	\$ 23,885,156	\$ -	\$ 26,999,473	\$ 3,114,317
Supporting services	18,280,114	299,672	1,432,822	(16,547,620)
Community services	75,288	-	47,576	(27,712)
Athletics	537,652	14,083	-	(523,569)
Food service	2,199,364	205,863	8,557,261	6,563,760
Interest on long-term liabilities	1,936,001	-	-	(1,936,001)
Unallocated depreciation/amortization	3,301,164	-	-	(3,301,164)
<b>Total governmental activities</b>	<u>\$ 50,214,739</u>	<u>\$ 519,618</u>	<u>\$ 37,037,132</u>	<u>(12,657,989)</u>
<b>General revenues</b>				
Property taxes				7,761,797
State aid unrestricted				13,266,201
Grants and contributions not restricted to specific programs				1,005,254
Unrestricted investment earnings				<u>433,941</u>
<b>Total general revenues</b>				<u>22,467,193</u>
<b>Change in net position</b>				<u>9,809,204</u>
Net position, beginning of year, as previously reported				(44,199,135)
Restatement - GASB 101 Implementation				<u>(510,076)</u>
Net position, beginning of year, as restated				<u>(44,709,211)</u>
<b>Net position, end of year</b>				<u>\$ (34,900,007)</u>

The accompanying notes are an integral part of these financial statements.

## **FUND FINANCIAL STATEMENTS**

# REDFORD UNION SCHOOL DISTRICT #1

## Balance Sheet

Governmental Funds

June 30, 2025

	General	Special Education Center	2021 Building & Site Capital Projects	2025 Building & Site Capital Projects	Nonmajor Governmental Funds	Totals
<b>Assets</b>						
Cash and investments	\$ 5,633,565	\$ -	\$ 416	\$ 12,495,027	\$ 422,287	\$ 18,551,295
Accounts receivable	48,838	-	-	-	-	48,838
Due from other funds	5,150,993	-	150,009	-	2,168,826	7,469,828
Due from other governments	8,166,148	136,300	-	-	115,513	8,417,961
Leases receivable	213,655	-	-	-	-	213,655
Prepaid items	-	12,150	-	-	-	12,150
Inventory	-	-	-	-	28,869	28,869
<b>Total assets</b>	<u>\$ 19,213,199</u>	<u>\$ 148,450</u>	<u>\$ 150,425</u>	<u>\$ 12,495,027</u>	<u>\$ 2,735,495</u>	<u>\$ 34,742,596</u>
<b>Liabilities</b>						
Accounts payable	\$ 491,454	\$ 4,935	\$ 150,425	\$ 1,910,877	\$ 9,582	\$ 2,567,273
Short-term operating loans	4,000,000	-	-	-	-	4,000,000
Salaries and related liabilities	3,953,607	-	-	-	-	3,953,607
Due to other funds	5,652,538	112,622	-	1,649,547	55,121	7,469,828
Due to other governments	418,753	-	-	-	-	418,753
Unearned revenue	299,960	-	-	-	-	299,960
<b>Total liabilities</b>	<u>14,816,312</u>	<u>117,557</u>	<u>150,425</u>	<u>3,560,424</u>	<u>64,703</u>	<u>18,709,421</u>
<b>Deferred inflows of resources</b>						
Deferred lease amounts	<u>936,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>936,706</u>
<b>Fund balances</b>						
Nonspendable for:						
Prepaid items	-	12,150	-	-	-	12,150
Inventory	-	-	-	-	28,869	28,869
Restricted for:						
Food service	-	-	-	-	690,670	690,670
Capital projects	-	-	-	8,934,603	-	8,934,603
Debt service	-	-	-	-	1,933,152	1,933,152
Special education	-	18,743	-	-	-	18,743
Committed for:						
Student/school activities	-	-	-	-	18,101	18,101
Unassigned	<u>3,460,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,460,181</u>
<b>Total fund balances</b>	<u>3,460,181</u>	<u>30,893</u>	<u>-</u>	<u>8,934,603</u>	<u>2,670,792</u>	<u>15,096,469</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 19,213,199</u>	<u>\$ 148,450</u>	<u>\$ 150,425</u>	<u>\$ 12,495,027</u>	<u>\$ 2,735,495</u>	<u>\$ 34,742,596</u>

The accompanying notes are an integral part of these financial statements.



## REDFORD UNION SCHOOL DISTRICT #1

### Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2025

<b>Fund balances - total governmental funds</b>	<b>\$ 15,096,469</b>
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Capital assets	132,699,595
Accumulated depreciation/amortization	(57,546,573)

Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable and lease liability	(65,586,827)
Unamortized bond premium	(3,890,951)
Accrued interest payable	(338,630)
Compensated absences	(1,958,641)
Claims incurred but not reported	(183,000)

Certain pension and other postemployment benefit-related amounts, such as the net pension liability and other postemployment benefit asset and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

Net pension liability	(51,284,035)
Deferred outflows related to the net pension liability	15,734,894
Deferred inflows related to the net pension liability	(16,490,763)
Net other postemployment benefit asset	9,294,290
Deferred outflows related to the net other postemployment benefit asset	2,478,326
Deferred inflows related to the net other postemployment benefit asset	<u>(12,924,161)</u>

<b>Net position of governmental activities</b>	<b><u>\$ (34,900,007)</u></b>
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The accompanying notes are an integral part of these financial statements.

