

Utica Community Schools

Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2025



**UTICA
COMMUNITY
SCHOOLS**

ESTABLISHING EXCELLENCE SINCE 1818

Utica Community Schools
11303 Greendale
Sterling Heights, MI 48312

ANNUAL COMPREHENSIVE FINANCIAL REPORT

UTICA COMMUNITY SCHOOLS

11303 Greendale
Sterling Heights, Michigan 48312
(586) 797-1000

For the Fiscal Year Ended June 30, 2025

BOARD OF EDUCATION

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Machelle Fitzpatrick, Trustee
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Robert S. Monroe, Superintendent

Report prepared by the Finance Department

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Issued Under
Separate
Cover



October 10, 2025

To the Parents and Citizens of Utica Community Schools:

As an introduction to our June 30, 2025, Annual Comprehensive Financial Report (ACFR), this letter of transmittal is intended to provide an overview of Utica Community Schools (the “School District”) financial status as well as economic factors affecting the surrounding communities. The report is the result of the annual independent audit provided for the Board of Education. The report was prepared by the Business and Finance Department, in accordance with generally accepted accounting principles. The basic financial statements have been audited by the firm of Plante & Moran, PLLC, an independent auditor, and the report is preceded by their unmodified opinion.

The Annual Comprehensive Financial Report was prepared to meet the needs of a broad spectrum of financial statement readers and is presented in the following major sections: *The introductory section* introduces the reader to Utica Community Schools (UCS) and to this report. Included are facts about the School District, this transmittal letter and the School District’s organizational chart. *The financial section* contains the independent auditor’s report, the management’s discussion and analysis report and basic financial statement information. Included in the School District’s basic financial statements are government-wide financial statements, fund financial statements and notes to the financial statements. The management’s discussion and analysis provides an overview and analysis of the School District’s basic financial statements and should be read in conjunction with the financial statements. *The statistical section* and other information (unaudited) includes selected historical, financial and demographic information of the School District and its surrounding communities. This section is intended to reflect economic data, financial trends and the fiscal capabilities of the School District.

Utica Community Schools Overview

Utica Community Schools is known nationally and statewide for its educational excellence. As Michigan’s second largest public school district, UCS has earned its reputation with innovative, rigorous programming, high expectations for students and responsible fiscal management. UCS is committed to managing and utilizing its funds reasonably and carefully by providing nationally recognized academic return on the taxpayers’ investment.

Utica Community Schools is located in southeastern Michigan’s Macomb County, approximately fifteen miles north of Detroit. The School District currently operates twenty-five elementary schools, six junior high schools, four comprehensive high schools, an alternative learning center, and five secondary specialty programs (Gene L. Klida Utica Academy for International Studies, the Utica Center for Science and Industry, the Utica Center for Mathematics, Science and Technology, the Stevenson Center for Manufacturing, Automation and Design Engineering and the Academy for Health and Human Services).

Utica Community Schools Board of Education

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Utica Community Schools buildings were originally constructed between 1929 and 2005. UCS facilities have an average age of fifty years. Through the bond issues supported by our community, UCS is strategically maintaining its facilities, technology and infrastructure to ensure safety and security and environments that are conducive to teaching and learning. The School District's needs are identified through a strategic, long-range facility improvement program.

District's Academic Focus

Through the leadership of our Board of Education, Utica Community Schools implemented a strategic plan titled UCS Empowered!. This plan includes the School District's strategic priorities, vision, mission and core values.

Strategic Priorities

- Culture of Empowerment
 - Ensuring all students are engaged in experiences leading to academic growth and achievement and enabling them to prepare for the careers of their choosing
- Culture of Caring
 - Ensuring a sense of belonging and inclusion to foster engagement in a safe and respectful community
- Culture of Transformation
 - Ensuring programming, resources and facilities support reimagining UCS

Vision Statement

Utica Community Schools, in partnership with our community, will empower students to positively transform their future and the world.

Mission Statement

Utica Community Schools ignites a passion for learning in all students. We strengthen our community by welcoming all learners, honoring culture, and inspiring remarkable growth and achievement. We accomplish this by:

- Ensuring students are at the heart of all decisions
- Collaborating with all stakeholders
- Providing a safe and supportive environment
- Encouraging mindsets that are open to innovation
- Reimagining what school can be
- Promoting high expectations throughout Utica Community Schools
- Committing to multiple pathways toward excellence and achievement for all

Core Values

- **STUDENT-CENTERED** - We will ensure the individual and collective needs of students are at the forefront when decisions are made.
- **EXCELLENCE** - We commit to making every interaction, experience, and work product of the highest quality.
- **EQUITY** - We will provide students, families, and staff members with the experiences and resources they need to thrive.

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- **WELL-BEING** - We will promote overall wellness (mental, social, and physical health) for all students and staff members.
- **TEAMWORK** - We will collaboratively engage with students, families, staff members, and the greater community to reach our goals.

Academic Excellence

Utica Community Schools students continue to outperform their county, state, and national peers on standardized tests. The School District's graduation rate of 93.8 percent is more than ten points higher than the state average.

Staff, students and programs are recognized for excellence at all levels. Examples include:

- For the eleventh time, Utica Community Schools has been named one of the nation's best communities for music education by National Association of Music Merchants (NAMM).
- All UCS high schools have once again been named among the best in the nation by U.S. News and World Report. Schools were ranked on six factors based on their performance on state assessments and how well they prepare students for college.
- Five UCS seniors were named National Merit Semifinalists, placing them among the top one percent of 2025 graduates.
- Two UCS students were honored as among the best student journalists in the nation.
- UCS seniors represented half of the county's All Academic honorees.
- The Utica High School student store was named the nation's best, and Henry Ford II placed among the top twenty.
- A Henry Ford II swimmer earned the Michigan Championship.
- Utica Community Schools Food and Nutrition Services department has been honored nationally for innovation.
- Utica-Eisenhower United Bowling Team captures state title in first year of merger.
- Henry Ford II Principal, Lori Singleton, was named among the 2025 Women of Excellence.
- Eisenhower music teacher, Julia Holt, was selected as the 2025 Teacher of the Year by the Michigan School Vocal Music Association (MSVMA).
- Jaelyn Kaczmarczyk, a senior at Utica High School, was named among the top ten theatre students for her work at the Michigan Thespian Festival.
- Two UCS graduates were among only seven Oakland University freshmen to earn the Presidential Awards scholarship.
- The Eisenhower Show Choir was chosen as the top ensemble from the MSVMA Musical Theatre Solo & Ensemble Festival.

Accountability

Utica Community Schools has a proven record of responsible management of taxpayer funds and dedication to educational excellence. The School District continues to meet the highest standards for its financial controls and accountability to taxpayers, according to its auditors Plante & Moran, PLLC. Utica Community Schools also continues to earn national recognition for its high standards in reporting financial information to its community. The School District is among approximately 500 nationally to earn a Certificate of Excellence in Financial Reporting award for its Annual Comprehensive Financial Report (ACFR) from the School Business Officials International Association.

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The UCS community has trusted and supported the school district to diligently use taxpayer funds to achieve its educational mission. Voters approved a \$155 million bond issue in November of 2018 focused on three critical areas: safety and security; infrastructure improvements; and technology. The improvements include infrastructure improvements as identified in the School District's long-range improvement program, parking lots and bus loops, playgrounds, athletic fields, technology, kitchen and cafeteria improvements, and controlled front entrances to name a few.

In 2023, voters provided additional resources to the School District by approving a \$550 million safety and success bond issue. The first phase of projects began last summer and included building renovations, parking lots and bus loops, playgrounds, athletic fields, technology, and kitchen and cafeteria improvements.

For the 2024-25 school year, more than \$58 million in improvements were in place. This includes both the 2018 and 2023 capital improvement bonds.

Additionally, voters approved a 20-year, 20 mill non-homestead millage replacement that began with the 2023-24 school year. This replacement millage restored full local funding to the district.

Economic Conditions and Outlook

Utica Community Schools is comprised primarily of Shelby Township, Sterling Heights, Utica, and portions of Macomb, Ray and Washington townships. Local employment is predominately comprised of the public school district, health care industries and auto-related manufacturing companies. Macomb County's annual average unemployment level in December 2023 was 3.21 percent, the current level as of July 2025 is 5.6 percent (source: Bureau of Labor Statistics <https://data.bls.gov/map/>). Property values within the 66 square miles of the district's boundaries increased by 7.5 percent over last year.

Michigan school districts are funded with revenue from local, state and federal sources. The primary source of revenue is the foundation allowance¹ funded at a state-set per student allocation multiplied by the number of students. In 2024-2025 the target foundation was established at \$9,608; this is the same amount as the prior year and is comprised of both state funding and local non-homestead taxes². The targeted foundation allowance for the 2025-2026 school year has not yet been established. Total state revenue, including categoricals, comprises 78.9 percent of the School District's operating revenue.

Utica Community Schools fall 2024 enrollment was approximately 25,181, a decrease of 1 percent from the previous year. Plante Moran Realpoint prepared enrollment projections for the 2025-2026 school year and estimates a reduction of 1.3 percent for a fall enrollment of approximately 24,874.

The School District was rated 'AA/A+' with a stable outlook by Standard & Poor's (S&P) in May 2024. S&P indicated the upgrade reflects the district's significantly improved financial position and robust, growing tax base providing further stability to the rating.

¹ The foundation allowance is the per student allocation to school districts as determined by the state ranging from \$9,150 to \$16,995 (UCS \$ \$9,608). The foundation allowance is funded by local non-homestead property taxes and state funding.

² Non-homestead taxes are levied by school districts on non-homestead properties (properties used for rental, industrial, commercial, or second homes) to support operating expenses.

