

Ypsilanti Community Schools

Financial Statements

June 30, 2025



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**BUSINESS SUCCESS
PARTNERS**

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Ypsilanti Community Schools
Members of the Board of Education and Administration
June 30, 2025

Members of the Board of Education

Dr. Celeste Hawkins	President
Sharon Lee	Vice President
Maria Goodrich	Secretary
M. Jeanice Townsend	Treasurer
Yvonne Fields	Trustee
Dawn Espy	Trustee
Talisha Sutton-Kennedy	Trustee

Administration

Alena Zachery-Ross	Superintendent
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Independent Auditors' Report

Management and the Board of Education
Ypsilanti Community Schools
Ypsilanti, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ypsilanti Community Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Ypsilanti Community Schools' basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the 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 Ypsilanti Community Schools, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ypsilanti Community Schools, 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.

Adoption of New Accounting Standard

As discussed in Note 14 to the financial statements, during the year ended June 30, 2025, Ypsilanti Community Schools adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ypsilanti Community Schools' 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.

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 generally accepted auditing standards 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 generally accepted auditing standards 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 Ypsilanti Community Schools' 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 Ypsilanti Community Schools' 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, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, and schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability (asset), and schedule of the school district's OPEB contributions identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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

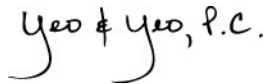
our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ypsilanti Community Schools' basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information, as identified in the table of contents, 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 other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2025 on our consideration of Ypsilanti Community Schools' 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 Ypsilanti Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ypsilanti Community Schools' internal control over financial reporting and compliance.



Ann Arbor, MI
November 3, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Ypsilanti Community Schools

Management's Discussion and Analysis

June 30, 2025

As management of Ypsilanti Community Schools, we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of the School District for the fiscal year ended June 30, 2025.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, supporting services, athletics, food service and community services. The School District has no business-type activities as of and for the year ending June 30, 2025.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Ypsilanti Community Schools

Management's Discussion and Analysis

June 30, 2025

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School District maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, sinking fund and Willow Run debt service fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The School District adopts an annual appropriated budget for its general and special revenue funds. A budgetary comparison statement has been provided for the general fund herein to demonstrate compliance with that budget.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. In the case of the School District, liabilities and deferred inflows exceeded assets and deferred outflows by \$50,490,858 at the close of the most recent fiscal year.

A portion of the School District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, furniture and equipment, and buses and other vehicles); less any related debt used to acquire those assets that is still outstanding, which is \$5,297,898 at June 30, 2025. The School District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary Statement of Net Position

	2025	2024
Assets		
Current and other assets	\$ 43,364,263	\$ 44,429,953
Capital assets, net	<u>42,048,865</u>	<u>45,508,309</u>
Total assets	<u>85,413,128</u>	<u>89,938,262</u>
Deferred Outflows of Resources	<u>28,772,782</u>	<u>37,044,335</u>
Liabilities		
Current and other liabilities	11,561,832	13,848,876
Long-term liabilities	<u>111,050,396</u>	<u>136,936,282</u>
Total liabilities	<u>122,612,228</u>	<u>150,785,158</u>
Deferred Inflows of Resources	<u>42,064,540</u>	<u>32,043,385</u>
Net Position		
Net investment in capital assets	5,297,898	270,983
Restricted	20,519,425	9,968,891
Unrestricted	<u>(76,308,181)</u>	<u>(66,085,820)</u>
Total net position	<u>\$ (50,490,858)</u>	<u>\$ (55,845,946)</u>

Ypsilanti Community Schools

Management's Discussion and Analysis

June 30, 2025

Total net position as of June 30, 2025 consists of \$20,519,425 restricted for debt service, food service, capital projects and net OPEB asset. The School District also reported a deficit of \$76,308,181 as unrestricted net position. The negative balance is mainly related to the School District's proportionate share of the MPSERS net pension liabilities and the School District's general obligation bonded debt.

The results of this year's operation for the School District as a whole are reported in the statement of activities, which shows the changes in net position for the fiscal year 2025 compared to the changes in net position for fiscal year 2024.

	2025	2024
Revenues		
Program revenues		
Charges for services	\$ 882,433	\$ 1,051,594
Operating grants and contributions	36,604,755	42,288,202
Capital grants and contributions	744,644	-
General revenues		
Property taxes	27,683,704	29,357,309
Unrestricted state school aid	23,421,449	26,992,846
Gain on sale of capital assets	600,000	-
Insurance recoveries	95,617	258,669
Forgiveness of debt	-	20,993,778
Other	10,052,356	7,792,248
Total revenues	<u>100,084,958</u>	<u>128,734,646</u>
Expenses		
Instruction	39,866,270	42,951,644
Supporting services	46,161,753	38,180,516
Food services	3,669,520	3,698,202
Community services	1,087,522	624,224
Other	1,302,355	2,195,840
Total expenses	<u>92,087,420</u>	<u>87,650,426</u>
Change in net position	7,997,538	41,084,220
Net position - beginning, as previously restated	<u>(55,845,946)</u>	<u>(96,930,166)</u>
Adoption of new accounting standard (GASB 101)	<u>(2,642,450)</u>	<u>-</u>
Net position - beginning, as restated	<u>(58,488,396)</u>	<u>(96,930,166)</u>
Net position - ending	<u><u>\$ (50,490,858)</u></u>	<u><u>\$ (55,845,946)</u></u>

Governmental Activities

Governmental activities increased the School District's net position by \$7,997,538. Key elements of this increase are as follows:

- Total expense increased from the prior year by \$4,436,994. The causes for this change include:
 - The School District had increases in employment costs, invested in improvement of education, and repairs and maintenance that were not capitalized.
 - The School District's COVID-related reimbursable grants decreased but other Federal reimbursable grants from the U.S. Department of Education continued through June 30, 2025.
- Total revenue decreased from the prior year by \$28,649,688 primarily due to the lack of forgiveness of debt but also an overall decrease in Federal expenditures from June 30, 2024.