## REDFORD UNION SCHOOL DISTRICT #1

### Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2025

	General	Special Education Center	2021 Building & Site Capital Projects	2025 Building & Site Capital Projects	Nonmajor Governmental Funds	Totals
<b>Revenues</b>						
Local sources	\$ 3,996,972	\$ -	\$ 432,391	\$ -	\$ 4,596,535	\$ 9,025,898
State sources	29,879,907	6,236,002	-	-	105,816	36,221,725
Federal sources	3,033,165	411,810	-	-	1,803,633	5,248,608
Payments from other districts	1,005,254	8,522,458	-	-	-	9,527,712
<b>Total revenues</b>	<b>37,915,298</b>	<b>15,170,270</b>	<b>432,391</b>	<b>-</b>	<b>6,505,984</b>	<b>60,023,943</b>
<b>Expenditures</b>						
Current:						
Instruction	24,461,590	7,012,618	-	-	-	31,474,208
Supporting services	19,083,340	5,185,110	-	-	38,174	24,306,624
Community services	75,288	-	-	-	-	75,288
Athletics	592,082	-	-	-	-	592,082
Food service	-	-	-	-	2,296,208	2,296,208
Debt service:						
Principal	109,991	-	-	-	1,720,000	1,829,991
Interest and fiscal charges	12,170	-	-	-	2,080,904	2,093,074
Bond issuance costs	-	-	-	334,585	-	334,585
Capital outlay	16,264	358,204	12,930,088	3,516,214	-	16,820,770
<b>Total expenditures</b>	<b>44,350,725</b>	<b>12,555,932</b>	<b>12,930,088</b>	<b>3,850,799</b>	<b>6,135,286</b>	<b>79,822,830</b>
Revenues over (under) expenditures	(6,435,427)	2,614,338	(12,497,697)	(3,850,799)	370,698	(19,798,887)
<b>Other financing sources (uses)</b>						
Issuance of bonds and other						
long-term liabilities	16,264	-	-	12,500,000	-	12,516,264
Premium on issuance of bonds	-	-	-	285,402	-	285,402
Transfers in	2,643,158	-	-	-	1,847,624	4,490,782
Transfers out	-	(2,583,445)	-	-	(1,907,337)	(4,490,782)
<b>Total other financing sources (uses)</b>	<b>2,659,422</b>	<b>(2,583,445)</b>	<b>-</b>	<b>12,785,402</b>	<b>(59,713)</b>	<b>12,801,666</b>
<b>Net change in fund balances</b>	<b>(3,776,005)</b>	<b>30,893</b>	<b>(12,497,697)</b>	<b>8,934,603</b>	<b>310,985</b>	<b>(6,997,221)</b>
Fund balances, beginning of year	7,236,186	-	12,497,697	-	2,359,807	22,093,690
<b>Fund balances, end of year</b>	<b>\$ 3,460,181</b>	<b>\$ 30,893</b>	<b>\$ -</b>	<b>\$ 8,934,603</b>	<b>\$ 2,670,792</b>	<b>\$ 15,096,469</b>

The accompanying notes are an integral part of these financial statements.

## REDFORD UNION SCHOOL DISTRICT #1

### Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Change in Net Position of Governmental Activities  
For the Year Ended June 30, 2025

<b>Net change in fund balances - total governmental funds</b>	<b>\$ (6,997,221)</b>
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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, the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation/amortization expense.

Purchase/acquisition of capital assets	19,354,858
Depreciation/amortization expense	(3,301,164)

Proceeds from bonds and other long-term liabilities provide current financial resources  
to governmental funds in the period issued, but issuing bonds and other long-term liabilities  
increases long-term liabilities in the statement of net position. Repayment of principal  
is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the  
statement of net position.

Principal payments on bonds and other long-term liabilities	1,829,991
Issuance of bonds payable and other long-term liabilities	(12,516,264)
Premium on issuance of bonds	(285,402)
Amortization of bond premium	142,740

Some expenses reported in the statement of activities do not require the use of  
current financial resources and therefore are not reported as expenditures in the funds.

Change in net pension liability and related deferred amounts	7,431,595
Change in net other postemployment benefit asset and related deferred amounts	4,268,042
Change in accrued interest payable on bonds and other long-term liabilities	14,333
Change in the accrual for compensated absences	(347,304)
Change in the accrual for incurred but not reported claims and contingent liabilities	215,000

<b>Change in net position of governmental activities</b>	<b><u>\$ 9,809,204</u></b>
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The accompanying notes are an integral part of these financial statements.

## REDFORD UNION SCHOOL DISTRICT #1

### Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Local sources	\$ 3,879,614	\$ 3,792,125	\$ 3,996,972	\$ 204,847
State sources	32,004,783	30,280,524	29,879,907	(400,617)
Federal sources	2,812,000	3,417,815	3,033,165	(384,650)
Payments from other districts	800,000	933,655	1,005,254	71,599
<b>Total revenues</b>	<u>39,496,397</u>	<u>38,424,119</u>	<u>37,915,298</u>	<u>(508,821)</u>
<b>Expenditures</b>				
Instruction:				
Basic programs	16,288,998	18,506,875	18,044,261	(462,614)
Added needs	5,714,696	6,373,843	5,772,492	(601,351)
Adult education	511,194	692,925	644,837	(48,088)
Total instruction	<u>22,514,888</u>	<u>25,573,643</u>	<u>24,461,590</u>	<u>(1,112,053)</u>
Supporting services:				
Pupil	2,366,126	3,248,324	2,969,775	(278,549)
Instructional services	1,297,500	1,486,975	1,193,823	(293,152)
General administration	712,906	697,939	733,148	35,209
School administration	2,395,152	2,328,810	2,346,008	17,198
Business office	1,006,972	798,964	806,522	7,558
Operations and maintenance	5,735,813	5,966,946	5,957,412	(9,534)
Pupil transportation services	1,599,007	2,329,547	2,534,940	205,393
Central services	1,337,924	2,559,346	2,541,712	(17,634)
Other supporting services	109	109	-	(109)
Total supporting services	<u>16,451,509</u>	<u>19,416,960</u>	<u>19,083,340</u>	<u>(333,620)</u>
Community services:				
Community activities	5,899	22,302	42,597	20,295
Non-public school pupils	18,711	41,800	26,130	(15,670)
Custody and care of children	75,390	-	6,561	6,561
Total community services	<u>100,000</u>	<u>64,102</u>	<u>75,288</u>	<u>11,186</u>
Athletics	<u>430,000</u>	<u>599,022</u>	<u>592,082</u>	<u>(6,940)</u>

continued...

## REDFORD UNION SCHOOL DISTRICT #1

### Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - General Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Expenditures (continued):</b>				
Debt service:				
Principal	\$ -	\$ -	\$ 109,991	\$ 109,991
Interest and fiscal charges	-	-	12,170	12,170
Total debt service	-	-	122,161	122,161
Capital outlay	-	-	16,264	16,264
<b>Total expenditures</b>	<u>39,496,397</u>	<u>45,653,727</u>	<u>44,350,725</u>	<u>(1,303,002)</u>
Revenues over (under) expenditures	-	(7,229,608)	(6,435,427)	794,181
<b>Other financing sources (uses)</b>				
Issuance of lease liability	-	-	16,264	16,264
Transfers in	(17,982)	2,426,592	2,643,158	216,566
Transfers out	(532,018)	-	-	-
<b>Total other financing sources (uses)</b>	<u>(550,000)</u>	<u>2,426,592</u>	<u>2,659,422</u>	<u>232,830</u>
<b>Net changes in fund balance</b>	<u>(550,000)</u>	<u>(4,803,016)</u>	<u>(3,776,005)</u>	<u>1,027,011</u>
Fund balances, beginning of year	<u>7,236,186</u>	<u>7,236,186</u>	<u>7,236,186</u>	-
<b>Fund balances, end of year</b>	<u>\$ 6,686,186</u>	<u>\$ 2,433,170</u>	<u>\$ 3,460,181</u>	<u>\$ 1,027,011</u>

concluded

The accompanying notes are an integral part of these financial statements.