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Macomb County voters approved a 1.9 mill enhancement millage for ten years to support all school districts within the Macomb Intermediate School District boundaries on a per pupil basis. The 2024-2025 fiscal year was the fifth year of the levy, UCS received \$15.2 million from this revenue source.

Fund balance in the General Fund increased by \$.9 million to a total of \$52.2 million or 13.4 percent of expenditures. The increase was due primarily due to an increase in categorical funding, including a MPSERS one-time payment for the UAAL rate cap adjustment offset by normal increases in negotiated wage compensation. The School District spent 75 percent of its budget supporting classrooms including teachers, paraprofessionals, supplies and other supports.

Internal Control Structure

Management is responsible for establishing and maintaining an internal control structure. This structure is designed to ensure that the assets of the School District are protected from loss, theft or misuse and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal control systems are subject to inherent limitations with regard to the necessity to balance cost against the benefit produced. The internal control structure is designed to provide reasonable, but not absolute, assurance that the financial statements will be free from material misstatement.

Budgetary Control

The School District's Business and Finance Department maintains budgetary controls to ensure that budgets, as established by the Board of Education, are in compliance with legal provisions of the State of Michigan Uniform Budgeting and Accounting Act and with the annual appropriation budget adopted by the Board of Education. Formal budgetary integration is employed as a management control device throughout the year for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. The budget document presents information by fund and function, which is the legal level at which expenditures may not exceed appropriations. The budget is amended in February and June to address variances that occur in enrollment, revenue, and expenditures. The School District's actual expenditures did not exceed the budgeted expenditures for fiscal year 2024-2025.

Monthly financial reports are provided as part of regularly scheduled public meetings to the Board of Education which include function budget, actual year-to-date revenues and expenditures, the remaining balance and the percent remaining. Under the guidelines of the State of Michigan's School Accounting Manual (Bulletin 1022), detailed line-item budget information is provided, and appropriate administrators are delegated the responsibility for monitoring and controlling their respective budget allocations. The controls are integrated into the School District's accounting software system. An encumbrance system is used to measure the uncommitted budget amount available at any given point in time during the year. The existing system of budgetary and accounting controls provides a reasonable level of assurance that errors or irregularities that could be material to the financial statements are prevented or that they would be detected within a timely manner. As demonstrated by the statements and schedules included in the financial section of this report, the School District continues to meet its responsibility and accountability for sound financial management.

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Capital Projects

Utica Community Schools voters approved a \$155 million bond proposal in November of 2018 to address safety and security, technology and infrastructure improvements identified through the School District's strategic, long-range facilities improvement program. The first series of \$105 million was sold in February 2019, the second series of \$10 million was sold June 2020, the third series of \$20 million was sold May 2022 and the fourth and final series of \$20 million was sold in April 2023.

In May of 2023, voters approved an additional \$550 million bond issue. The first series of this bond was issued in the spring of 2024 for \$130 million. This bond issue kicked off a 12-year capital improvement initiative for the School District and include continued safety improvements, building renovations, parking lots and bus loops, playgrounds, athletic fields, technology, and kitchen and cafeteria improvements. Progress on these bond projects is available on the School District's website at www.uticak12.org.

Independent Audit

The State of Michigan statutes require that each school district have an annual audit conducted by independent certified public accountants. The Utica Community Schools Board of Education approved the accounting firm of Plante & Moran, PLLC to provide their auditing services for the 2024-2025 fiscal year. In addition, 2 CFR Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards requires that all governmental recipients of federal assistance have organizational-wide financial and compliance audits on an annual basis. Plante & Moran, PLLC conducted the audit of the School District's Federal Awards. The results of the single audit for the fiscal year ended June 30, 2025, provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations. The auditor's report on the basic financial statements is included herein.

Fund Balance Policy

The purpose of a fund balance is to provide adequate working capital to meet the financial requirements during the operating year. The School District's administrative procedures require that the Superintendent recommends annually to the Board of Education a fund balance target to meet operating obligations, the needs of children, and to eliminate any structural deficit. The general fund appropriations resolution includes the projected level of fund balance.

Fund equity may not be transferred for use without Board of Education approval through an amendment to the budget.

Awards

Utica Community Schools received its thirteenth Certificate of Excellence in Financial Reporting from the Association of School Business Officials International (ASBO) for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. The Board of Education remains committed to providing its citizens and other users with comprehensive financial reporting.

The comprehensive financial report has been prepared following the guidelines recommended by ASBO. In order to be awarded a Certificate of Excellence, the School District must publish an easily readable and efficiently organized report. This report must satisfy both accounting principles generally accepted in the United States of America as well as applicable legal requirements.

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A Certificate of Excellence is valid for a one-year period. This is the fourteenth year that Utica Community Schools is completing the Annual Comprehensive Financial Report, and we believe this current report will meet the Certificate of Excellence program's requirements and are submitting it to ASBO to determine its eligibility for this certificate.

Acknowledgements

The preparation of this report was accomplished through the commitment and dedication of the Business and Finance Department. The Board of Education would like to express appreciation to all staff who assisted in the timely closing of the financial records and the preparation of this report.

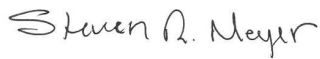
Sincerely,



Mary K. Smolenski, Ph.D.
Board of Education, President



Robert S. Monroe
Superintendent of Schools



Steven R. Meyer, Ph.D.
Board of Education, Treasurer



William Holbrook, CPA
Assistant Superintendent for
Business and Employee Services

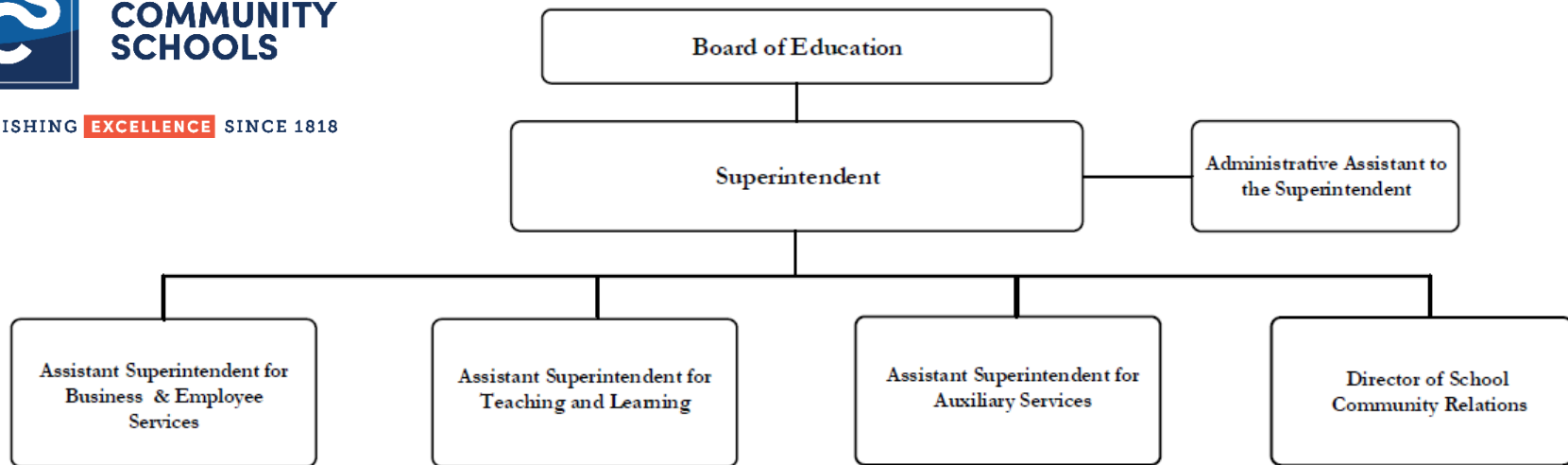
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ESTABLISHING **EXCELLENCE** SINCE 1818





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Utica Community Schools
for its Annual Comprehensive Financial Report
for the Fiscal Year Ended June 30, 2024.

The district report meets the criteria established for
ASBO International's Certificate of Excellence in Financial Reporting.



A handwritten signature in black ink, reading 'Ryan S. Stechschulte'.

Ryan S. Stechschulte
President

A handwritten signature in black ink, reading 'James M. Rowan'.

James M. Rowan, CAE, SFO
CEO/Executive Director

Independent Auditor's Report

To the Board of Education
Utica Community Schools

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, the School District adopted the provisions of Government Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinion is 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 the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The 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 information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2025 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 10, 2025

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

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Utica Community Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund and the 2023 Bond - Series I with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. This report is comprised of the following elements:

Management's Discussion and Analysis (MD&A) (Required Supplementary Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

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

Schedule of OPEB Contributions

Other Supplementary Information

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

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

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

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

Reporting the School District's Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds - Internal Service Fund

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services it provides to other funds. The School District established a proprietary fund, specifically the Internal Service Fund, to finance specific services provided to other funds of the School District on a cost reimbursement basis. The specific services represent workers' compensation, sick leave, accrued vacation and unemployment liabilities.

Utica Community Schools

Management's Discussion and Analysis (Continued)

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2025 and 2024:

	Governmental Activities	
	2025	2024
	(in thousands)	
Assets		
Current and other assets	\$ 363,573	\$ 359,199
Capital assets	423,246	361,152
Total assets	786,819	720,351
Deferred Outflows of Resources	155,431	206,808
Liabilities		
Current liabilities	72,503	80,763
Noncurrent liabilities	264,739	288,851
Net pension liability	429,152	559,081
Total liabilities	766,394	928,695
Deferred Inflows of Resources	243,728	179,851
Net Position		
Net investment in capital assets	255,886	230,783
Restricted	102,685	30,425
Unrestricted	(426,443)	(442,595)
Total net position	\$ (67,872)	\$ (181,387)

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(67.9) million at June 30, 2025. Net investment in capital assets totaling \$255.9 million, compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position \$(426.4) million was unrestricted.