Financial Analysis of the Government's Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Ypsilanti Community Schools

Management's Discussion and Analysis

June 30, 2025

As of the end of the current fiscal year, the School District's governmental funds reported a combined ending fund balance of \$17,917,148. Of this total amount, \$45,643 constitutes nonspendable fund balance to indicate that is not available for new spending because the underlying assets are included in inventory and prepaids, while \$8,118,103 is restricted for debt service, food service, and capital projects, and \$354,605 committed for student and school activities. The remaining component is an unassigned fund balance of \$9,398,797.

The general fund is the chief operating fund of the School District. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$9,534,382 while total fund balance was \$9,580,025. Total fund balance is 10% of total general fund expenditures.

The fund balance of the School District's general fund decreased by \$8,066,045 during the current fiscal year. The decrease was primarily due to a decrease in federal revenue of \$10,876,645 and the increase in expenses due to employment costs, improvement of education and repairs and maintenance during the fiscal year.

At the end of the current fiscal year, the restricted fund balance of the School District's sinking capital projects fund was \$4,775,932, an increase of \$156,079 over the prior year.

The other nonmajor governmental funds have a combined fund balance of \$3,561,191, a decrease of \$644,600 over the prior year.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with 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 before the 2024-25 year end. A statement showing the School District's original and final budget amounts compared with amounts actually recorded as revenue and expenditures is provided in the accompanying basic financial statements.

During the year, the budget was amended in a legally permissible manner. Amendments to the original budget were made during the fiscal year as more information became known. For the year ended June 30, 2025, total actual expenditures were more than the total final budget amount by \$15,920,067. This reflects a total variance of 21% on \$75,840,532. The major budget variances are a result of employee and other expenses exceeding expected budgets in certain functions, such as transportation, operations, maintenance and instructional staff. Also, general fund actual revenues were more than final amended budget revenue by \$6,126,832.

Capital Asset and Debt Administration

Capital Assets

The School District's investment in capital assets for its governmental activities as of June 30, 2025, amounted to \$42,048,865 (net of accumulated depreciation). This investment in capital assets includes land and improvements, constructions in progress, buildings and improvements, furniture and equipment, right to use assets and vehicles.

	Capital Assets (Net of Depreciation)	
	2025	2024
Land	\$ 811,830	\$ 811,830
Land improvements	2,530,544	2,601,185
Buildings and improvements	37,074,262	40,161,572
Furniture and equipment	1,058,448	1,073,115
Right to use asset - vehicles	399,185	786,368
Vehicles	174,596	74,239
Total capital assets, net	<u>\$ 42,048,865</u>	<u>\$ 45,508,309</u>

For the current year, the School District incurred depreciation expense of \$4,271,896.

Ypsilanti Community Schools

Management's Discussion and Analysis

June 30, 2025

Additional information on the School District's capital assets is found in notes to the financial statements.

Long-term Debt

At the end of the June 30, 2025 and 2024, the School District had total bonded debt outstanding of \$36,210,000 and \$44,000,000, respectively. Those bonds consisted of general obligation debt.

During the year ended June 30, 2025, the School District did not borrow from the Michigan School Loan Revolving Fund. Additional information on the School District's long-term debt is found in notes to the financial statements.

Factors Bearing on the School District's Future

The following factors were also considered in preparing the School District's budget for the 2025-26 fiscal year:

- Our elected officials and administration consider many factors when setting the School District's 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 blended count of the 2024-25 fiscal year was 90% of the Fall 2024 count and 10% of Spring Supplemental 2025 count. The 2025-26 budget was built on a student count of 3,740 as well as the same foundation allowance as the budget for the 2024-2025 school year as the state budget was not finalized before the School District needed to adopt the 2025-2026 fiscal year budget.
- Approximately 51% of the general fund revenue is from state aid. Under state law, the school district cannot access additional property tax revenue for general operations. As a result, School District funding is heavily dependent on the State's ability to fund local school operations and the School District's ability to maintain student count.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of Business and Finance, 1885 Packard Road, Ypsilanti, MI 48197.

BASIC FINANCIAL STATEMENTS

Ypsilanti Community Schools
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Cash	\$ 17,279,586
Accounts receivable	1,195,403
Due from other governmental units	12,226,230
Inventory	19,133
Prepaid items	26,510
Capital assets not being depreciated	811,830
Capital assets - net of accumulated depreciation	41,237,035
Net OPEB asset	<u>12,617,401</u>
 Total assets	 <u>85,413,128</u>
 Deferred Outflows of Resources	
Deferred amount on debt refunding	1,379,462
Deferred amount relating to the net pension liability	23,920,770
Deferred amount relating to the net OPEB asset	<u>3,472,550</u>
 Total deferred outflows of resources	 <u>28,772,782</u>
 Liabilities	
Accounts payable	2,851,805
Due to other governmental units	1,106,598
Accrued expenditures	291,572
Accrued salaries payable	5,111,234
Unearned revenue	2,200,623
Long-term liabilities	
Net pension liability	69,163,257
Due within one year	8,306,516
Due in more than one year	<u>33,580,623</u>
 Total liabilities	 <u>122,612,228</u>

See Accompanying Notes to the Financial Statements

Ypsilanti Community Schools
Statement of Net Position
June 30, 2025

	<u>Governmental Activities</u>
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	25,173,691
Deferred amount relating to the net OPEB asset	<u>16,890,849</u>
 Total deferred inflows of resources	 <u>42,064,540</u>
 Net Position	
Net investment in capital assets	5,297,898
Restricted for	
Food service	757,137
Debt service	2,368,955
Capital projects	4,775,932
Net OPEB asset	12,617,401
Unrestricted	<u>(76,308,181)</u>
 Total net position	 <u><u>\$ (50,490,858)</u></u>

See Accompanying Notes to the Financial Statements

Ypsilanti Community Schools
Statement of Activities
For the Year Ended June 30, 2025