## REDFORD UNION SCHOOL DISTRICT #1

### Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Special Education Center Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
State sources	\$ 2,550,000	\$ 6,236,002	\$ 6,236,002	\$ -
Federal sources	500,000	411,810	411,810	-
Payments from other districts	6,650,000	8,348,106	8,522,458	174,352
<b>Total revenues</b>	<u>9,700,000</u>	<u>14,995,918</u>	<u>15,170,270</u>	<u>174,352</u>
<b>Expenditures</b>				
Instruction:				
Basic programs	4,136	4,800	4,725	(75)
Added needs	5,930,958	7,344,247	7,007,893	(336,354)
Total instruction	<u>5,935,094</u>	<u>7,349,047</u>	<u>7,012,618</u>	<u>(336,429)</u>
Supporting services:				
Pupil	2,967,570	3,786,113	3,851,890	65,777
Instructional services	884,916	1,222,402	1,227,224	4,822
School administration	212	144	123	(21)
Operations and maintenance	97,302	97,099	97,698	599
Central	-	-	8,175	8,175
Total supporting services	<u>3,950,000</u>	<u>5,105,758</u>	<u>5,185,110</u>	<u>79,352</u>
Capital outlay	<u>439,906</u>	<u>263,820</u>	<u>358,204</u>	<u>94,384</u>
<b>Total expenditures</b>	<u>10,325,000</u>	<u>12,718,625</u>	<u>12,555,932</u>	<u>(162,693)</u>
Revenues over (under) expenditures	<u>(625,000)</u>	<u>2,277,293</u>	<u>2,614,338</u>	<u>337,045</u>
<b>Other financing sources (uses)</b>				
Transfers in	625,000	-	-	-
Transfers out	-	(2,277,293)	(2,583,445)	306,152
<b>Total other financing sources (uses)</b>	<u>625,000</u>	<u>(2,277,293)</u>	<u>(2,583,445)</u>	<u>(306,152)</u>
<b>Net changes in fund balance</b>	-	-	30,893	30,893
Fund balances, beginning of year	-	-	-	-
<b>Fund balances, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,893</u>	<u>\$ 30,893</u>

The accompanying notes are an integral part of these financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

# REDFORD UNION SCHOOL DISTRICT #1

## Notes to the Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

Redford Union School District #1 (the "District") has followed the guidelines of the Governmental Accounting Standards Board and has determined that no entities should be included in its basic financial statements as component units. Therefore, the reporting entity consists of the primary government financial statements only. The criteria for including a component unit include significant operational or financial relationships with the District.

#### Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District had no *business-type activities* during the current year.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, except for expenditure-driven grants, which use a period of one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes received, intergovernmental revenue, and interest revenue earned within the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.



## REDFORD UNION SCHOOL DISTRICT #1

### Notes to the Financial Statements

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for and reported in another fund.

The *special education center special revenue fund* is used to account for financial resources restricted for expenditures within the Special Education Center Program.

The *2021 building and site capital projects fund* is used to account for all financial resources restricted, committed or assigned to expenditure for the acquisition or construction of capital assets.

The *2025 building and site capital projects fund* is used to account for all financial resources restricted, committed or assigned to expenditure for the acquisition or construction of capital assets.

Additionally, the District reports the following fund types:

The *special revenue funds* are used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

The *debt service funds* are used to account for all financial resources restricted, committed or assigned to expenditure for principal and interest.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

The effect of interfund activity has been eliminated from the government-wide financial statements.

#### **Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Equity**

##### ***Deposits and investments***

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The District's investments in the Michigan Liquid Asset Fund (MILAF) cash management pool are recorded at amortized cost, which approximates fair value. The remaining investments are reported at fair value.

## REDFORD UNION SCHOOL DISTRICT #1

### Notes to the Financial Statements

#### ***Statutory Authority***

The District's investment policy allows for the following types of investments which are all in accordance with the State law:

- a. Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- b. Certificates of deposit insured by a State or national bank, organized and authorized to operate in this State or certificates of deposits issued by a State or Federal savings and loan association, organized and authorized to operate in this State.
- c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d. Surplus funds investment pools under P.A. 1982, No. 367.
- e. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- f. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

#### ***Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

#### ***Inventory and Prepaids***

All inventories are valued at cost using the first-in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Reported inventories are equally offset by nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

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

#### ***Capital Assets***

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

## REDFORD UNION SCHOOL DISTRICT #1

### Notes to the Financial Statements

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	50
Equipment and furniture	5-10
Vehicles and buses	5-12

#### ***Deferred Outflows of Resources***

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to the net pension liability and the net other postemployment benefit asset. A portion of these costs represent contributions to the plan subsequent to the plan measurement date.

#### ***Compensated Absences***

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences - vacation and sick. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

#### ***Unearned Revenue***

Fees received, which relate to future periods, are recorded as unearned revenue. Receipts in excess of allowable expenditures on grants are recorded as unearned revenue until spent or refunded to the grantor.

#### ***Long-term Obligations***

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed upon issuance of the bond.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums and discounts received in debt issuances are reported as other financing sources and/or uses. Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

## REDFORD UNION SCHOOL DISTRICT #1

### Notes to the Financial Statements

#### *Leases*

*Lessee.* The District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the District is reasonably certain to exercise.

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

*Lessor.* The District is a lessor for noncancellable leases of land. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for prepaid lease payments received at lease inception. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The District uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

#### *Deferred Inflows of Resources*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources related to net pension liability and net other postemployment benefit asset. Additionally, the statement of net position and governmental funds balance sheets report deferred inflows related to leases. The amounts are deferred and amortized over the remaining life of the lease.

## REDFORD UNION SCHOOL DISTRICT #1

### Notes to the Financial Statements

#### ***Fund Equity***

Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of the resources by grantors, contributors, or laws or regulations of other governments. If applicable, *committed fund balance* is reported for amounts that can be used for specific purposes pursuant to constraints imposed by formal action if the government's highest level of decision making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify or rescind a fund balance commitment. The District reports *assigned fund balance* for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education has delegated the authority to assign fund balance to the Superintendent or his/her designee. *Unassigned fund balance* is the residual classification for the general fund. The District has no assigned fund balances.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

#### ***Interfund Transactions***

During the course of normal operations, the District has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. The amounts recorded as subsidies or advances are determined by the District.

#### ***Pensions and Other Postemployment Benefits***

For purposes of measuring the net pension liability and other postemployment benefit asset, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

#### ***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## 2. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at fiscal year end.

The general and special revenue funds are under formal budgetary control. Budgets shown in the financial statements are adopted annually on a basis consistent with generally accepted accounting principles (GAAP), and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget as originally adopted or as amended by the Board of Education. The budgets for the general and special revenue funds are adopted on a functional basis.