The \$(426.4) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance, excluding pension and OPEB obligations, enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

Utica Community Schools

Management's Discussion and Analysis (Continued)

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ending June 30, 2025 and 2024.

	Governmental Activities	
	2025	2024
	(in thousands)	
Revenue		
Program revenue:		
Charges for services	\$ 6,999	\$ 7,072
Operating Grants	164,644	164,585
General revenue:		
Taxes	78,218	73,381
State aid not restricted to specific purposes	203,648	208,365
Other	15,208	11,622
Total revenue	468,717	465,025
Expenses		
Instruction	190,423	212,638
Support services	113,009	117,018
Bookstore activities	733	808
Athletics	3,347	3,310
Food services	10,904	10,970
Community services	3,189	3,805
Debt service	11,152	7,214
Depreciation expense and amortization (unallocated, excluding direct program charges)	19,827	17,564
Other	1,707	47
Total expenses	354,291	373,374
Change in Net position	114,426	91,651
Net Position - Beginning of year, as previously reported	(181,387)	(273,038)
Cumulative Effect of Change in Accounting	(911)	-
Net Position - Beginning of year, as restated	(182,298)	(273,038)
Net Position - End of Year	\$ (67,872)	\$ (181,387)

As reported in the statement of activities, the cost of all governmental activities this year was \$354.3 million. Certain activities were partially funded from those who benefited from the programs of \$7.0 million or by other governments and organizations that subsidized certain programs with grants and contributions of \$164.6 million. The District funded the remaining "public benefit" portion of governmental activities with \$78.2 million in taxes, \$203.6 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$114.4 million. The change in net position was mainly attributable to a \$79.1 million net decrease in the School District's proportionate share of the MPERS pension and OPEB liabilities as well as the related deferred inflows and outflows, \$62.1 million increase in net capital outlay, a decrease in cash and receivables of \$7.4 million, offset by an increase in accounts payable and unearned revenue of \$9.5 million, and the \$24.9 million net decrease of available bond funds offset by a decrease in debt obligations based on scheduled bond repayments.

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

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for specific purposes. The fund level statements help the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$213.8 million, which is a decrease of \$52.7 million from last year. The primary reason for this decrease, was the continued spending of bond funds to complete construction projects which was offset by small increases in the various other funds

In the General Fund, our principal operating fund, the fund balance increased \$0.9 million to \$52.2 million. The change is mainly due to an increase in state categorical funding including MPERS retirement adjustments, At-risk, Professional Development and Mental Health/Safety grants, offset by negotiated wage compensation.

The fund balance in the special revenue funds increased \$2.1 million to \$25.2 million this year as a result of expanded childcare services that yielded an improvement of \$1.1 million, and a \$0.9 million increase in Food Service fund balance due to continued free meals for all students resulting in higher participation.

The fund balance of our debt service funds increased \$1.2 million to \$5.4 million due to increased property values plus the related tax collections and the scheduled debt repayments. Debt service fund balances are restricted since they can only be used to pay debt service obligations.

Combined, the fund balance of our capital project funds decreased \$56.9 million. Fund balances decreased as the result continued spending of existing bond dollars to complete construction projects throughout the district, primarily within the 2023 Series I fund.

Budgetary Highlights

The School District revises its budget throughout the year to reflect changes between the assumptions made during budget development and the actual data as it becomes available. State law requires that the budget be amended to ensure expenditures do not exceed appropriations. The final amendment to the budget was adopted just before year end. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplementary information of these financial statements. The overall impact of budget adjustments for all funds during the 2024-2025 school year was an overall fund balance decrease of \$1.1 million.

Revisions were made to the 2024-2025 General Fund revenue budget to increase the total amount by \$21.6 million primarily due to increased funding for categoricals, including transportation, special education, At-risk, pension (MPERS), MI Kids on Track, mental health, and professional development grants. Budgeted expenditures increased by \$21.6 million primarily due to increased funding for state and federal categoricals, including pension (MPERS), At-risk, Filter First, Great-start Readiness, and special education grants.

Utica Community Schools

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2025 and 2024, the School District had \$423.2 million and \$361.2 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture and equipment. This represents a net increase (including additions, disposals and depreciation) of approximately \$62.1 million from 2024 to 2025.

	Governmental Activities	
	2025	2024
Land	\$ 20,590,812	\$ 20,107,428
Construction in progress	37,783,477	13,942,905
Buildings and improvements	524,903,379	498,978,159
Furniture and equipment	71,583,059	57,733,751
Buses and other vehicles	22,897,999	24,073,644
Land improvements	82,698,538	65,522,440
Lease assets	621,024	631,189
Subscription assets	7,510,195	7,345,740
Total capital assets	768,588,483	688,335,256
Less - Accumulated depreciation and amortization	345,341,762	327,183,140
Total capital assets- Net of accumulated depreciation and amortization	<u>\$ 423,246,721</u>	<u>\$ 361,152,116</u>

This year's additions of \$50.4 million included building renovations, parking lots and bus loops, playgrounds, athletic fields, technology, and kitchen and cafeteria improvements. More detailed information about our capital assets is in the notes to the financial statements.

Debt

At the end of this year, the School District had \$229.3 million in bonds outstanding versus \$253.0 million in the previous year.

The School District's general obligation bond rating is AA/A+ with a stable outlook. The state limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries, or \$2.0 billion. If the School District issues "qualified debt" (i.e., debt backed by the State of Michigan) as is the case for Utica Community Schools, such obligations are not subject to this debt limit.

Other obligations include accrued vacation pay, sick leave, workers' compensation, arbitrage liability and unemployment liabilities. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Utica Community Schools continues to have good General Fund reserves. The total available fund balance is 13.4 percent of 2025 expenditures, which is a slight improvement from the 11.5 percent budgeted. General Fund revenue (including other financing sources) decreased \$4.1 million, or 1.0 percent, in 2024-2025, as compared to the 2023-2024 fiscal year. The decrease was primarily due to a reduction in federal grant funding of \$14.8 million, which included the completion of the federal pandemic ESSER III grants. This was offset by an increased in state categoricals of \$9.1 million; which included state grants and MPERS retirement funding; and an increase in local revenue of \$1.8 million; which includes property tax collections and interest earnings.

Expenditures (including other financing uses) decreased by \$9.0 million or 2.3 percent in 2024-2025 as compared to the 2023-2024 fiscal year. The decrease in expenditures is primarily due to the reduction of federal grants of \$14.3 million; which includes the completion of federal pandemic ESSER III grants; and by a reduction in transfers to the building and site fund of \$12.9 million. This was offset by an increase in state categorical fundings of \$14.8 million; which includes state grants and MPSERS retirement funding; and other expenses of \$3.4 million including negotiated contract expenses.

The State of Michigan did not adopt their budget by the mandated July 1 deadline, which has led to uncertainty for schools that rely on timely state funding for programs, staff and student services like free meals and mental health support. Despite the state's school budget not being complete, the Utica Community Schools Board of Education adopted the 2025-2026 budget in June, as required.

As part of the district's budgeting process for revenue, the foundation allowance, which accounts for over 60 percent of the General Fund revenue, and projected student counts are taken into consideration. The foundation allowance is made up of both state source and local source revenue. To receive the full per student funding, districts must levy a local non-homestead millage. UCS replaced its existing millage in May of 2023 for 20 years at the full 18 mills. The replacement millage included two additional un-levied mills totaling 20 mills to offset potential future Headlee rollbacks..

For the 2025-2026 school year, Utica Community Schools assumptions included the decrease of 321 students comparing the 2025 projected count, based on the enrollment projections report prepared by Plante Moran Realpoint, and the 2024 actual blended count. The foundation allowance is multiplied by the blended student count which is 90 percent of the October count and 10 percent of the February count from the previous fiscal year. The district also used the governor's plan of a \$392 projected increase in foundation allowance from \$9,608 to \$10,000 per pupil. The decrease of students, coupled with the \$392 projected increase in the per pupil foundation allowance, estimates a net revenue gain of \$5.6 million. This increase in budgeted revenue was offset by a net decrease of \$3.9 million, which includes an estimated decrease in state categorical grant funding and MPSERS adjustments. Revenue in 2025-2026 is projected to increase 0.4 percent or \$1.7 million when compared to the prior year actuals

June 30, 2025

	<u>Governmental Activities</u>
Assets	
Cash and investments (Note 4)	\$ 107,691,911
Receivables (Note 5)	63,662,423
Inventories	1,610,383
Prepaid expenses and other assets	3,242,852
Restricted assets (Notes 4 and 10)	113,022,801
Net OPEB asset (Note 12)	74,341,943
Capital assets: (Note 7)	
Assets not subject to depreciation	58,374,289
Assets subject to depreciation - Net	<u>364,872,432</u>
Total assets	786,819,034
Deferred Outflows of Resources	
Deferred pension costs (Note 12)	133,961,937
Deferred OPEB costs (Note 12)	<u>21,469,187</u>
Total deferred outflows of resources	155,431,124
Liabilities	
Accounts payable	26,404,230
Due to other governmental units	233,727
Accrued liabilities and other	35,315,646
Unearned revenue (Note 6)	10,507,245
Noncurrent liabilities:	
Due within one year (Note 9)	32,247,059
Due in more than one year (Note 9)	232,533,937
Net pension liability (Note 12)	<u>429,152,294</u>
Total liabilities	766,394,138
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 12)	22,873,487
Deferred pension cost reductions (Note 12)	123,525,968
Deferred OPEB cost reductions (Note 12)	<u>97,328,626</u>
Total deferred inflows of resources	<u>243,728,081</u>
Net Position (Deficit)	
Net investment in capital assets	255,886,311
Restricted:	
Debt service	3,539,126
Capital project	12,170,087
Food service	12,633,664
Net OPEB asset	74,341,943
Unrestricted	<u>(426,443,192)</u>
Total net position (deficit)	<u><u>\$ (67,872,061)</u></u>