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Governmental activities					
Instruction	\$ 39,866,270	\$ -	\$ 16,690,544	\$ -	\$ (23,175,726)
Supporting services	46,161,753	628,939	16,386,208	744,644	(28,401,962)
Food services	3,669,520	35,060	3,273,985	-	(360,475)
Community services	1,087,522	218,434	254,018	-	(615,070)
Interest and fiscal charges on long-term debt	<u>1,302,355</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,302,355)</u>
Total governmental activities	<u>\$ 92,087,420</u>	<u>\$ 882,433</u>	<u>\$ 36,604,755</u>	<u>\$ 744,644</u>	<u>(53,855,588)</u>
General revenues					
Property taxes, levied for general purposes					13,599,259
Property taxes, levied for debt service					8,883,698
Property taxes, levied for sinking fund					5,200,747
Special education millage					7,753,752
State aid - unrestricted					23,421,449
Interest and investment earnings					1,318,607
Gain on sale of capital assets					600,000
Other					979,997
Insurance recoveries					<u>95,617</u>
Total general revenues					<u>61,853,126</u>
Change in net position					<u>7,997,538</u>
Net position - beginning, as previously reported					(55,845,946)
Adoption of new accounting standard (GASB 101)					<u>(2,642,450)</u>
Net position - beginning, as restated					<u>(58,488,396)</u>
Net position - ending					<u>\$ (50,490,858)</u>

See Accompanying Notes to the Financial Statements

Ypsilanti Community Schools
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	Capital Projects Fund Sinking Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	\$ 9,423,911	\$ 4,822,156	\$ 3,033,519	\$ 17,279,586
Accounts receivable	769,120	175,705	250,578	1,195,403
Due from other governmental units	11,718,707	-	507,523	12,226,230
Inventory	19,133	-	-	19,133
Prepaid items	<u>26,510</u>	<u>-</u>	<u>-</u>	<u>26,510</u>
 Total assets	 <u>\$ 21,957,381</u>	 <u>\$ 4,997,861</u>	 <u>\$ 3,791,620</u>	 <u>\$ 30,746,862</u>
Liabilities				
Checks issued in excess of deposits	\$ -	\$ -	\$ 135,585	\$ 135,585
Accounts payable	2,399,447	221,929	94,844	2,716,220
Due to other governmental units	1,106,598	-	-	1,106,598
Accrued expenditures	75,493	-	-	75,493
Accrued salaries payable	5,111,234	-	-	5,111,234
Unearned revenue	<u>2,200,623</u>	<u>-</u>	<u>-</u>	<u>2,200,623</u>
 Total liabilities	 <u>10,893,395</u>	 <u>221,929</u>	 <u>230,429</u>	 <u>11,345,753</u>

See Accompanying Notes to the Financial Statements

Ypsilanti Community Schools
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	Capital Projects Fund Sinking Fund	Nonmajor Governmental Funds	Total Governmental Funds
Deferred Inflows of Resources				
Unavailable revenue				
Grants received	1,483,961	-	-	1,483,961
Fund Balances				
Non-spendable				
Inventory	19,133	-	-	19,133
Prepaid items	26,510	-	-	26,510
Restricted for				
Food service	-	-	757,137	757,137
Debt service	-	-	2,585,034	2,585,034
Capital projects	-	4,775,932	-	4,775,932
Committed	-	-	354,605	354,605
Unassigned (deficit)	9,534,382	-	(135,585)	9,398,797
 Total fund balances (deficit)	 9,580,025	 4,775,932	 3,561,191	 17,917,148
 Total liabilities, deferred inflows of resources, and fund balances (deficit)	 \$ 21,957,381	 \$ 4,997,861	 \$ 3,791,620	 \$ 30,746,862

See Accompanying Notes to the Financial Statements

Ypsilanti Community Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

Total fund balances for governmental funds	\$ 17,917,148
Total net position for governmental activities in the statement of net position is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	
Other governmental units	1,483,961
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	811,830
Capital assets - net of accumulated depreciation	41,237,035
Net OPEB asset is not recorded as an asset in the governmental funds	12,617,401
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	1,379,462
Deferred outflows of resources resulting from the net pension liability	23,920,770
Deferred outflows of resources resulting from the net OPEB asset	3,472,550
Deferred inflows of resources resulting from the net pension liability	(25,173,691)
Deferred inflows of resources resulting from the net OPEB asset	(16,890,849)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(216,079)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(69,163,257)
Compensated absences	(3,756,710)
Bonds payable	(37,713,807)
Other loans payable and liabilities	<u>(416,622)</u>
Net position of governmental activities	<u>\$ (50,490,858)</u>

See Accompanying Notes to the Financial Statements

Ypsilanti Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	General Fund	Capital Projects Fund Sinking Fund	Formerly Major Fund Willow Run Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local sources	\$ 16,123,529	\$ 5,295,890		\$ 9,401,824	\$ 30,821,243
State sources	44,059,795	-		162,688	44,222,483
Federal sources	14,321,666	-		3,111,297	17,432,963
Interdistrict sources	8,228,786	-		-	8,228,786
Total revenues	<u>82,733,776</u>	<u>5,295,890</u>		<u>12,675,809</u>	<u>100,705,475</u>
Expenditures					
Current					
Education					
Instruction	41,535,108	-		-	41,535,108
Supporting services	47,129,336	772,643		194,110	48,096,089
Food services	-	-		3,821,232	3,821,232
Community services	1,125,451	-		-	1,125,451
Intergovernmental payments	474,629	-		-	474,629
Facilities acquisition	-	4,367,168		-	4,367,168
Capital outlay	710,825	-		-	710,825
Debt service					
Principal	739,892	-		7,790,000	8,529,892
Interest and other expenditures	45,358	-		1,515,067	1,560,425
Total expenditures	<u>91,760,599</u>	<u>5,139,811</u>		<u>13,320,409</u>	<u>110,220,819</u>
Excess (deficiency) of revenues over expenditures	<u>(9,026,823)</u>	<u>156,079</u>		<u>(644,600)</u>	<u>(9,515,344)</u>

See Accompanying Notes to the Financial Statements

Ypsilanti Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	General Fund	Capital Projects Fund Sinking Fund	Formerly Major Fund Willow Run Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources					
Proceeds from issuance of leases	265,161	-		-	265,161
Insurance recoveries	95,617	-		-	95,617
Proceeds from sale of capital assets	600,000	-		-	600,000
Total other financing sources	960,778	-		-	960,778
Net change in fund balances	(8,066,045)	156,079		(644,600)	(8,554,566)
Fund balances - beginning, as previously presented	17,646,070	4,619,853	1,002,182	3,203,609	26,471,714
Change within financial reporting entity (presentation of major and nonmajor funds)	-	-	(1,002,182)	1,002,182	-
Fund balances - beginning, as adjusted	17,646,070	4,619,853		4,205,791	26,471,714
Fund balances - ending	<u>\$ 9,580,025</u>	<u>\$ 4,775,932</u>		<u>\$ 3,561,191</u>	<u>\$ 17,917,148</u>

See Accompanying Notes to the Financial Statements

Ypsilanti Community Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balances - Total governmental funds \$ (8,554,566)

Total change in net position reported for governmental activities in the statement of activities is different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.