## REDFORD UNION SCHOOL DISTRICT #1

### Notes to the Financial Statements

#### 3. COMPLIANCE AND ACCOUNTABILITY

During the year, the District incurred certain expenditures in excess of the amounts appropriated as follows:

	Final Budget	Actual	Over Final Budget
<b>General fund</b>			
Supporting services:			
General administration	\$ 697,939	\$ 733,148	\$ 35,209
School administration	2,328,810	2,346,008	17,198
Business office	798,964	806,522	7,558
Pupil transportation services	2,329,547	2,534,940	205,393
Community services:			
Community activities	22,302	42,597	20,295
Custody and care of children	-	6,561	6,561
Debt service:			
Principal	-	109,991	109,991
Interest and fiscal charges	-	12,170	12,170
Capital outlay	-	16,264	16,264
<b>Special education center fund</b>			
Supporting services:			
Pupil	3,786,113	3,851,890	65,777
Instructional services	1,222,402	1,227,224	4,822
Operations and maintenance	97,099	97,698	599
Central	-	8,175	8,175
Capital outlay	263,820	358,204	94,384
Transfers out	2,277,293	2,583,445	306,152
<b>Food service fund</b>			
Food service	2,354,083	2,355,921	1,838

#### ***2021 Building and Site Capital Projects Fund***

Beginning with the year of bond issuance, the school district has reported the annual construction activity in the Capital Projects Fund. The project for which the 2021 School Building and Site Bonds, Series I and 2023 School Building and Site Bonds, Series II, were issued was considered complete on June 30, 2025 and the cumulative expenditures recognized for the construction period were \$63,104,186.

#### ***2025 Building and Site Capital Projects Fund***

The 2025 Building and Site Capital Projects Fund includes capital project activities funded with bonds. For this capital project, the District has complied with the applicable provisions of Section 1351a of the Revised School Code. This fund is not yet considered substantially complete and a subsequent year audit is expected.

# REDFORD UNION SCHOOL DISTRICT #1

## Notes to the Financial Statements

### 4. DEPOSITS AND INVESTMENTS

A reconciliation of cash and investments as shown on the Statement of Net Position is as follows:

**Statement of Net Position**

Cash and investments	<u>\$ 18,551,295</u>
----------------------	----------------------

**Deposits and investments**

Bank deposits (checking/savings accounts)	\$ 6,019,103
Investments	<u>12,532,192</u>

<b>Total</b>	<u><u>\$ 18,551,295</u></u>
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***Investment and Deposit Risk***

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of year end, \$6,616,031 of the District's bank balance of \$6,939,254 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the District does not have a policy for investment custodial credit risk. For the investments listed below, there is no custodial credit risk as these investments are uncategorized as to risk.

Investment	Maturity	Fair Value/ Amortized Cost	Rating
Morgan Stanley Institutional Liquidity Fund	n/a	\$ 12,495,371	S&P - AAAM
Michigan Liquid Asset Fund (MILAF) Portfolio	n/a	<u>36,821</u>	S&P - AAAM
		<u><u>\$ 12,532,192</u></u>	

*Credit Risk.* State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified above for investments held at year end.

*Concentration of Credit Risk.* State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments above. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

## REDFORD UNION SCHOOL DISTRICT #1

### Notes to the Financial Statements

**Interest Rate Risk.** State law limits the allowable investments and the maturities of some of the allowable investments as identified in Note 1 of the summary of significant accounting policies. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturities for each investment are identified on the previous page for investments held at year end.

#### **Fair Value Measurement**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

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

	Level 1	Level 2	Level 3	Total
<b>Investments measured at fair value</b>				
Morgan Stanley Institutional Liquidity Fund	\$ 12,495,371	\$ -	\$ -	\$ 12,495,371
<b>Investments measured at amortized cost</b>				
Michigan Liquid Assets Fund (MILAF)				36,821
				<u>\$ 12,532,192</u>

### 5. RECEIVABLES

Receivables as of year-end for the District's individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	Special Education Fund	Nonmajor Funds	Total
Accounts receivable	\$ 48,838	\$ -	\$ -	\$ 48,838
Due from other governments	8,166,148	136,300	115,513	8,417,961
Leases receivable	213,655	-	-	213,655
	<u>\$ 8,428,641</u>	<u>\$ 136,300</u>	<u>\$ 115,513</u>	<u>\$ 8,680,454</u>
Amounts not expected to be collected within one year	\$ 200,596	\$ -	\$ -	\$ 200,596



## REDFORD UNION SCHOOL DISTRICT #1

### Notes to the Financial Statements

#### 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At June 30, 2025, interfund receivables and payables consisted of the following:

	Due From	Due To
General fund	\$ 5,150,993	\$ 5,652,538
Special education center	-	112,622
2021 building and site capital projects fund	150,009	-
2025 building and site capital projects fund	-	1,649,547
Nonmajor governmental funds	2,168,826	55,121
	<u>\$ 7,469,828</u>	<u>\$ 7,469,828</u>

The District reports interfund balances between certain funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the balance sheet for governmental funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

At June 30, 2025, interfund transfers consisted of the following:

	Transfers In	Transfers Out
General fund	\$ 2,643,158	\$ -
Special education center	-	2,583,445
Nonmajor governmental funds	1,847,624	1,907,337
	<u>\$ 4,490,782</u>	<u>\$ 4,490,782</u>

For the year ending June 30, 2025, the District transferred funds to support the operations of the special education center, to charge allowable indirect costs to the food service fund, and to re-allocate resources between debt service funds.

# **REDFORD UNION SCHOOL DISTRICT #1**

## **Notes to the Financial Statements**

### **7. CAPITAL ASSETS**

The following is a summary of capital asset activity for the year ended June 30, 2025:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 29,623	\$ -	\$ -	\$ -	\$ 29,623
Construction in progress	47,816,322	-	-	(47,816,322)	-
Total capital assets not being depreciated	47,845,945	-	-	(47,816,322)	29,623
Capital assets being depreciated/amortized:					
Buildings and improvements	56,321,324	19,142,639	-	47,816,322	123,280,285
Equipment and furniture	8,579,941	185,220	-	-	8,765,161
Vehicles and buses	49,589	10,735	-	-	60,324
Lease equipment (Note 10)	547,938	16,264	-	-	564,202
	65,498,792	19,354,858	-	47,816,322	132,669,972
Less accumulated depreciation/ amortization for:					
Buildings and improvements	(48,135,213)	(2,643,158)	-	-	(50,778,371)
Equipment and furniture	(5,865,020)	(539,536)	-	-	(6,404,556)
Vehicles and buses	(32,233)	(5,630)	-	-	(37,863)
Lease equipment (Note 10)	(212,943)	(112,840)	-	-	(325,783)
	(54,245,409)	(3,301,164)	-	-	(57,546,573)
Total capital assets being depreciated/amortized, net	11,253,383	16,053,694	-	47,816,322	75,123,399
Governmental activities capital assets, net	\$ 59,099,328	\$ 16,053,694	\$ -	\$ -	\$ 75,153,022

Depreciation/amortization expense of \$3,301,164 was reported as "unallocated depreciation/amortization", and was not allocated to specific functions, as the District considers its assets to impact multiple activities and allocation is not practical.