Statement of Activities
Year Ended June 30, 2025

	Expenses	Program Revenue		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 190,423,513	\$ -	\$ 96,596,495	\$ (93,827,018)
Support services	113,006,990	-	54,246,828	(58,760,162)
Bookstore activities	732,988	716,571	-	(16,417)
Athletics	3,347,396	780,729	-	(2,566,667)
Food services	10,904,486	1,104,329	13,664,793	3,864,636
Community services	3,188,729	4,397,050	135,882	1,344,203
Building improvements/Interdistrict payments	88,488	-	-	(88,488)
Interest	11,152,317	-	-	(11,152,317)
Debt issuance costs	4,200	-	-	(4,200)
Depreciation and amortization expense (unallocated, excluding direct program charges)	19,826,971	-	-	(19,826,971)
Total primary government	\$ 352,676,078	\$ 6,998,679	\$ 164,643,998	(181,033,401)
General revenue (expense):				
Taxes:				
Property taxes levied for general purposes				43,099,425
Property taxes levied for debt service				35,119,145
State aid not restricted to specific purposes				203,648,270
Interest and investment earnings				9,208,858
Loss on disposal of capital assets				(1,614,543)
Other:				
Student activities				4,564,310
Other				1,434,623
Total general revenue (expense)				295,460,088
Change in Net Position				114,426,687
Net Position (Deficit) - Beginning of year, as previously reported				(181,387,343)
Cumulative Effect of Change in Accounting (Note 2)				(911,405)
Net Position (Deficit) - Beginning of year, as restated				(182,298,748)
Net Position (Deficit) - End of year				\$ (67,872,061)

Utica Community Schools

Governmental Funds Balance Sheet

June 30, 2025

	Combined General Fund	Bond 2023 Series I Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and cash equivalents (Note 4)	\$ 2,126,259	\$ -	\$ 24,735,732	\$ 26,861,991
Investments (Note 4)	50,167,681	-	26,420,560	76,588,241
Receivables (Note 5)	62,996,014	-	666,409	63,662,423
Due from other funds (Note 8)	1,068,912	2,494,962	9,817,525	13,381,399
Inventories	1,284,556	-	325,827	1,610,383
Prepaid expenses and other assets	3,192,852	50,000	-	3,242,852
Restricted assets (Note 10)	-	84,750,073	28,272,728	113,022,801
Total assets	\$ 120,836,274	\$ 87,295,035	\$ 90,238,781	\$ 298,370,090
Liabilities				
Accounts payable:				
Accounts payable	\$ 14,991,921	\$ 6,594,129	\$ 1,217,971	\$ 22,804,021
Retainage payable	-	2,909,965	690,244	3,600,209
Due to other governmental units	233,727	-	-	233,727
Due to other funds (Note 8)	10,451,924	-	3,816,798	14,268,722
Accrued liabilities and other	32,480,547	-	6,245	32,486,792
Unearned revenue (Note 6)	10,111,527	-	395,718	10,507,245
Arbitrage liability (Note 9)	-	-	41,226	41,226
Total liabilities	68,269,646	9,504,094	6,168,202	83,941,942
Deferred Inflows of Resources - Unavailable revenue (Note 6)	356,019	-	313,598	669,617
Total liabilities and deferred inflows of resources	68,625,665	9,504,094	6,481,800	84,611,559
Fund Balances				
Nonspendable:				
Inventory	1,284,556	-	325,827	1,610,383
Prepays	3,192,852	50,000	-	3,242,852
Restricted:				
Debt service	-	-	5,412,164	5,412,164
Capital projects	-	77,740,941	26,854,374	104,595,315
Food service	-	-	12,376,140	12,376,140
Committed:				
Enrichment	-	-	8,931,279	8,931,279
Bookstore	-	-	100,198	100,198
Student activities	-	-	3,466,200	3,466,200
Assigned:				
Capital projects	-	-	26,290,799	26,290,799
MPERS hard cap contingency	1,128,346	-	-	1,128,346
Unassigned	46,604,855	-	-	46,604,855
Total fund balances	52,210,609	77,790,941	83,756,981	213,758,531
Total liabilities, deferred inflows of resources, and fund balances	\$ 120,836,274	\$ 87,295,035	\$ 90,238,781	\$ 298,370,090

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2025

Fund Balances Reported in Governmental Funds	\$ 213,758,531
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (including right-of-use assets) are not financial resources and are not reported in the funds:	
Cost of assets	768,588,483
Accumulated depreciation and amortization	<u>(345,341,762)</u>
Net capital assets (including right-of-use assets) used in governmental activities	423,246,721
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	669,617
Bonds payable, lease liabilities, and subscription liabilities are not due and payable in the current period and are not reported in the funds	(258,608,471)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,873,038)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Net pension liability and related deferred inflows and outflows	(418,716,325)
Retiree health care benefits	(1,517,496)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(22,873,487)
Other long-term liabilities, such as arbitrage liabilities, do not present a claim on current financial resources and are not reported as fund liabilities	(2,990,119)
Internal service funds are included as part of governmental activities	<u>1,032,006</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (67,872,061)</u></u>

Utica Community Schools

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2025

	Combined General Fund	Bond 2023 Series I Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Local sources	\$ 46,918,511	\$ 5,121,572	\$ 48,175,545	\$ 100,215,628
State sources	307,943,046	-	5,467,515	313,410,561
Federal sources	13,018,611	-	9,855,361	22,873,972
Interdistrict sources	20,611,417	-	-	20,611,417
Total revenue	388,491,585	5,121,572	63,498,421	457,111,578
Expenditures				
Current:				
Instruction	238,289,451	-	-	238,289,451
Support services	123,176,210	-	4,478,736	127,654,946
Bookstore activities	-	-	732,988	732,988
Athletics	3,833,423	-	-	3,833,423
Food services	-	-	12,014,537	12,014,537
Community services	481,852	-	3,448,224	3,930,076
Debt service:				
Principal	2,215,033	-	23,730,000	25,945,033
Interest	100,034	-	11,594,747	11,694,781
Debt issuance costs	-	-	4,200	4,200
Capital outlay	20,660,593	53,902,445	12,871,455	87,434,493
Building improvements/Interdistrict payments	88,488	-	-	88,488
Total expenditures	388,845,084	53,902,445	68,874,887	511,622,416
Excess of Expenditures Over Revenue	(353,499)	(48,780,873)	(5,376,466)	(54,510,838)
Other Financing Sources (Uses)				
Leases entered into	621,024	-	-	621,024
Proceeds from sale of capital assets	105,119	-	8,919	114,038
Transfers in	-	-	600,000	600,000
Transfers out	(600,000)	-	-	(600,000)
Subscriptions entered into	1,114,113	-	-	1,114,113
Total other financing sources	1,240,256	-	608,919	1,849,175
Net Change in Fund Balances	886,757	(48,780,873)	(4,767,547)	(52,661,663)
Fund Balances - Beginning of year	51,323,852	126,571,814	88,524,528	266,420,194
Fund Balances - End of year	<u><u>\$ 52,210,609</u></u>	<u><u>\$ 77,790,941</u></u>	<u><u>\$ 83,756,981</u></u>	<u><u>\$ 213,758,531</u></u>

Governmental Funds

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

Year Ended June 30, 2025

Net Change in Fund Balances Reported in Governmental Funds **\$ (52,661,663)**

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

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

Capitalized capital outlay	87,149,034
Depreciation and amortization expense	(23,325,848)
Net book value of assets disposed of	(1,728,581)

Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	24,130
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Revenue in support of pension contributions made subsequent to the measurement date	11,396,318
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Issuing debt and entering into leases and subscription liabilities provide current financial resources to governmental funds but increase long-term liabilities in the statement of net position	(1,735,137)
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Repayment of bond principal and lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	28,730,272
Interest expense is recognized in the government-wide statements as it accrues	(70,097)

Gain on extinguishment of SBITA liability	185,282
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Net pension liability	129,929,138
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Net OPEB asset	64,412,552
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Deferred pension cost reductions	(58,892,359)
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Deferred OPEB cost reductions	(16,380,271)
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Deferred pension costs	(35,577,197)
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Deferred OPEB costs	(15,799,654)
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Claims and similar costs that do not use current financial resources are not reported as expenditures in the governmental funds	(2,172,678)
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Internal service funds are included as part of governmental activities	943,446
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Change in Net Position of Governmental Activities **\$ 114,426,687**

Utica Community Schools

Proprietary Fund - Internal Service Fund Statement of Net Position

June 30, 2025

Assets

Current assets:

Cash and investments (Note 4)	\$ 4,241,679
Due from other funds (Note 8)	887,323

Total assets 5,129,002

Liabilities

Current liabilities:

Accrued liabilities and other	955,816
Compensated absences (Note 9)	1,075,183
Workers' compensation (Note 11)	384,647

Total current liabilities 2,415,646

Noncurrent liabilities:

Compensated absences (Note 9)	868,076
Workers' compensation (Note 11)	813,274

Total noncurrent liabilities 1,681,350

Total liabilities 4,096,996

Net Position - Unrestricted

\$ 1,032,006

Utica Community Schools

Proprietary Fund - Internal Service Fund Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2025