Operating grants (1,316,134)

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 expense.

Depreciation and amortization expense (4,271,896)

Capital outlay 812,452

Expenses are recorded when incurred in the statement of activities.

Interest 36,442

Compensated absences (836,475)

The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.

Net change in net pension liability 20,668,508

Net change in deferrals of resources related to the net pension liability (11,978,633)

The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.

Net change in net OPEB asset 11,055,612

Net change in deferrals of resources related to the net OPEB asset (6,104,131)

Ypsilanti Community Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Bond and note proceeds and leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balances. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.

Debt issued	(265,161)
Repayments of long-term debt	8,529,892
Amortization of premiums	431,572
Amortization of deferred amount on debt refunding	<u>(209,944)</u>
Change in net position of governmental activities	<u>\$ 7,997,538</u>

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2025

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Ypsilanti Community Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

Fund Financial Statements

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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.

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2025

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

The School District reports the following major governmental funds:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Capital Projects Fund – Sinking Fund – The Sinking Fund is used to record taxes received for the specific purpose of utilizing those funds to make major capital repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

Additionally, the School District reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The Food Service Fund is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for food service. The Student and School Activity Fund is used to account for and report the proceeds of specific revenue sources that are committed to expenditure for student and school activities. Operating deficits generated by these activities are generally transferred from the General Fund.

Debt Service Funds – The Willow Run Debt Service Fund and Ypsilanti Debt Service Fund account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest, the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs of debt.

Capital Projects Fund – Lighting Project Fund – The Lighting Project Fund is used to record loan proceeds or other revenue and the

disbursement of invoices specifically for energy improvements. The fund is kept open until the purpose for which the fund was created has been accomplished.

Assets, Liabilities and Net Position or Fund Balance

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2025, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence exemption	18.0000
Commercial personal property	6.0000
Debt Service Fund	
Ypsilanti	4.1000
Sinking Fund	2.8834

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District’s boundaries. 100% of the School District’s tax roll lies within Washtenaw County.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2025

District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Washtenaw and remitted to the School District by May 15.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20 - 50 years
Land improvements	20 - 50 years
Equipment and furniture	5 - 10 years
Buses and other vehicles	5 - 10 years

Deferred Outflows of Resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining service lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities (assets) in the following year.

Compensated Absences – The liability for compensated absences reported in the district-wide statements consists of unpaid, accumulated annual, sick and vacation leave balances. Employees are able to accrue days earned and use them when applicable. The liability for the accumulated vacation time is calculated based on the time that will be used or paid out in the future and the accumulated sick time is based on the time anticipated to be used in the future.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2025

received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

Pension – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. 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.

Postemployment Benefits Other Than Pensions – For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. 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.

Deferred Inflows of Resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Deferred inflow for leases is related to leases receivable and is being amortized to recognize lease revenue in a systematic and rational manner over the term of the lease. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan

investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining service lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance – In the fund financial statements, governmental funds report fund balances in the following categories:

Non-spendable - amounts that are not available in a spendable form.

Restricted - amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed - amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned - amounts intended to be used for specific purposes, as determined by the Board of Education or by an official or committee to which the Board of Education has granted the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned - all other resources; the remaining fund balances after non-spendable, restrictions, commitments, and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2025

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Use of Estimates

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

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Adoption of New Accounting Standards

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement is effective for the year ending June 30, 2025.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization's vulnerabilities due to certain concentrations or constraints. This Statement is effective for the year ending June 30, 2025.

Upcoming Accounting and Reporting Changes

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization's accountability while also addressing certain application issues. This Statement includes changes to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This Statement is effective for the year ending June 30, 2026.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. This Statement is effective for the year ending June 30, 2026.

The School District is evaluating the impact that the above pronouncements will have on its financial reporting.

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2025

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Added needs	\$ 8,514,994	\$ 11,568,550	\$ 3,053,556
Pupil	7,230,460	9,384,101	2,153,641
Instructional staff	1,267,644	9,343,810	8,076,166
General administration	566,728	2,031,461	1,464,733
School administration	1,766,014	3,747,694	1,981,680
Business	1,046,730	1,054,654	7,924
Operations and maintenance	7,957,094	9,776,836	1,819,742
Pupil transportation services	6,083,950	6,504,925	420,975
Central	1,289,890	4,352,331	3,062,441
Athletic activities	650,111	933,524	283,413
Community services	78,453	1,125,451	1,046,998
Intergovernmental payments	-	474,629	474,629
Facilities acquisition	-	710,825	710,825
Student and School Activities Service Fund	-	194,110	194,110

Fund Deficits

The School District has an accumulated fund balance deficit in the Capital Projects Lighting Project Fund of \$135,585 as of June 30, 2025. The General Fund covers any deficit in this fund.

Compliance - Sinking Funds

The Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied, in all material respects, with the applicable provisions of § 1212(1) of the Revised School Code.

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2025

Note 3 - Deposits and Investments

The School District's deposits and investments were reported in the basic financial statements in the following categories:

Cash	\$ 17,279,586
Checks issued in excess of deposits	<u>(135,585)</u>
Total	<u>\$ 17,144,001</u>

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 262,757
Investments in securities, mutual funds, and similar vehicles	16,880,452
Petty cash and cash on hand	<u>792</u>
Total	<u>\$17,144,001</u>

As of year end, the School District had the following investments:

Investment	Carrying Value	Maturities	Rating	Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio		6 months	AAA	Standard & Poor's
Cash Management Class	\$12,964,304	average		
MAX Class	<u>3,916,148</u>	6 months	AAA	Standard & Poor's
	<u>\$16,880,452</u>	average		

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is discussed below.