# REDFORD UNION SCHOOL DISTRICT #1

## Notes to the Financial Statements

### 8. PAYABLES

Accounts payable and accrued liabilities as of year end for the District's major funds and nonmajor funds in the aggregate, are as follows:

	General Fund	Special Education Center	2021 Building & Site Capital Projects	2025 Building & Site Capital Projects	Nonmajor Governmental Funds	Total
<b>Fund Financial Statements</b>						
Accounts payable	\$ 491,454	\$ 4,935	\$ 150,425	\$ 1,910,877	\$ 9,582	\$ 2,567,273
Short-term operating loan	4,000,000	-	-	-	-	4,000,000
Salaries and related liabilities						
Due to other governments	3,953,607	-	-	-	-	3,953,607
	418,753	-	-	-	-	418,753
	<u>\$ 8,863,814</u>	<u>\$ 4,935</u>	<u>\$ 150,425</u>	<u>\$ 1,910,877</u>	<u>\$ 9,582</u>	<u>10,939,633</u>
<b>Government-wide Financial Statements</b>						
Accrued interest on long-term debt						338,630
						<u>\$ 11,278,263</u>

### 9. BONDS AND OTHER LONG-TERM LIABILITIES

The following is a summary of bonds and other long-term liability transactions of the District for the year ended June 30, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 54,510,000	\$ 12,500,000	\$ (1,720,000)	\$ 65,290,000	\$ 2,410,000
Lease liability (Note 10)	390,554	16,264	(109,991)	296,827	114,635
Unamortized bond premium	3,748,289	285,402	(142,740)	3,890,951	152,933
Compensated absences*	1,611,336	347,305	-	1,958,641	1,031,399
	<u>\$ 60,260,179</u>	<u>\$ 13,148,971</u>	<u>\$ (1,972,731)</u>	<u>\$ 71,436,419</u>	<u>\$ 3,708,967</u>

\* The change in compensated absences above is the net change for the year.

# **REDFORD UNION SCHOOL DISTRICT #1**

## **Notes to the Financial Statements**

Bonds payable at June 30, 2025, are comprised of the following issues:

### **General obligation bonds**

2021 Building and Site Bonds - Unlimited Tax General  
Obligation - \$27,655,000 term bonds due in annual  
installments of \$500,000 to \$1,275,000 through  
November 1, 2050; interest at 2.25% to 5.00%. \$ 25,340,000

2023 Building and Site Bonds - Unlimited Tax General  
Obligation - \$28,425,000 term bonds due in annual  
installments of \$605,000 to \$1,300,000 through  
May 1, 2051; interest at 4.00% to 5.00%. 27,450,000

2025 Building and Site Bonds - Unlimited Tax General  
Obligation - \$12,500,000 term bonds due in annual  
installments on May and November of \$100,000 to \$1,785,000  
through November 1, 2052; interest at 4.50% to 6.00%. 12,500,000

**Total general obligation bonds payable** \$ 65,290,000

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 2,410,000	\$ 2,521,353	\$ 4,931,353
2027	2,405,000	2,484,081	4,889,081
2028	1,480,000	2,390,081	3,870,081
2029	1,555,000	2,314,956	3,869,956
2030	1,635,000	2,236,206	3,871,206
2031-2035	9,710,000	9,920,255	19,630,255
2036-2040	11,930,000	7,644,630	19,574,630
2041-2045	13,365,000	5,329,024	18,694,024
2046-2050	15,565,000	2,822,441	18,387,441
2051-2053	5,235,000	313,688	5,548,688
	<u>\$ 65,290,000</u>	<u>\$ 37,976,715</u>	<u>\$ 103,266,715</u>

## REDFORD UNION SCHOOL DISTRICT #1

### Notes to the Financial Statements

#### 10. LEASES

**Lessee** - The District is involved in three agreements as a lessee that qualify as long-term lease agreements for the use of District copiers. Below is a summary of the nature of these agreements. These agreements qualify as intangible, right-to-use assets and not financed purchases, as the District will not own the assets at the end of the contract terms and the noncancelable terms of the agreements are greater than one year. The present values are discounted using an interest rate of 3.0 to 3.5 percent based on the District's incremental borrowing rate.

The right-to-use-assets and the related activity are included in Note 7, Capital Assets. The lease liability and related activity are presented in Note 9, Bonds and Other Long-term Liabilities.

Asset Type	Remaining Term of Agreements
Equipment	5 years

The net present value of future minimum payments as of year end, were as follows:

Year Ended June 30,	Principal	Interest
2026	\$ 114,635	\$ 8,404
2027	118,665	4,374
2028	56,450	782
2029	6,204	103
2030	873	4
<b>Total</b>	<b>\$ 296,827</b>	<b>\$ 13,667</b>

**Lessor** - The District is involved in two agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. The agreements qualify as long-term lease agreements as the District will not surrender control of the assets at the end of the term and the noncancelable term of the agreements surpasses one year. Total lease revenue for the year ended June 30, 2025 was \$38,399. On March 29, 2024, the District entered into a lease modification for one of the agreements that included a single, upfront payment of \$750,000 for the use of land for the next 39 years.

Asset Type	Remaining Term of Agreements
Land	9-39 years

	Beginning Balance	Additions	Deductions	Ending Balance
Leases receivable	\$ 225,687	\$ -	\$ (12,032)	\$ 213,655

# REDFORD UNION SCHOOL DISTRICT #1

## Notes to the Financial Statements

### 11. STATE AID ANTICIPATION NOTES

During the year, the District financed some of its operations through the issuance of State Aid and Limited Tax General Obligation notes. These notes were issued for terms of less than one year, and accordingly, are recorded as liabilities of the respective funds from which they were issued. At year end, note consisted of \$4,000,000 due on August 21, 2025 with interest at 4.88%. Short-term note activity for the year ended June 30, 2025, was as follows:

#### General fund

State Aid and Limited Tax General Obligation notes:

Beginning balance	\$	-
Additions		4,000,000
Reductions		-
		<hr/>
Ending balance	\$	<u>4,000,000</u>

### 12. CONTINGENCIES

Under the terms of various Federal and State grants and regulatory requirements, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the District. Also, as is the case with other entities, the District faces exposure from potential claims and legal proceedings involving various matters. Management believes that any adverse ruling against the District, if any, would not have a significant impact on the financial position of the District.