Operating Revenue - Charges to other governmental funds	
Workers' compensation	\$ 485,648
Sick leave	908,939
Vacation	<u>87,980</u>
Total operating revenue	1,482,567
Operating Expenses	
Workers' compensation	509,553
Vacation	81,728
FICA	3,786
Experience adjustment	<u>132,133</u>
Total operating expenses	<u>727,200</u>
Operating Income	755,367
Nonoperating Revenue - Interest income	<u>188,079</u>
Change in Net Position	943,446
Net Position - Beginning of year, as previously reported	999,965
Cumulative Effect of Change in Accounting (Note 2)	<u>(911,405)</u>
Net Position - Beginning of year, as restated	<u>88,560</u>
Net Position - End of year	<u><u>\$ 1,032,006</u></u>

Utica Community Schools

Proprietary Fund - Internal Service Fund Statement of Cash Flows

Year Ended June 30, 2025

Cash Flows from Operating Activities

Receipts from other funds	\$ 629,167
Payments for services	<u>(689,872)</u>

Net cash used in operating activities (60,705)

Cash Flows Provided by Investing Activities - Interest received on investments 188,079

Net Increase in Cash and Investments 127,374

Cash and Investments - Beginning of year 4,114,305

Cash and Investments - End of year \$ 4,241,679

Reconciliation of Operating Income to Net Cash from Operating Activities

Operating income	\$ 755,367
Adjustments to reconcile operating income to net cash from operating activities - Changes in assets and liabilities:	
Due to and from other funds	(853,400)
Accrued and other liabilities	<u>37,328</u>

Net cash used in operating activities \$ (60,705)

June 30, 2025

Note 1 - Nature of Business

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

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. 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. Based on the application of the criteria, the School District does not contain any component units.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives, the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

Note 2 - Significant Accounting Policies (Continued)***Fund Accounting***

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into the following broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Bond 2023 Series I Fund is used to record bond revenue from bond issuance and disbursements of invoices specifically designed for remodeling or additions at current school buildings, making safety and security improvements, acquiring and installing technology equipment and infrastructure, and acquiring school buses. The fund operates until the purpose for which it was created is accomplished.

Additionally, the School District reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's special revenue funds include the Enrichment, Food Services, Bookstore, and Student Activities funds. The Enrichment Fund accounts for activities offered to students and the community to enhance education and includes fees charged to participants. The Food Services Fund accounts for the activities associated with providing meals to students and accounts for the proceeds of sales to students and dedicated grants from state and federal sources. The Bookstore Fund accounts for activities related to the student stores located at each high school building and includes merchandise sales. The Student Activities Fund accounts for activities related to the transactions of student groups for school and school-related purposes and includes fundraising revenue and donations earned by student groups. Any operating deficit generated by these activities is the responsibility of the General Fund.
- Capital project funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology upgrades; and remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Proprietary Funds

The Internal Service Fund is used to finance services provided to other funds on a cost-reimbursement basis. The Internal Service Fund maintained by the School District is for self-insured workers' compensation, unemployment, sick leave, and accrued vacation. It is funded through charges primarily to the General Fund in amounts equal to the normal estimated cost of the benefits that are administered through this fund for the fiscal year. There are 10 bargaining units covering substantially all employees of the School District, each with unique vesting and payout provisions. Compensated absences are limited to amounts stipulated in each bargaining unit contract.

Note 2 - Significant Accounting Policies (Continued)**Interfund Activity**

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

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Proprietary funds and fiduciary funds, as applicable, use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions**Cash and Investments**

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

Inventories and Prepaid Items

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

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the bonded capital projects funds required to be set aside for construction or other allowable bond purchases

Note 2 - Significant Accounting Policies (Continued)

- Unspent property taxes levied held in the debt service fund required to be set aside for future bond principal and interest payments

Capital Assets

Capital assets, which include land, buildings, equipment, vehicles, and leased assets (further defined in the lease section below), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of improvements to sites or buildings in excess of \$20,000 and that extend the useful life of the capital asset at least five years are capitalized. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

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

	Depreciable/ Amortizable Life - Years
Land improvements	20
Buildings and improvements	20 to 50
Furniture and equipment	5 to 10
Buses and other vehicles	5 to 10
Leased assets - Copiers	3
Subscription assets	7

Long-term Obligations

In the government-wide financial statements and the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School District reports deferred outflows related to deferred pension and OPEB plan costs.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Note 2 - Significant Accounting Policies (Continued)

The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan cost reductions. The other deferred inflows reported related to unavailable revenue, which arises only under the modified accrual basis of accounting and is, therefore, reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts became available.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Note 2 - Significant Accounting Policies (Continued)

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

Amounts that do not fall into any other category above are considered to be unassigned fund balance. This represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes.

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes are levied and become a lien on July 1 for approximately 50 percent of the taxes that are due on September 14 and on December 1 for the remainder of the property taxes that are due on February 14. The final collection date is February 28, after which they are added to the county tax rolls. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes.

Pension and Other Postemployment Benefit (OPEB) Plans

For the purpose of measuring the net pension liability and net OPEB asset, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from the MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Compensated Absences

The liability for compensated absences reported in the government-wide and propriety fund statements consists of unpaid, accumulated annual balances for employee excess sick leave days and accrued vacation. A leave liability is recognized due to the leave attributable to services already rendered, leave that accumulates, and leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds is charges to governmental funds to provide employee benefits and services. Operating expenses for these funds include the cost of benefits and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Note 2 - Significant Accounting Policies (Continued)**Use of Estimates**

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

Leases

The School District is a lessee for noncancelable leases of copiers and printers. The School District recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the applicable governmental column in the government-wide financial statements. The School District recognizes lease assets and liabilities with an initial value of \$5,000 or more.

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

Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Subscriptions

The School District obtains the right to use vendors' information technology software through various long-term contracts. The School District recognizes a subscription liability and an intangible right-of-use subscription asset in the applicable governmental column in the government-wide financial statements.

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

Key estimates and judgments related to subscriptions include how the School District determines the (1) discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

Note 2 - Significant Accounting Policies (Continued)

The School District uses its estimated incremental borrowing rate as the discount rate for subscriptions.

The subscription term includes the noncancelable period of the subscription.

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

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

Accounting Changes

Adoption of New Accounting Pronouncement

During the current year, the School District adopted GASB Statement No. 101, *Compensated Absences*. The new accounting standard impacted the measurement of the compensated absences liability that is included in the statement of net position. The standard was required to be adopted retroactively, and, as such, the School District's compensated absences liability and net position as of July 1, 2025 have been restated in order to adopt GASB Statement No. 101. The effects of this adoption of a new accounting pronouncement are shown in the table at the end of this section.

Adjustments to and Restatements of Beginning Balances

During fiscal year 2025, the changes noted above resulted in adjustments to and restatements of beginning net position and fund net position as follows:

	<u>June 30, 2024</u>		<u>June 30, 2024</u>
	As Previously Reported	Adoption of New Accounting Pronouncement	As Restated
Government-wide - Governmental activities	\$ (181,387,343)	\$ (911,405)	\$ (182,298,748)
Proprietary funds - Internal Service Fund	\$ 999,965	\$ (911,405)	\$ 88,560

Upcoming Accounting Pronouncements

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

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

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 10, 2025, which is the date the financial statements were available to be issued.

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

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds in aggregate, and all debt service funds in aggregate. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. There were no encumbrances outstanding at year end.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Capital Projects Fund Compliance

The capital project funds, except the Building and Site Fund, include capital project activities funded with bonds. For these capital projects, the School District has complied with the applicable provisions of §1351a of the Revised School Code. The Bond 2018 Series III, Bond 2018 Series IV, and the Bond 2023 Series I funds are not yet considered substantially complete, and a subsequent year audit is expected.

Note 4 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The School District has designated 11 banks and credit unions for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost, except for a 1-day minimum investment period on MILAF cash management funds and a 14-day redemption limitation on MILAF MAX Class funds.

Note 4 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy and corresponding rules and regulations require that financial institutions be evaluated and only those with an acceptable risk level be used for deposits. At year end, the School District had bank deposits totaling \$73,317,499 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment policy and corresponding rules and regulations for custodial credit risk state that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy and corresponding rules and regulations. At June 30, 2025, the School District does not hold any investment securities that were unregistered.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy and corresponding rules and regulations do not further limit its investment choices. As of year end, the credit quality ratings of investments (other than the U.S. government) are as follows:

Investment	Value	Rating	Rating Organization
MILAF - Cash management and MAX Classes	\$ 107,320,679	AAAm	Standard & Poor's
First American Funds - Bank investment pool	43,288,242	AAA-mf	Moody's

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's investment policy prohibit investments in foreign currency.

June 30, 2025

Note 5 - Receivables

Receivables as of June 30, 2025 for the School District's individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	Nonmajor Funds	Total
Receivables:			
Property taxes receivable	\$ 356,019	\$ 313,597	\$ 669,616
Other receivables	584,601	-	584,601
Due from other governments	62,055,394	352,812	62,408,206
Net receivables	<u>\$ 62,996,014</u>	<u>\$ 666,409</u>	<u>\$ 63,662,423</u>

Amounts due from other governmental units include approximately \$53,900,000 from the State of Michigan for state aid payments and approximately \$2,600,000 related to reimbursement for expenditures of federal awards.