As of June 30, 2025, the net asset value of the School District's investment in MILAF + Portfolio was \$16,880,452. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the School District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustees may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of \$1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

Interest rate risk - In accordance with its investment policy, the School District manages its exposure to declines in fair values by maintaining an acceptable level of liquidity in those investments to meet the School District's operating needs.

Credit risk - State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may

Ypsilanti Community Schools
Notes to the Financial Statements
June 30, 2025

not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$37,023 of the School District's bank balance of \$314,829 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, \$16,880,452 of the School District's investments was exposed to custodial credit risk.

Note 4 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 811,830	\$ -	\$ -	\$ 811,830
Capital assets being depreciated				
Buildings and improvements	165,795,964	-	-	165,795,964
Land improvements	6,014,217	234,765	-	6,248,982
Furniture and equipment	2,968,428	197,283	-	3,165,711
Vehicles	3,250,605	115,243	-	3,365,848
Right to use asset - vehicles	1,780,258	265,161	-	2,045,419
Total capital assets being depreciated	179,809,472	812,452	-	180,621,924
Less accumulated depreciation for				
Buildings and improvements	125,634,392	3,087,310	-	128,721,702
Land improvements	3,413,032	305,406	-	3,718,438
Furniture and equipment	1,895,313	211,950	-	2,107,263
Vehicles	3,176,366	14,886	-	3,191,252
Right to use asset - vehicles	993,890	652,344	-	1,646,234
Total accumulated depreciation	135,112,993	4,271,896	-	139,384,889
Net capital assets being depreciated	44,696,479	(3,459,444)	-	41,237,035
Net capital assets	\$45,508,309	\$ (3,459,444)	\$ -	\$ 42,048,865

Depreciation expense of capital assets and amortization expense of right to use assets were charged to activities of the School District as follows:

Governmental activities

Instruction	\$ 1,879,634
Supporting services	2,178,667
Food services	170,876
Community services	<u>42,719</u>

Total governmental activities \$ 4,271,896

Note 5 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	<u>\$ 2,200,623</u>
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Note 6 - Leases

Lease Liability

During the fiscal year, the School District entered into various leases for school buses with durations ranging from three to five years. An initial lease liability was recorded in the amount of \$265,161 during the current fiscal year. As of June 30, 2025, the value of the lease liability was \$280,448. The School District is required to make annual principal and interest payments ranging from \$88,299 to \$192,149 with interest ranging from \$4,981 to \$14,983. The lease has an interest rate of 5.5%. The value of the right-to-use asset as of the end of the current fiscal year was \$2,045,419 and had accumulated amortization of \$1,646,234.

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Annual requirements to amortize lease liabilities and related interest are as follows:

<u>Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 192,149	\$ 14,983
2027	<u>88,299</u>	<u>4,981</u>
Total	<u>\$ 280,448</u>	<u>\$ 19,964</u>

Note 7 - State Aid Anticipation Note

The School District issues state aid anticipation notes in advance of state aid collections, depositing the process in the General Fund. There notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th. The School District is required to pledge 100% of their state school aid, October through August, or until the note is repaid, whichever is longer. The State has discretion to accelerate repayment terms if they have cause or concern. If the note is in default status, there is a penalty interest rate that may apply.

Short term debt activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Proceeds</u>	<u>Repayments</u>	<u>Ending Balance</u>
State aid anticipation note	<u>\$2,500,000</u>	<u>\$ -</u>	<u>\$ 2,500,000</u>	<u>\$ -</u>

Note 8 - Long Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. For the School Bond Loan Fund or School Loan Revolving Fund, the State may withhold state aid if the School District is in default or apply late charges in an instance of default or fails to appropriately levy debt mills. Other long-term obligations include compensated absences and leases.

Long-term obligation activity is summarized as follows:

	<u>Beginning Balance, as Restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amount Due Within One Year</u>
Bonds and bond premiums					
General obligation bonds	\$44,000,000	\$ -	\$ 7,790,000	\$36,210,000	\$ 7,865,000
Premium on bonds	<u>1,935,379</u>	<u>-</u>	<u>431,572</u>	<u>1,503,807</u>	<u>-</u>
Total bonds payable	<u>45,935,379</u>	<u>-</u>	<u>8,221,572</u>	<u>37,713,807</u>	<u>7,865,000</u>
Notes from direct borrowings and direct placements					
Notes payable - copiers	<u>195,521</u>	<u>-</u>	<u>59,347</u>	<u>136,174</u>	<u>61,531</u>
Other liabilities					
Leases	695,832	265,161	680,545	280,448	192,149
Compensated absences	<u>2,920,235</u>	<u>836,475</u>	<u>-</u>	<u>3,756,710</u>	<u>187,836</u>
Total other liabilities	<u>3,616,067</u>	<u>1,101,636</u>	<u>680,545</u>	<u>4,037,158</u>	<u>379,985</u>
Total	<u>\$49,746,967</u>	<u>\$ 1,101,636</u>	<u>\$ 8,961,464</u>	<u>\$41,887,139</u>	<u>\$ 8,306,516</u>

For governmental activities, leases, and copier notes payable are primarily liquidated by the General Fund. Compensated absences additions and reductions are reported net.

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General obligation bonds payable at year end, consist of the following:

\$12,800,000 2015 YCS refunding bonds due in one installment of \$2,080,000 through year 2026; interest at 3.0%.	\$ 2,080,000
\$33,745,000, 2016 Series A YCS Refunding Bonds payable in annual installments of \$2,340,000 to \$2,645,000 through the year 2032; interest at 5.0%.	17,515,000
\$28,050,000, 2020 Refunding Bonds payable in annual installments of \$1,965,000 to \$3,590,000 through the year 2031; interest at 2.14% to 2.46%.	<u>16,615,000</u>
Total general obligation bonded debt	<u>\$ 36,210,000</u>

Future principal and interest requirements for bonded debt and direct borrowings and direct placements are as follows:

Year Ending June 30,	Bonds		Notes from direct borrowings and direct placements	
	Principal	Interest	Principal	Interest
2026	\$ 7,865,000	\$ 1,317,456	\$ 61,531	\$ 3,915
2027	5,935,000	1,064,402	63,796	1,650
2028	6,045,000	865,440	10,847	49
2029	4,575,000	661,088	-	-
2030	4,580,000	487,132	-	-
2031-2032	<u>7,210,000</u>	<u>442,898</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 36,210,000</u>	<u>\$ 4,838,416</u>	<u>\$ 136,174</u>	<u>\$ 5,614</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the funds had a balance of \$790,958 and \$1,794,076 respectively to pay this debt. Future debt and interest will be payable from future tax levies.