### 13. RISK MANAGEMENT

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance to satisfy any claims related to general liability, vehicle liability, property and casualty, athletic participation, employee health and accident and errors, and omissions. The District participates in MESSA for employees' health care. The shared risk pool program in which the District participates operates as a common risk-sharing management program for school districts in Michigan.

The District is partially self-insured for workers compensation and has insurance coverage after a stop loss amount. An independent third party administers the District's self-insurance program.

Changes in the balances of claims liabilities during the past two years are as follows:

	2025	2024
Accrued claims, beginning of year	\$ 398,000	\$ 240,000
Incurred claims	81,580	186,130
Claim payments	<u>(296,580)</u>	<u>(28,130)</u>
Accrued claims, end of year	<u>\$ 183,000</u>	<u>\$ 398,000</u>

## REDFORD UNION SCHOOL DISTRICT #1

### Notes to the Financial Statements

#### 14. PROPERTY TAXES

Property taxes are assessed as of December 31, and attach as an enforceable lien on property as of December 1 of the following year. Taxes are levied by the Charter Township of Redford on July 1, of each fiscal year. All levies become delinquent on February 14. The Delinquent Tax Revolving Funds of Wayne County advance delinquent real taxes to the District.

#### 15. PENSION AND OTHER POSTEMPLOYMENT BENEFIT PLANS

##### *Plan Description*

The Michigan Public School Employees' Retirement System (the "System" or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (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 the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available at the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

##### *Pension Benefits Provided*

Benefit provisions of the defined benefit pension 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 (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.50%. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB member plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

## REDFORD UNION SCHOOL DISTRICT #1

### Notes to the Financial Statements

Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPSERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

#### ***Other Postemployment Benefits Provided***

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare 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 healthcare 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 stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.



## REDFORD UNION SCHOOL DISTRICT #1

### Notes to the Financial Statements

#### *Contributions*

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

The table below summarizes pension contribution rates in effect for fiscal year 2025:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	23.03% - 30.11%
Member Investment Plan (MIP)	3.00% - 7.00%	23.03% - 30.11%
Pension Plus	3.00% - 6.40%	19.17% - 26.27%
Pension Plus 2	6.20%	20.10% - 27.16%
Defined Contribution	0.00%	13.90% - 20.96%

For the year ended June 30, 2025, required and actual contributions from the District to the pension plan were \$8,889,433, which included \$2,358,358, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate. In addition, the District had additional contributions of \$536,064, which was a one-time, state payment toward the MPSERS unfunded liability.

## REDFORD UNION SCHOOL DISTRICT #1

### Notes to the Financial Statements

The table below summarizes OPEB contribution rates in effect for fiscal year 2025:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	1.25% - 8.31%
Personal Healthcare Fund (PHF)	0.00%	0.00% - 7.06%

For the year ended June 30, 2025, required and actual contributions from the District to the OPEB plan were \$455,830.

The table below summarizes defined contribution rates in effect for fiscal year 2025:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

For the year ended June 30, 2025, required and actual contributions from the District for those members with a defined contribution benefit were \$492,853.

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

At June 30, 2025, the District reported a liability of \$51,284,035 for its proportionate share of the MPSERS 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 rolled forward from September 2023. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, the District's proportion was 0.20948%, which was an increase of 0.00125% from its proportion measured as of September 30, 2023.

## REDFORD UNION SCHOOL DISTRICT #1

### Notes to the Financial Statements

For the year ended June 30, 2025, the District recognized pension expense of \$1,742,493. At June 30, 2025, the 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	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 1,391,372	\$ 557,208	\$ 834,164
Changes in assumptions	5,346,665	3,757,498	1,589,167
Net difference between projected and actual earnings on pension plan investments	-	9,787,168	(9,787,168)
Changes in proportion and differences between employer contributions and proportionate share of contributions	291,091	2,388,889	(2,097,798)
	<u>7,029,128</u>	<u>16,490,763</u>	<u>(9,461,635)</u>
District contributions subsequent to the measurement date	<u>8,705,766</u>	<u>-</u>	<u>8,705,766</u>
<b>Total</b>	<u>\$ 15,734,894</u>	<u>\$ 16,490,763</u>	<u>\$ (755,869)</u>

The amount reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2026	\$ (3,039,087)
2027	(175,410)
2028	(3,716,541)
2029	<u>(2,530,597)</u>
<b>Total</b>	<u>\$ (9,461,635)</u>

## REDFORD UNION SCHOOL DISTRICT #1

### Notes to the Financial Statements

#### *OPEB Assets/Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At June 30, 2025, the District reported an asset of \$9,294,290 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2024, the District's proportion was 0.21593% which was an increase of 0.01118% from its proportion measured as of September 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB benefit of \$3,907,062. At June 30, 2025, the 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	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 9,849,109	\$ (9,849,109)
Changes in assumptions	2,030,007	233,332	1,796,675
Net difference between projected and actual earnings on OPEB plan investments	-	1,759,516	(1,759,516)
Changes in proportion and differences between employer contributions and proportionate share of contributions	271,903	1,082,204	(810,301)
	<u>2,301,910</u>	<u>12,924,161</u>	<u>(10,622,251)</u>
District contributions subsequent to the measurement date	176,416	-	176,416
<b>Total</b>	<u>\$ 2,478,326</u>	<u>\$ 12,924,161</u>	<u>\$ (10,445,835)</u>

# REDFORD UNION SCHOOL DISTRICT #1

## Notes to the Financial Statements

The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an adjustment to the net OPEB asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2026	\$ (3,636,208)
2027	(2,242,698)
2028	(1,940,776)
2029	(1,721,055)
2030	(917,294)
Thereafter	<u>(164,220)</u>
<b>Total</b>	<u><u>\$ (10,622,251)</u></u>

### **Actuarial Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension and OPEB liabilities in the September 30, 2023 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.00%
Pension Plus plan (hybrid)	6.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.25% Year 1 graded to 3.5% Year 15 Post-65: 6.50% Year 1 graded to 3.5% Year 15
Mortality	Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010. Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

REDFORD UNION SCHOOL DISTRICT #1

Notes to the Financial Statements

Other OPEB assumptions:	
Opt-out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree’s death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension and OPEB liabilities as of September 30, 2024, are based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4612 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.2834 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

*Changes in assumptions.* The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method. In addition, healthcare cost trend rates for pre-65 decreased from 7.50% to 7.25% and post-65 increased from 6.25% to 6.50%.