Note 6 - Unavailable/Unearned Revenue

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

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

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Delinquent property taxes	\$ 669,617	\$ -
Tuition/Fees not yet earned and grant/categorical aid payment received prior to meeting all eligibility requirements	-	10,507,245
Total	<u>\$ 669,617</u>	<u>\$ 10,507,245</u>

June 30, 2025
Note 7 - Capital Assets

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

	Balance July 1, 2024	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated or amortized:					
Land	\$ 20,107,428	\$ (17,372)	\$ 500,756	\$ -	\$ 20,590,812
Construction in progress	13,942,905	(12,322,584)	36,209,566	(46,410)	37,783,477
Subtotal	34,050,333	(12,339,956)	36,710,322	(46,410)	58,374,289
Capital assets being depreciated or amortized:					
Buildings and improvements	498,978,159	10,195,854	16,582,389	(853,023)	524,903,379
Furniture and equipment	57,733,751	-	14,276,832	(427,524)	71,583,059
Buses and other vehicles	24,073,644	-	2,688,953	(3,864,598)	22,897,999
Land improvements	65,522,440	2,144,102	15,155,402	(123,406)	82,698,538
Right-of-use lease assets	631,189	-	621,024	(631,189)	621,024
Right-of-use subscription assets	7,345,740	-	1,114,112	(949,657)	7,510,195
Subtotal	654,284,923	12,339,956	50,438,712	(6,849,397)	710,214,194
Accumulated depreciation and amortization:					
Buildings and improvements	229,671,460	-	11,312,003	-	240,983,463
Furniture and equipment	39,746,375	-	6,007,527	(284,709)	45,469,193
Buses and other vehicles	16,156,603	-	1,296,011	(3,475,686)	13,976,928
Land improvements	39,310,892	-	2,495,273	-	41,806,165
Accumulated amortization - Right-of-use lease assets	613,655	-	201,420	(631,189)	183,886
Accumulated amortization - Right-of-use subscription assets	1,684,155	-	2,013,614	(775,642)	2,922,127
Subtotal	327,183,140	-	23,325,848	(5,167,226)	345,341,762
Net capital assets being depreciated and amortized	327,101,783	12,339,956	27,112,864	(1,682,171)	364,872,432
Net governmental activities capital assets	<u>\$ 361,152,116</u>	<u>\$ -</u>	<u>\$ 63,823,186</u>	<u>\$ (1,728,581)</u>	<u>\$ 423,246,721</u>

Depreciation and amortization expense was charged to programs of the primary government as follows:

Governmental activities:	
Support services	\$ 3,498,877
Unallocated	<u>19,826,971</u>
Total governmental activities	<u>\$ 23,325,848</u>

June 30, 2025

Note 7 - Capital Assets (Continued)

Construction Commitments

For each bond issue and project listed below, the School District's cumulative expenditures and remaining commitments with contractors as of June 30, 2025 are as follows:

	Cumulative Expenditures through June 30, 2025	Commitments at June 30, 2025
Bond 2018 Series III	\$ 10,138,195	\$ 3,779,760
Bond 2018 Series IV	6,529,316	4,708,725
Bond 2023 Series I	57,863,815	87,543,705
Total	<u>\$ 74,531,326</u>	<u>\$ 96,032,190</u>

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From		
	General Fund	Nonmajor Funds	Total
General Fund	\$ -	\$ 1,068,912	\$ 1,068,912
Bond 2023 Series I Fund	-	2,494,962	2,494,962
Nonmajor funds	9,591,616	225,909	9,817,525
Internal Service Fund	860,308	27,015	887,323
Total	<u>\$ 10,451,924</u>	<u>\$ 3,816,798</u>	<u>\$ 14,268,722</u>

Outstanding balances between funds are the result of the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. All interfund balances are expected to be repaid within one year. Interfund balances are routine and temporary cash flow assistance to or from the General Fund and the Student Activities Fund and amounts owed to the Internal Service Fund to finance workers' compensation, sick leave, accrued vacation, and unemployment liabilities. In addition, the General Fund has amounts due to the capital project funds, Student Activities Fund, and Food Services Fund to cover cash outlay. All amounts are expected to be paid within one year.

During the year, the General Fund transferred funds to the Building and Site Fund for future capital improvements.

June 30, 2025

Note 9 - Long-term Debt

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

	Beginning Balance (as restated)	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
General obligations:	\$ 252,985,000	\$ -	\$ (23,730,000)	\$ 229,255,000	\$ 26,715,000
Unamortized bond premiums	29,912,942	-	(2,785,239)	27,127,703	2,785,239
Total bonds payable	282,897,942	-	(26,515,239)	256,382,703	29,500,239
Leases (Note 14)	18,550	621,024	(201,419)	438,155	205,428
Self-insured liabilities (Note 11)	1,113,691	356,518	(272,288)	1,197,921	384,647
Compensated absences	2,042,771	-	(99,512)	1,943,259	1,075,183
Arbitrage liability	817,441	2,213,904	-	3,031,345	41,226
Subscriptions (Note 15)	2,872,396	1,114,113	(2,198,896)	1,787,613	1,040,336
Total governmental activities long-term debt	<u>\$ 289,762,791</u>	<u>\$ 4,305,559</u>	<u>\$ (29,287,354)</u>	<u>\$ 264,780,996</u>	<u>\$ 32,247,059</u>

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's bonds are all qualified bonds that are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2025 are as follows:

Purpose	Remaining Annual Installments	Interest Rate(s) (Percent)	Maturing May 1	Outstanding
\$18,440,000 Bond Issue 2018 Series IV Building and Site Bonds	\$715,000 - \$1,140,000	5.00	2038	\$ 12,220,000
\$18,100,000 Bond Issue 2018 Series III Building and Site Bonds	\$800,000 - \$1,125,000	5.00	2037	11,700,000
\$8,770,000 Bond Issue 2018 Series II Building and Site Bonds	\$850,000	4.00	2030	4,250,000
\$95,020,000 Bond Issue 2018 Series I Building and Site and Refunding Bonds	\$5,925,000 - \$7,500,000	4.00 - 5.00	2034	61,175,000
\$18,765,000 Bond Issue 2009 Series VIII Building and Site and Refunding Bonds	\$675,000 - \$810,000	3.50 - 4.00	2032	5,110,000
\$25,375,000 Bond Issue 2009 Series VII Building and Site and Refunding Bonds	\$2,050,000 - \$2,560,000	2.00 - 5.00	2031	13,860,000
\$25,105,000 Bond Issue 2009 Series VI Building and Site and Refunding Bonds	\$1,875,000 - \$2,225,000	3.00 - 5.00	2030	10,300,000
\$9,115,000 Bond Issue 2009 Series V Building and Site Bonds	\$925,000 - \$950,000	4.00	2029	3,775,000
\$117,365,000 Bond 2023-Series 2024 Building and Site Bonds	\$5,500,000 - \$12,900,000	5.00	2039	106,865,000
Total governmental activities				<u>\$ 229,255,000</u>

Note 9 - Long-term Debt (Continued)

Other Long-term Liabilities

As discussed in Note 2, the beginning of year compensated absence liability was restated in order to adopt GASB Statement No. 101. The table above discloses the net change in the compensated absence liability of the School District. The net pension liability and the net OPEB asset, as applicable, will be liquidated from the funds from which the individual employees' salaries are paid, generally the General Fund and the Food Services Fund.

The arbitrage liability attributable to the governmental activities will be liquidated from the Bond 2018 Series I, Bond 2018 Series II, Bond 2018 Series III, Bond 2018 Series IV, and Bond 2023 Series I funds when payable to the Internal Revenue Service.

See Notes 14 and 15 for further information on lease and subscription liabilities, respectively.

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities		
	Principal	Interest	Total
2026	\$ 26,715,000	\$ 11,238,226	\$ 37,953,226
2027	19,825,000	9,975,600	29,800,600
2028	20,625,000	9,028,850	29,653,850
2029	21,435,000	8,043,350	29,478,350
2030	21,260,000	6,996,850	28,256,850
2031-2035	79,440,000	20,984,750	100,424,750
2036-2039	39,955,000	4,879,750	44,834,750
Total	<u>\$ 229,255,000</u>	<u>\$ 71,147,376</u>	<u>\$ 300,402,376</u>

Note 10 - Restricted Assets

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

	Governmental Activities
Unspent bond proceeds and related interest	\$ 107,636,176
Property tax collections for repayment of bonded indebtedness	<u>5,386,625</u>
Total	<u>\$ 113,022,801</u>

Note 11 - Risk Management

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

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

Note 11 - Risk Management (Continued)

The School District estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported and those that have not yet been reported. Changes in estimates are the result of adjusting the estimated liability based on an actuarial valuation triennially. These estimates are recorded in the Internal Service Fund.

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

	2025	2024
Estimated liability - Beginning of year	\$ 1,113,691	\$ 1,241,757
Estimated claims incurred, including changes in estimates	356,518	279,150
Claim payments	(272,288)	(407,216)
Estimated liability - End of year	<u>\$ 1,197,921</u>	<u>\$ 1,113,691</u>

Note 12 - Michigan Public School Employees' Retirement System

Plan Description

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

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

Benefits Provided

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

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

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

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

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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

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

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

Contributions

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

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

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

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

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2023 September 30, 2024	13.90% - 23.03%	7.06% - 8.131%
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%

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

Note 12 - Michigan Public School Employees' Retirement System (Continued)

The School District's required and actual pension contributions to the plan for the year ended June 30, 2025 were \$75,554,916, which includes the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$18,637,182 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate as well as \$4,236,305 of a one-time state payment received and remitted to the System for the purpose of contribution additional assets to the System.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2024 were \$6,383,988, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2025, the School District reported a liability of \$429,152,294 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated liability to September 30, 2024. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the School District's proportion was 1.75 and 1.72 percent, respectively, representing a change of 1.48 percent.

Net OPEB Asset

At June 30, 2025, the School District reported an asset of \$74,341,943 for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2025 was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated liability to September 30, 2024. The School District's proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the School District's proportion was 1.73 and 1.76 percent, respectively, representing a change of (1.60) percent.