Compensated Absences

The compensated absences liability of \$3,756,710 at year end, has been calculated based on anticipated amounts of leave time that will either be used or paid out upon termination. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

Deferred Amount on Refunding

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,379,462. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2032.

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for general employee health and accident insurance. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past fiscal year.

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

Note 10 - Pension Plan

Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act

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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 on the ORS website at www.michigan.gov/orsschools

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 percent to 1.50 percent. 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 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.

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 schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2024.

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	23.03%
Member Investment Plan	3.0 - 7.0%	23.03%
Pension Plus	3.0 - 6.4%	19.17%
Pension Plus 2	6.2%	20.10%
Defined Contribution	0.0%	13.90%

Required contributions to the pension plan from the School District were \$11,811,175 for the year ending September 30, 2024.

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

At June 30, 2025, the School District reported a liability of \$69,163,257 for its proportionate share of the MPERS 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 School 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 School District's proportion was 0.2825 percent, which was an increase of 0.0005 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized pension expense of \$5,503,282 for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total pension contribution expense of \$12,238,006.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 1,876,448	\$ (751,468)	\$ 1,124,980
Changes of assumptions	7,210,679	(5,067,479)	2,143,200
Net difference between projected and actual earnings on pension plan investments	-	(13,199,281)	(13,199,281)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>3,424,064</u>	<u>(2,850,748)</u>	<u>573,316</u>
Total to be recognized in future	12,511,191	(21,868,976)	(9,357,785)
School District contributions subsequent to the measurement date	<u>11,409,579</u>	<u>(3,304,715)</u>	<u>8,104,864</u>
Total	<u>\$23,920,770</u>	<u>\$(25,173,691)</u>	<u>\$ (1,252,921)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. The School District will offset the contribution expense in the year ended June 30, 2026 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)

2025	\$(2,602,082)
2026	863,518
2027	(4,294,499)
2028	<u>(3,324,722)</u>
	<u><u>\$(9,357,785)</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.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2023
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
 - MIP and Basic Plans: 6.00% net of investment expenses
 - Pension Plus Plan: 6.00% net of investment expenses
 - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%

- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- 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.

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 valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2024, is 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.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4612 years.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension 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 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.

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Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.3%
Private Equity Pools	16.0	9.0%
International Equity	15.0	6.5%
Fixed Income Pools	13.0	2.2%
Real Estate and Infrastructure Pools	10.0	7.1%
Absolute Return Pools	9.0	5.2%
Real Return/Opportunistic Pools	10.0	6.9%
Short Term Investment Pools	2.0	1.4%
	<u>100.0%</u>	

*Long-term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return

For the plan year ended September 30, 2024, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 15.47%. 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 liability (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate 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 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension plus plan, 6.00% for the Pension Plus 2 plan), as well as what the School 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 higher:

1% Decrease	Current Single Discount Rate Assumption	1% Increase
5.00%	6.00%	7.00%
\$ 101,394,078	\$ 69,163,257	\$ 42,324,897

Michigan Public School Employees' Retirement System (MPERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPERS)

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

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Note 11 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System (System or MPERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (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 health plan provides all eligible 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 on the ORS website at www.michigan.gov/orsschools.

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 with 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.

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and

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retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer OPEB 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 schedule below summarizes OPEB contribution rates in effect for plan year 2024.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.31%
Personal Healthcare Fund (PHF)	0.0%	7.06%

Required contributions to the OPEB plan from the School District were \$2,436,499 for the year ended September 30, 2024.

OPEB Liabilities or Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the School District reported an asset of \$(12,617,401) for its proportionate share of the MPERS net OPEB liability. The net OPEB asset was measured as of September 30, 2024 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The School 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 School District's proportion was 0.2931 percent, which was a increase of 0.0170 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized OPEB expense of \$(4,531,506) for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total OPEB contribution expense of \$525,119.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$(13,370,592)	\$(13,370,592)
Changes of assumptions	2,755,822	(316,759)	2,439,063
Net difference between projected and actual earnings on OPEB plan investments	-	(2,388,619)	(2,388,619)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	529,605	(814,879)	(285,274)
Total to be recognized in future	3,285,427	(16,890,849)	(13,605,422)
School District contributions subsequent to the measurement date	187,123	-	187,123
Total	<u>\$ 3,472,550</u>	<u>\$(16,890,849)</u>	<u>\$(13,418,299)</u>

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Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition 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 during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2025	\$ (4,367,144)
2026	(2,787,640)
2027	(2,660,666)
2028	(2,333,131)
2029	(1,233,550)
Thereafter	<u>(223,291)</u>
	<u><u>\$ (13,605,422)</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.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2023
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.00% net of investment expenses

- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- 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.

Other Assumptions:

- Opt Out Assumption: 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 valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2024, is 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.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 6.2834 years.

Recognition period for assets in years is 5.0000.

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Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on 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 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 OPEB plan's target asset allocation as of September 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.3%
Private Equity Pools	16.0	9.0%
International Equity	15.0	6.5%
Fixed Income Pools	13.0	2.0%
Real Estate and Infrastructure Pools	10.0	7.1%
Absolute Return Pools	9.0	5.2%
Real Return/Opportunistic Pools	10.0	6.9%
Short Term Investment Pools	2.0	1.4%
	<u>100.0%</u>	

*Long-term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return

For the plan year ended September 30, 2024, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 15.45%. 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 OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate 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 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability or asset.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Changes in the Discount Rate

The following presents the School District's proportionate share of the net OPEB liability or asset calculated using the discount rate of 6.95%, as well as what the School District's proportionate share of the net OPEB liability or asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
<u>\$ (9,750,832)</u>	<u>\$ (12,617,401)</u>	<u>\$ (15,095,854)</u>

Ypsilanti Community Schools

Notes to the Financial Statements

June 30, 2025

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Healthcare Cost Trend Rate

The following presents the School District's proportionate share of the net OPEB liability or asset calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability or 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
\$ (15,095,880)	\$ (12,617,401)	\$ (9,959,246)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2024 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

Note 12 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2025.