# REDFORD UNION SCHOOL DISTRICT #1

## Notes to the Financial Statements

### *Long-term Expected Return on Pension and OPEB Plan Assets*

The long-term expected rate of return on pension 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 pension/OPEB 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension and OPEB plans' target asset allocation as of September 30, 2024, are summarized in the following table:

#### *Pension*

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.02%	1.26%
Private equity pools	16.00%	8.53%	1.36%
International equity pools	15.00%	6.16%	0.92%
Fixed income pools	13.00%	2.08%	0.27%
Real estate and infrastructure pools	10.00%	6.73%	0.67%
Absolute return pools	9.00%	4.93%	0.44%
Real return/opportunistic pools	10.00%	6.54%	0.65%
Short-term investment pools	2.00%	1.33%	0.03%
	<u>100.00%</u>		5.60%
Inflation			2.30%
Risk adjustment			<u>-1.90%</u>
<b>Investment rate of return</b>			<u><u>6.00%</u></u>

## REDFORD UNION SCHOOL DISTRICT #1

### Notes to the Financial Statements

#### *OPEB*

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.02%	1.26%
Private equity pools	16.00%	8.53%	1.36%
International equity pools	15.00%	6.16%	0.92%
Fixed income pools	13.00%	1.88%	0.24%
Real estate and infrastructure pools	10.00%	6.73%	0.67%
Absolute return pools	9.00%	4.93%	0.44%
Real return/opportunistic pools	10.00%	6.54%	0.65%
Short-term investment pools	2.00%	1.33%	0.03%
	<u>100.00%</u>		5.57%
Inflation			2.30%
Risk adjustment			<u>-1.87%</u>
<b>Investment rate of return</b>			<u><u>6.00%</u></u>

#### *Rate of Return*

For the fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 15.47% and 15.45%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### *Discount Rate*

A discount rate of 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.00%. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.



## REDFORD UNION SCHOOL DISTRICT #1

### Notes to the Financial Statements

#### *Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.00%, as well as what the District'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 (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net pension liability	\$ 75,182,947	\$ 51,284,035	\$ 31,383,593

#### *Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate*

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net OPEB asset	\$ (7,182,704)	\$ (9,294,290)	\$ (11,119,979)

#### *Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Healthcare Cost Trend Rate*

The following presents the District's proportionate share of the net OPEB asset calculated using the assumed trend rates, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ (11,119,999)	\$ (9,294,290)	\$ (7,336,227)

## REDFORD UNION SCHOOL DISTRICT #1

### Notes to the Financial Statements

#### *Pension and OPEB Plans Fiduciary Net Position*

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPERS financial statements available on the State of Michigan Office of Retirement Services website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

#### *Payable to the Pension Plan*

At June 30, 2025, the District reported a payable of \$1,258,551 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2025.

#### *Payable to the OPEB Plan*

At June 30, 2025, the District reported a payable of \$30,391 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2025.

### 16. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2025, was as follows:

Capital assets, net	\$ 75,153,022
Bonds payable	(65,290,000)
Lease liability	(296,827)
Unamortized bond premium	(3,890,951)
Unexpended bond proceeds	<u>8,934,603</u>
<b>Net investment in capital assets</b>	<u><u>\$ 14,609,847</u></u>

### 17. RESTATEMENT OF BEGINNING BALANCES

During the current year, the District implemented GASB Statement No. 101, *Compensated Absences*. The effects of the change in accounting principle are summarized below:

	<b>Governmental Activities</b>
Net position, beginning of year, as previously reported	\$ (44,199,135)
Restatement - GASB 101 implementation	<u>(510,076)</u>
Net position, beginning of year, as restated	<u><u>\$ (44,709,211)</u></u>

## REDFORD UNION SCHOOL DISTRICT #1

### Notes to the Financial Statements

#### 18. SUBSEQUENT EVENTS

##### *State Aid Anticipation Notes*

On August 20, 2025, the District borrowed \$7,000,000 at 2.77% in the form of a State Aid Anticipation Note. The note is through the Michigan Finance Authority (Series 2025A) is due August 20, 2026. The note has no set-aside payments, and the total payment due in August of 2026 is \$7,193,900.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

## REDFORD UNION SCHOOL DISTRICT #1

### Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan

Schedule of the District's Proportionate Share of the Net Pension Liability

	Year Ended June 30,			
	2025	2024	2023	2022
District's proportionate share of the net pension liability	\$ 51,284,035	\$ 67,397,142	\$ 79,676,524	\$ 52,207,208
District's proportion of the net pension liability	0.20948%	0.20823%	0.21186%	0.22051%
District's covered payroll	\$ 22,666,074	\$ 20,300,923	\$ 20,350,711	\$ 18,919,729
District's proportionate share of the net pension liability as a percentage of its covered payroll	226.26%	331.99%	391.52%	275.94%
Plan fiduciary net position as a percentage of the total pension liability	74.44%	65.91%	60.77%	72.60%

See notes to required supplementary information.

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Year Ended June 30,					
2021	2020	2019	2018	2017	2016
\$ 82,441,584	\$ 82,388,174	\$ 73,136,843	\$ 58,906,928	\$ 52,533,626	\$ 49,411,722
0.23999%	0.24878%	0.24329%	0.22732%	0.21056%	0.20230%
\$ 20,787,034	\$ 21,341,157	\$ 21,586,306	\$ 19,504,630	\$ 18,098,526	\$ 16,721,314
396.60%	386.05%	338.81%	302.02%	290.26%	295.50%
59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

## REDFORD UNION SCHOOL DISTRICT #1

### Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan  
Schedule of the District's Pension Contributions

	Year Ended June 30,			
	2025	2024	2023	2022
Statutorily required contribution	\$ 8,889,433	\$ 8,676,606	\$ 7,471,313	\$ 7,089,742
Contributions in relation to the statutorily required contribution	<u>(8,889,433)</u>	<u>(8,676,606)</u>	<u>(7,471,313)</u>	<u>(7,089,742)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 24,272,440	\$ 22,424,430	\$ 20,492,246	\$ 19,472,729
Contributions as a percentage of covered payroll	36.62%	38.69%	36.46%	36.41%

See notes to required supplementary information.