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

For 2025, the School District recognized pension expense of \$36,946,169, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 11,643,204	\$ (4,662,798)
Changes in assumptions	44,741,670	(31,443,290)
Net difference between projected and actual earnings on pension plan investments	-	(81,900,449)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	13,802,270	(5,519,431)
The School District's contributions to the plan subsequent to the measurement date	63,774,793	-
Total	<u>\$ 133,961,937</u>	<u>\$ (123,525,968)</u>

June 30, 2025

Note 12 - Michigan Public School Employees' Retirement System (Continued)

The \$22,873,487 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2026	\$ (11,317,810)
2027	5,991,440
2028	(27,480,657)
2029	(20,531,797)
Total	<u>\$ (53,338,824)</u>

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

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

For the year ended June 30, 2025, the School District recognized OPEB recovery of \$27,261,489.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (78,779,756)
Changes in assumptions	16,237,350	(1,866,349)
Net difference between projected and actual earnings on OPEB plan investments	-	(14,073,782)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	3,569,628	(2,608,739)
Employer contributions to the plan subsequent to the measurement date	1,662,209	-
Total	<u>\$ 21,469,187</u>	<u>\$ (97,328,626)</u>

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

Years Ending	Amount
2026	\$ (25,285,468)
2027	(15,051,570)
2028	(15,097,190)
2029	(13,380,212)
2030	(7,282,886)
Thereafter	(1,424,322)
Total	<u>\$ (77,521,648)</u>

Note 12 - Michigan Public School Employees' Retirement System (Continued)

Actuarial Assumptions

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

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75 percent
Health care cost trend rate - OPEB	6.50% - 7.25%	Year 1 graded to 3.5 percent in year 15
Mortality basis		PubT-2010 Male and Female Employee
		Mortality Tables, scaled 100 percent (retirees: 116 percent for males and 116 percent for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension liability and OPEB liability as of September 30, 2024, 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.

Significant assumption changes since the prior measurement date, September 30, 2023, for the OPEB plans include a decrease in the health care cost trend rate of 0.25 percentage points for members under 65 and an increase of 0.25 percent for members over 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2023.

Discount Rate

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

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

June 30, 2025

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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

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

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

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	\$ 629,141,873	\$ 429,152,294	\$ 262,622,490

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB asset of the School District	\$ (57,452,066)	\$ (74,341,943)	\$ (88,945,025)

June 30, 2025

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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

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

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB asset of the School District	\$ (88,945,184)	\$ (74,341,943)	\$ (58,680,046)

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2025, the School District reported a payable of \$10,616,411 and \$262,433 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2025.

Note 13 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) granted by cities and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities.

For the fiscal year ended June 30, 2025, the School District's property tax revenue was reduced by \$2,811,364 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the School Aid formula. The School District received \$2,353,700 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from debt service millages. There are no abatements made by the School District.

Note 14 - Leases

The School District leases certain assets from a third party. The assets leased include copiers and printers. Payments are generally fixed monthly. Lease asset activity of the School District is included in Note 7.

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

Years Ending	Principal	Interest	Total
2026	\$ 205,428	\$ 14,823	\$ 220,251
2027	214,437	5,814	220,251
2028	18,290	66	18,356
Total	<u>\$ 438,155</u>	<u>\$ 20,703</u>	<u>\$ 458,858</u>

Note 15 - Subscriptions

The School District obtains the right to use vendors' information technology software through various long-term contracts. Payments are generally fixed annually.

Note 15 - Subscriptions (Continued)

Subscription asset activity of the School District is included in Note 7.

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

Years Ending	Principal	Interest	Total
2026	\$ 1,040,336	\$ 149,222	\$ 1,189,558
2027	626,283	9,471	635,754
2028	67,849	4,497	72,346
2029	53,145	1,136	54,281
Total	<u>\$ 1,787,613</u>	<u>\$ 164,326</u>	<u>\$ 1,951,939</u>

Required Supplementary Information

Utica Community Schools

Required Supplementary Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 48,747,625	\$ 46,330,139	\$ 46,918,511	\$ 588,372
State sources	300,007,152	318,791,546	307,943,046	(10,848,500)
Federal sources	11,959,009	16,883,758	13,018,611	(3,865,147)
Interdistrict and other financing sources	21,074,983	21,345,717	20,611,417	(734,300)
Total revenue	381,788,769	403,351,160	388,491,585	(14,859,575)
Expenditures				
Current:				
Instruction:				
Basic programs	197,533,783	207,215,258	196,596,735	(10,618,523)
Added needs	54,406,803	52,611,733	50,435,957	(2,175,776)
Adult/Continuing education	707,080	627,070	500,844	(126,226)
Total instruction	252,647,666	260,454,061	247,533,536	(12,920,525)
Support services:				
Pupil	24,072,216	27,904,286	26,029,238	(1,875,048)
Instructional staff	20,598,075	21,742,625	19,568,219	(2,174,406)
General administration	1,455,495	1,576,810	1,566,954	(9,856)
School administration	19,282,554	20,087,915	19,248,295	(839,620)
Business	2,223,336	2,228,694	2,113,719	(114,975)
Operations and maintenance	38,316,236	44,769,809	43,685,307	(1,084,502)
Pupil transportation services	15,199,090	15,910,355	14,820,510	(1,089,845)
Central	7,533,686	7,670,065	7,430,922	(239,143)
Other	91,162	70,671	49,969	(20,702)
Total support services	128,771,850	141,961,230	134,513,133	(7,448,097)
Athletics	3,831,429	3,935,934	3,913,008	(22,926)
Community services	782,320	848,357	481,852	(366,505)
Debt service	4,207,518	4,220,508	2,315,067	(1,905,441)
Building improvements/Interdistrict payments	238,448	88,488	88,488	-
Total expenditures	390,479,231	411,508,578	388,845,084	(22,663,494)
Other Financing Sources (Uses)				
Leases entered into	611,698	621,024	621,024	-
Proceeds from sale of capital assets	50,000	105,119	105,119	-
Subscriptions entered into	4,000,000	4,000,000	1,114,113	(2,885,887)
Transfers in	200,000	200,000	-	(200,000)
Transfers out	-	(600,000)	(600,000)	-
Total other financing sources	4,861,698	4,326,143	1,240,256	(3,085,887)
Net Change in Fund Balance	(3,828,764)	(3,831,275)	886,757	4,718,032
Fund Balance - Beginning of year	51,323,852	51,323,852	51,323,852	-
Fund Balance - End of year	\$ 47,495,088	\$ 47,492,577	\$ 52,210,609	\$ 4,718,032

Utica Community Schools

Required Supplementary Information Schedule of Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System

	Last Ten Plan Years Plan Years Ended September 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	1.75293 %	1.72737 %	1.68286 %	1.72113 %	1.71224 %	1.73074 %	1.79690 %	1.84111 %	1.84223 %	1.85626 %
School District's proportionate share of the net pension liability	\$ 429,152,294	\$ 559,081,432	\$ 632,902,413	\$ 407,483,890	\$ 588,174,701	\$ 573,161,685	\$ 540,179,541	\$ 477,110,473	\$ 459,621,052	\$ 453,392,480
School District's covered payroll	\$ 178,918,764	\$ 173,182,536	\$ 161,090,638	\$ 154,184,158	\$ 149,447,302	\$ 148,295,843	\$ 148,773,678	\$ 153,939,251	\$ 154,483,113	\$ 154,382,798
School District's proportionate share of the net pension liability as a percentage of its covered payroll	239.86 %	322.83 %	392.89 %	264.28 %	393.57 %	386.50 %	363.09 %	309.93 %	297.52 %	293.68 %
Plan fiduciary net position as a percentage of total pension liability	74.44 %	65.91 %	60.77 %	73.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %

Utica Community Schools

Required Supplementary Information Schedule of Pension Contributions Michigan Public School Employees' Retirement System

	Last Ten Fiscal Years Years Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 74,173,526	\$ 73,493,313	\$ 79,264,602	\$ 57,288,242	\$ 51,420,295	\$ 46,956,608	\$ 45,947,441	\$ 45,989,781	\$ 43,284,088	\$ 42,923,597
Contributions in relation to the statutorily required contribution	74,173,526	73,493,313	79,264,602	57,288,242	51,420,295	46,956,608	45,947,441	45,989,781	43,284,088	42,923,597
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 182,785,856	\$ 177,811,813	\$ 170,993,575	\$ 158,637,567	\$ 151,248,955	\$ 149,173,763	\$ 147,860,427	\$ 149,911,269	\$ 154,853,474	\$ 154,110,579
Contributions as a Percentage of Covered Payroll	40.58 %	41.33 %	46.36 %	36.11 %	34.00 %	31.48 %	31.07 %	30.68 %	27.95 %	27.85 %

Utica Community Schools

Required Supplementary Information Schedule of Proportionate Share of the Net OPEB Liability (Asset) Michigan Public School Employees' Retirement System

	Last Eight Plan Years Plan Years Ended September 30							
	2024	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB (asset) liability	1.72712 %	1.75524 %	1.67859 %	1.72578 %	1.69674 %	1.70352 %	1.75217 %	1.83775 %
School District's proportionate share of the net OPEB (asset) liability	\$(74,341,943)	\$(9,929,391)	\$35,553,553	\$26,341,885	\$90,898,846	\$122,274,471	\$139,728,841	\$162,741,529
School District's covered payroll	\$178,918,764	\$173,182,536	\$161,090,638	\$154,184,158	\$149,447,302	\$148,295,843	\$148,773,678	\$153,939,251
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(41.55)%	(5.73)%	22.07 %	17.08 %	60.82 %	82.45 %	93.92 %	105.72 %
Plan fiduciary net position as a percentage of total OPEB liability	143.08 %	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	35.53 %

Utica Community Schools

Required Supplementary Information Schedule of OPEB Contributions Michigan Public School Employees' Retirement System

	Last Eight Fiscal Years Years Ended June 30							
	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution \$	5,442,449	\$ 14,607,996	\$ 13,763,615	\$ 12,927,693	\$ 12,586,560	\$ 11,987,007	\$ 11,614,474	\$ 10,827,679
Contributions in relation to the statutorily required contribution	5,442,449	14,607,996	13,763,615	12,927,693	12,586,560	11,987,007	11,614,474	10,827,679
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$182,785,856	\$177,811,813	\$170,993,575	\$158,637,567	\$151,248,955	\$149,173,763	\$147,860,427	\$149,911,269
Contributions as a Percentage of Covered Payroll	2.98 %	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

June 30, 2025

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund, all special revenue funds in aggregate, and all debt service funds in aggregate. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function, which is the legal level at which expenditures may not legally exceed appropriations. The statement of revenue, expenditures, and changes in fund balances presents capital outlay and other financing sources separately, as required by generally accepted accounting principles. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan Law. State law permits districts to amend their budgets during the year. There were no significant amendments during the year, except for adjustments to state and federal awards and the corresponding expenditures for federal grants and state categoricals.