Note 13 - Tax Abatements

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by the various municipalities. Industrial facility exemptions are intended to promote construction of new industrial

facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

There are no significant abatements made by the School District that would have a material effect on the financial statements.

Note 14 - Changes Within the Financial Reporting Entity and Accounting Principle

The School District restated net position as the result of adopting GASB Statement No. 101 *Compensated Absences*.

During the year ended June 30, 2024, the Willow Run Debt Service Fund was reported as major in the prior year and was required to be presented as non-major in the current year.

As a result, the following presentation changes were necessary to be made in the financial statements:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances		
	Funds	Nonmajor Governmental Funds	District-Wide Governmental Activities
June 30, 2024, as previously presented	\$ 1,002,182	\$ 3,203,609	\$ (55,845,946)
Change in accounting principle (GASB 101)	-	-	(2,642,450)
Change from major to non-major fund	(1,002,182)	1,002,182	-
June 30, 2024, as adjusted or restated	\$ -	\$ 4,205,791	\$ (58,488,396)

REQUIRED SUPPLEMENTARY INFORMATION

Ypsilanti Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Revenues				
Local sources	\$ 12,264,732	\$ 17,594,106	\$ 16,123,529	\$ (1,470,577)
State sources	35,933,920	37,010,016	44,059,795	7,049,779
Federal sources	31,236,082	14,739,604	14,321,666	(417,938)
Interdistrict sources	7,263,218	7,263,218	8,228,786	965,568
Total revenues	86,697,952	76,606,944	82,733,776	6,126,832
Expenditures				
Instruction				
Basic programs	34,683,147	31,028,678	29,966,558	(1,062,120)
Added needs	11,364,994	8,514,994	11,568,550	3,053,556
Supporting services				
Pupil	9,480,460	7,230,460	9,384,101	2,153,641
Instructional staff	4,707,644	1,267,644	9,343,810	8,076,166
General administration	465,728	566,728	2,031,461	1,464,733
School administration	2,766,014	1,766,014	3,747,694	1,981,680
Business	3,146,730	1,046,730	1,054,654	7,924
Operations and maintenance	5,417,748	7,957,094	9,776,836	1,819,742
Pupil transportation services	4,448,264	6,083,950	6,504,925	420,975
Central	3,074,254	1,289,890	4,352,331	3,062,441
Athletic activities	285,703	650,111	933,524	283,413
Community services	78,452	78,453	1,125,451	1,046,998
Intergovernmental payments	-	-	474,629	474,629
Facilities acquisition	-	-	710,825	710,825
Debt service				
Principal	5,630,763	8,314,428	739,892	(7,574,536)
Interest and fiscal charges	45,358	45,358	45,358	-
Total expenditures	85,595,259	75,840,532	91,760,599	15,920,067
Excess (deficiency) of revenues over expenditures	1,102,693	766,412	(9,026,823)	(9,793,235)

Ypsilanti Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Other Financing Sources (Uses)				
Proceeds from issuance of leases	-	-	265,161	265,161
Insurance recoveries	-	-	95,617	95,617
Proceeds from sale of capital assets	-	-	600,000	600,000
Transfers out	<u>(744,032)</u>	<u>(744,032)</u>	<u>-</u>	<u>744,032</u>
Total other financing sources (uses)	<u>(744,032)</u>	<u>(744,032)</u>	<u>960,778</u>	<u>1,704,810</u>
Net change in fund balances	358,661	22,380	(8,066,045)	(8,088,425)
Fund balance - beginning	<u>17,646,070</u>	<u>17,646,070</u>	<u>17,646,070</u>	<u>-</u>
Fund balance - ending	<u>\$ 18,004,731</u>	<u>\$ 17,668,450</u>	<u>\$ 9,580,025</u>	<u>\$ (8,088,425)</u>

Ypsilanti Community Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of the net pension liability (%)	0.2825%	0.2775%	0.2650%	0.2875%	0.2829%	0.2752%	0.2705%	0.2694%	0.2718%	0.2836%
B. School District's proportionate share of the net pension liability	\$ 69,163,257	\$ 89,831,765	\$ 99,651,429	\$ 68,055,160	\$ 97,164,893	\$ 91,128,278	\$ 81,331,496	\$ 69,813,122	\$ 67,821,267	\$ 69,278,931
C. School District's covered payroll	\$ 31,880,368	\$ 28,133,881	\$ 27,771,186	\$ 26,628,600	\$ 26,233,396	\$ 24,733,759	\$ 23,432,410	\$ 22,767,911	\$ 22,743,743	\$ 25,191,176
D. School District's proportionate share of the net pension liability as a percentage of its covered payroll	216.95%	319.30%	358.83%	255.57%	370.39%	368.44%	347.09%	306.63%	298.20%	275.01%
E. Plan fiduciary the net position as a percentage of total pension liability	74.44%	62.91%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2024.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

Ypsilanti Community Schools
Required Supplementary Information
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 12,238,006	\$ 11,502,097	\$ 10,109,227	\$ 9,105,180	\$ 8,286,782	\$ 7,754,651	\$ 7,243,646	\$ 7,382,158	\$ 6,305,977	\$ 6,298,759
B. Contributions in relation to statutorily required contributions	<u>12,238,006</u>	<u>11,502,097</u>	<u>10,109,227</u>	<u>9,105,180</u>	<u>8,286,782</u>	<u>7,754,651</u>	<u>7,243,646</u>	<u>7,382,158</u>	<u>6,305,977</u>	<u>6,298,759</u>
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
D. School District's covered payroll	\$ 34,825,057	\$ 30,409,772	\$ 28,024,816	\$ 28,108,379	\$ 24,640,202	\$ 26,282,111	\$ 24,403,657	\$ 23,260,441	\$ 22,724,710	\$ 22,777,776
E. Contributions as a percentage of covered payroll	35.14%	37.82%	36.07%	32.39%	33.63%	29.51%	29.68%	31.74%	27.75%	27.65%