Year Ended June 30,					
2021	2020	2019	2018	2017	2016
\$ 6,301,283	\$ 6,467,110	\$ 8,419,166	\$ 6,722,784	\$ 3,631,814	\$ 4,877,875
<u>(6,301,283)</u>	<u>(6,467,110)</u>	<u>(8,419,166)</u>	<u>(6,722,784)</u>	<u>(3,631,814)</u>	<u>(4,877,875)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 18,782,015	\$ 21,162,639	\$ 21,337,358	\$ 21,188,419	\$ 19,320,577	\$ 16,656,975
33.55%	30.56%	39.46%	31.73%	18.80%	29.28%

## REDFORD UNION SCHOOL DISTRICT #1

### Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan

Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit (Asset) Liability

	Year Ended June 30,			
	2025	2024	2023	2022
District's proportionate share of the net OPEB (asset) liability	\$ (9,294,290)	\$ (1,158,275)	\$ 4,475,759	\$ 3,213,892
District's proportion of the net OPEB asset/liability	0.21593%	0.20475%	0.21131%	0.21056%
District's covered payroll	\$ 22,666,074	\$ 20,300,923	\$ 20,350,711	\$ 18,919,729
District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-41.01%	-5.71%	21.99%	16.99%
Plan fiduciary net position as a percentage of the total OPEB liability	143.08%	105.04%	83.09%	87.33%

See notes to required supplementary information.



Year Ended June 30,			
2021	2020	2019	2018
\$ 12,626,013	\$ 17,556,231	\$ 20,143,412	\$ 20,009,292
0.23568%	0.24459%	0.25341%	0.22595%
\$ 20,787,034	\$ 21,341,157	\$ 21,586,306	\$ 19,504,630
60.74%	82.26%	93.32%	102.59%
59.44%	48.46%	42.95%	36.39%

## REDFORD UNION SCHOOL DISTRICT #1

### Required Supplementary Information

MPSERS Cost-Sharing Multiple Employer Plan

Schedule of the District's Other Postemployment Benefit Contributions

	Year Ended June 30,			
	2025	2024	2023	2022
Statutorily required contribution	\$ 455,830	\$ 1,778,056	\$ 1,580,382	\$ 1,687,646
Contributions in relation to the statutorily required contribution	<u>(455,830)</u>	<u>(1,778,056)</u>	<u>(1,580,382)</u>	<u>(1,687,646)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 24,272,440	\$ 22,424,430	\$ 20,492,246	\$ 19,472,729
Contributions as a percentage of covered payroll	1.88%	7.93%	7.71%	8.67%

See notes to required supplementary information.



Year Ended June 30,			
2021	2020	2019	2018
\$ 1,559,198	\$ 1,784,881	\$ 2,683,665	\$ 1,630,000
<u>(1,559,198)</u>	<u>(1,784,881)</u>	<u>(2,683,665)</u>	<u>(1,630,000)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 18,782,015	\$ 21,162,639	\$ 21,337,358	\$ 21,188,419
8.30%	8.43%	12.58%	7.69%

# REDFORD UNION SCHOOL DISTRICT #1

## Notes to Required Supplementary Information

### Pension Information

The amounts presented in the schedule of the District's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

# REDFORD UNION SCHOOL DISTRICT #1

## Notes to Required Supplementary Information

### OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net OPEB (Asset) Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method. In addition, healthcare cost trend rates for pre-65 decreased from 7.50% to 7.25% and post-65 increased from 6.25% to 6.50%.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

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## **COMBINING FUND FINANCIAL STATEMENTS**

## REDFORD UNION SCHOOL DISTRICT #1

### Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2025

	Special Revenue		Debt Service		
	Food Service	Student/ School Activity	1997 Bond	2021 Bond	Totals
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 73,222	\$ 349,065	\$ -	\$ 422,287
Due from other funds	584,739	-	1,582,959	1,128	2,168,826
Due from other governments	115,513	-	-	-	115,513
Inventory	28,869	-	-	-	28,869
<b>Total assets</b>	<u>\$ 729,121</u>	<u>\$ 73,222</u>	<u>\$ 1,932,024</u>	<u>\$ 1,128</u>	<u>\$ 2,735,495</u>
<b>Liabilities</b>					
Accounts payable	\$ 9,582	\$ -	\$ -	\$ -	\$ 9,582
Due to other funds	-	55,121	-	-	55,121
<b>Total liabilities</b>	<u>9,582</u>	<u>55,121</u>	<u>-</u>	<u>-</u>	<u>64,703</u>
<b>Fund balances</b>					
Nonspendable	28,869	-	-	-	28,869
Restricted	690,670	-	1,932,024	1,128	2,623,822
Committed	-	18,101	-	-	18,101
<b>Total fund balances</b>	<u>719,539</u>	<u>18,101</u>	<u>1,932,024</u>	<u>1,128</u>	<u>2,670,792</u>
<b>Total liabilities and fund balances</b>	<u>\$ 729,121</u>	<u>\$ 73,222</u>	<u>\$ 1,932,024</u>	<u>\$ 1,128</u>	<u>\$ 2,735,495</u>

## REDFORD UNION SCHOOL DISTRICT #1

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds  
For the Year Ended June 30, 2025

	Special Revenue		Debt Service		Totals
	Food Service	Student/ School Activity	1997 Bond	2021 Bond	
<b>Revenues</b>					
Local sources	\$ 149,588	\$ 56,275	\$ 2,329,674	\$ 2,060,998	\$ 4,596,535
State sources	105,816	-	-	-	105,816
Federal sources	1,803,633	-	-	-	1,803,633
<b>Total revenues</b>	<u>2,059,037</u>	<u>56,275</u>	<u>2,329,674</u>	<u>2,060,998</u>	<u>6,505,984</u>
<b>Expenditures</b>					
Current:					
Supporting services	-	38,174	-	-	38,174
Food service	2,296,208	-	-	-	2,296,208
Debt service:					
Principal	-	-	975,000	745,000	1,720,000
Interest and fiscal charges	-	-	1,270,274	810,630	2,080,904
<b>Total expenditures</b>	<u>2,296,208</u>	<u>38,174</u>	<u>2,245,274</u>	<u>1,555,630</u>	<u>6,135,286</u>
Revenues over (under) expenditures	<u>(237,171)</u>	<u>18,101</u>	<u>84,400</u>	<u>505,368</u>	<u>370,698</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	1,847,624	-	1,847,624
Transfers out	(59,713)	-	-	(1,847,624)	(1,907,337)
<b>Total other financing sources (uses)</b>	<u>(59,713)</u>	<u>-</u>	<u>1,847,624</u>	<u>(1,847,624)</u>	<u>(59,713)</u>
<b>Net change in fund balances</b>	<u>(296,884)</u>	<u>18,101</u>	<u>1,932,024</u>	<u>(1,342,256)</u>	<u>310,985</u>
Fund balances, beginning of year	<u>1,016,423</u>	<u>-</u>	<u>-</u>	<u>1,343,384</u>	<u>2,359,807</u>
<b>Fund balances, end of year</b>	<u>\$ 719,539</u>	<u>\$ 18,101</u>	<u>\$ 1,932,024</u>	<u>\$ 1,128</u>	<u>\$ 2,670,792</u>

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