Ypsilanti Community Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of the net OPEB liability (asset) (%)	0.2931%	0.2761%	0.2800%	0.2886%	0.2920%	0.2807%	0.2736%	0.2701%		
B. School District's proportionate share of the net OPEB liability (asset)	\$(12,617,401)	\$ (1,561,789)	\$ 5,931,521	\$ 4,405,503	\$ 15,645,792	\$ 20,146,919	\$ 21,746,427	\$ 23,916,493		
C. School District's covered payroll	\$ 31,880,368	\$ 28,133,881	\$ 27,771,186	\$ 26,628,600	\$ 26,233,396	\$ 24,733,759	\$ 23,432,410	\$ 22,767,911		
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-39.58%	-5.55%	21.36%	16.54%	59.64%	81.46%	92.80%	105.04%		
E. Plan fiduciary net position as a percentage of total OPEB liability	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%		

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2024.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

Ypsilanti Community Schools
Required Supplementary Information
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 525,119	\$ 2,325,470	\$ 2,141,758	\$ 2,175,049	\$ 1,979,012	\$ 2,039,770	\$ 1,890,235	\$ 1,717,090		
B. Contributions in relation to statutorily required contributions	<u>525,119</u>	<u>2,325,470</u>	<u>2,141,758</u>	<u>2,175,049</u>	<u>1,979,012</u>	<u>2,039,770</u>	<u>1,890,235</u>	<u>1,717,090</u>		
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
D. School District's covered payroll	\$ 34,825,057	\$ 30,409,772	\$ 28,024,816	\$ 28,108,379	\$ 24,640,202	\$ 26,282,111	\$ 24,403,657	\$ 23,260,441		
E. Contributions as a percentage of covered payroll	1.51%	7.65%	7.64%	7.74%	8.03%	7.76%	7.75%	7.38%		

OTHER SUPPLEMENTARY INFORMATION

Ypsilanti Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2025

	Special Revenue Funds		Debt Service Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service	Student/School Activity Fund	Formerly Major Fund Willow Run Debt Service Fund	Ypsilanti Debt Service Fund	Lighting Project	
Assets						
Cash	\$ 332,711	\$ 366,352	\$ 789,201	\$ 1,545,255	\$ -	\$ 3,033,519
Accounts receivable	-	-	1,757	248,821	-	250,578
Due from other governmental units	507,523	-	-	-	-	507,523
Total assets	<u>\$ 840,234</u>	<u>\$ 366,352</u>	<u>\$ 790,958</u>	<u>\$ 1,794,076</u>	<u>\$ -</u>	<u>\$ 3,791,620</u>
Liabilities						
Checks issued in excess of deposits	\$ -	\$ -	\$ -	\$ -	\$ 135,585	\$ 135,585
Accounts payable	83,097	11,747	-	-	-	94,844
Total liabilities	<u>83,097</u>	<u>11,747</u>	<u>-</u>	<u>-</u>	<u>135,585</u>	<u>230,429</u>
Fund Balances						
Restricted for						
Food service	757,137	-	-	-	-	757,137
Debt service	-	-	790,958	1,794,076	-	2,585,034
Committed	-	354,605	-	-	-	354,605
Unassigned deficit	-	-	-	-	(135,585)	(135,585)
Total fund balances (deficit)	<u>757,137</u>	<u>354,605</u>	<u>790,958</u>	<u>1,794,076</u>	<u>(135,585)</u>	<u>3,561,191</u>
Total liabilities and fund balances (deficit)	<u>\$ 840,234</u>	<u>\$ 366,352</u>	<u>\$ 790,958</u>	<u>\$ 1,794,076</u>	<u>\$ -</u>	<u>\$ 3,791,620</u>

Ypsilanti Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	Special Revenue Funds		Debt Service Funds		Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service Fund	Student/School Activity Fund	Formerly Major Fund Willow Run Debt Service Fund	Ypsilanti Debt Service Fund	Lighting Project	
Revenues						
Local sources	\$ 125,618	\$ 246,159	\$ 3,616,825	\$ 5,412,272	\$ 950	\$ 9,401,824
State sources	162,688	-	-	-	-	162,688
Federal sources	<u>3,111,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,111,297</u>
Total revenues	<u>3,399,603</u>	<u>246,159</u>	<u>3,616,825</u>	<u>5,412,272</u>	<u>950</u>	<u>12,675,809</u>
Expenditures						
Current						
Education						
Supporting services	-	194,110	-	-	-	194,110
Food services	<u>3,821,232</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,821,232</u>
Debt service						
Principal	-	-	3,380,000	4,410,000	-	7,790,000
Interest and other expenditures	<u>-</u>	<u>-</u>	<u>448,049</u>	<u>1,067,018</u>	<u>-</u>	<u>1,515,067</u>
Total expenditures	<u>3,821,232</u>	<u>194,110</u>	<u>3,828,049</u>	<u>5,477,018</u>	<u>-</u>	<u>13,320,409</u>
Excess (deficiency) of revenues over expenditures	<u>(421,629)</u>	<u>52,049</u>	<u>(211,224)</u>	<u>(64,746)</u>	<u>950</u>	<u>(644,600)</u>
Fund balances (deficit) - beginning, as previously presented	1,178,766	302,556	-	1,858,822	(136,535)	3,203,609
Change within financial reporting entity (presentation of major and nonmajor funds)	<u>-</u>	<u>-</u>	<u>1,002,182</u>	<u>-</u>	<u>-</u>	<u>1,002,182</u>
Fund balances (deficit) - beginning, as adjusted	<u>1,178,766</u>	<u>302,556</u>	<u>1,002,182</u>	<u>1,858,822</u>	<u>(136,535)</u>	<u>4,205,791</u>
Fund balances (deficit) - ending	<u>\$ 757,137</u>	<u>\$ 354,605</u>	<u>\$ 790,958</u>	<u>\$ 1,794,076</u>	<u>\$ (135,585)</u>	<u>\$ 3,561,191</u>