Pension Information

The required contributions for the year ended June 30, 2025 include a one-time contribution of \$4,236,305, referred to as 147c(2), related to funding received from the State and remitted to the System for the purpose of contributing additional assets to the System.

Benefit Changes

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

Changes in Assumptions

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

2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

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

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

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

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

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

2024 - The health care cost trend rate used in the September 30, 2024 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage point for members over 65.

June 30, 2025

2023 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.

2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.

2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.

2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Other Supplementary Information

Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2025

	Special Revenue Funds					Debt Service Fund	Capital Project Funds							
	Enrichment Fund	Food Services Fund	Bookstore Fund	Student Activities Fund	Total Special Revenue Funds	Common Debt Service Fund	Building and Site Fund	Bond 2018 Series I Fund	Bond 2018 Series II Fund	Bond 2018 Series III Fund	Bond 2018 Series IV Fund	Total Capital Project Funds	Total	
Assets														
Cash and cash equivalents	\$ 9,493,106	\$ 10,992,141	\$ -	\$ 4,250,485	\$ 24,735,732	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,735,732	
Investments	3,088	-	119,644	-	122,732	-	26,297,828	-	-	-	-	26,297,828	26,420,560	
Receivables	-	352,812	-	-	352,812	313,597	-	-	-	-	-	-	666,409	
Due from other funds	-	1,315,955	-	37,547	1,353,502	25,540	-	155,111	41,226	-	8,242,146	8,438,483	9,817,525	
Inventories	-	257,524	68,303	-	325,827	-	-	-	-	-	-	-	325,827	
Restricted assets	-	-	-	-	-	5,386,625	-	2,382,710	-	13,265,796	7,237,597	22,886,103	28,272,728	
Total assets	\$ 9,496,194	\$ 12,918,432	\$ 187,947	\$ 4,288,032	\$ 26,890,605	\$ 5,725,762	\$ 26,297,828	\$ 2,537,821	\$ 41,226	\$ 13,265,796	\$ 15,479,743	\$ 57,622,414	\$ 90,238,781	
Liabilities														
Accounts payable	\$ -	\$ 169,744	\$ -	\$ -	\$ 169,744	\$ -	\$ 7,029	\$ 157,754	\$ -	\$ 1,500,697	\$ 72,991	\$ 1,738,471	\$ 1,908,215	
Due to other funds	274,793	9,428	19,446	821,832	1,125,499	-	-	2,224,956	-	196,337	270,006	2,691,299	3,816,798	
Accrued liabilities and other	-	-	-	-	-	-	-	-	-	6,245	-	6,245	6,245	
Unearned revenue	290,122	105,596	-	-	395,718	-	-	-	-	-	-	-	395,718	
Arbitrage liability	-	-	-	-	-	-	-	-	41,226	-	-	41,226	41,226	
Total liabilities	564,915	284,768	19,446	821,832	1,690,961	-	7,029	2,382,710	41,226	1,703,279	342,997	4,477,241	6,168,202	
Deferred Inflows of Resources -														
Unavailable revenue	-	-	-	-	-	313,598	-	-	-	-	-	-	313,598	
Total liabilities and deferred inflows of resources	564,915	284,768	19,446	821,832	1,690,961	313,598	7,029	2,382,710	41,226	1,703,279	342,997	4,477,241	6,481,800	
Fund Balances														
Nonspendable - Inventory	-	257,524	68,303	-	325,827	-	-	-	-	-	-	-	325,827	
Restricted:														
Debt service	-	-	-	-	-	5,412,164	-	-	-	-	-	-	5,412,164	
Capital projects	-	-	-	-	-	-	-	155,111	-	11,562,517	15,136,746	26,854,374	26,854,374	
Food service	-	12,376,140	-	-	12,376,140	-	-	-	-	-	-	-	12,376,140	
Committed:														
Enrichment	8,931,279	-	-	-	8,931,279	-	-	-	-	-	-	-	8,931,279	
Bookstore	-	-	100,198	-	100,198	-	-	-	-	-	-	-	100,198	
Student activities	-	-	-	3,466,200	3,466,200	-	-	-	-	-	-	-	3,466,200	
Assigned - Capital projects	-	-	-	-	-	-	26,290,799	-	-	-	-	26,290,799	26,290,799	
Total fund balances	8,931,279	12,633,664	168,501	3,466,200	25,199,644	5,412,164	26,290,799	155,111	-	11,562,517	15,136,746	53,145,173	83,756,981	
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,496,194	\$ 12,918,432	\$ 187,947	\$ 4,288,032	\$ 26,890,605	\$ 5,725,762	\$ 26,297,828	\$ 2,537,821	\$ 41,226	\$ 13,265,796	\$ 15,479,743	\$ 57,622,414	\$ 90,238,781	

Utica Community Schools

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

Year Ended June 30, 2025

	Special Revenue Funds					Debt Service Fund	Capital Project Funds						
	Enrichment Fund	Food Services Fund	Bookstore Fund	Student Activities Fund	Total Special Revenue Funds	Common Debt Service Fund	Building and Site Fund	Bond 2018 Series I Fund	Bond 2018 Series II Fund	Bond 2018 Series III Fund	Bond 2018 Series IV Fund	Total Capital Project Funds	Total
Revenue													
Local sources	\$ 4,517,128	\$ 1,382,812	\$ 716,571	\$ 4,564,310	\$ 11,180,821	\$ 35,435,891	\$ 505,000	\$ 217,250	\$ 8,078	\$ 484,306	\$ 344,199	\$ 1,558,833	\$ 48,175,545
State sources	-	4,393,757	-	-	4,393,757	1,073,758	-	-	-	-	-	-	5,467,515
Federal sources	-	9,855,361	-	-	9,855,361	-	-	-	-	-	-	-	9,855,361
Total revenue	4,517,128	15,631,930	716,571	4,564,310	25,429,939	36,509,649	505,000	217,250	8,078	484,306	344,199	1,558,833	63,498,421
Expenditures													
Current:													
Support services	-	51,493	-	4,411,385	4,462,878	15,858	-	-	-	-	-	-	4,478,736
Bookstore activities	-	-	732,988	-	732,988	-	-	-	-	-	-	-	732,988
Food services	-	12,014,537	-	-	12,014,537	-	-	-	-	-	-	-	12,014,537
Community services	3,448,224	-	-	-	3,448,224	-	-	-	-	-	-	-	3,448,224
Debt service:													
Principal	-	-	-	-	-	23,730,000	-	-	-	-	-	-	23,730,000
Interest	-	-	-	-	-	11,553,521	-	-	41,226	-	-	41,226	11,594,747
Debt issuance costs	-	-	-	-	-	4,200	-	-	-	-	-	-	4,200
Capital outlay	7,797	2,628,810	-	-	2,636,607	-	7,029	5,851,492	475,957	1,887,280	2,013,090	10,234,848	12,871,455
Total expenditures	3,456,021	14,694,840	732,988	4,411,385	23,295,234	35,303,579	7,029	5,851,492	517,183	1,887,280	2,013,090	10,276,074	68,874,887
Excess of Revenue Over (Under) Expenditures	1,061,107	937,090	(16,417)	152,925	2,134,705	1,206,070	497,971	(5,634,242)	(509,105)	(1,402,974)	(1,668,891)	(8,717,241)	(5,376,466)
Other Financing Sources													
Proceeds from sale of capital assets	-	8,919	-	-	8,919	-	-	-	-	-	-	-	8,919
Transfers in	-	-	-	-	-	-	600,000	-	-	-	-	600,000	600,000
Total other financing sources	-	8,919	-	-	8,919	-	600,000	-	-	-	-	600,000	608,919
Net Change in Fund Balances	1,061,107	946,009	(16,417)	152,925	2,143,624	1,206,070	1,097,971	(5,634,242)	(509,105)	(1,402,974)	(1,668,891)	(8,117,241)	(4,767,547)
Fund Balances - Beginning of year	7,870,172	11,687,655	184,918	3,313,275	23,056,020	4,206,094	25,192,828	5,789,353	509,105	12,965,491	16,805,637	61,262,414	88,524,528
Fund Balances - End of year	<u>\$ 8,931,279</u>	<u>\$ 12,633,664</u>	<u>\$ 168,501</u>	<u>\$ 3,466,200</u>	<u>\$ 25,199,644</u>	<u>\$ 5,412,164</u>	<u>\$ 26,290,799</u>	<u>\$ 155,111</u>	<u>\$ -</u>	<u>\$ 11,562,517</u>	<u>\$ 15,136,746</u>	<u>\$ 53,145,173</u>	<u>\$ 83,756,981</u>

Utica Community Schools

Other Supplementary Information Budgetary Comparison Schedule - Nonmajor Governmental Funds Special Revenue Funds

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 11,345,809	\$ 11,203,298	\$ 11,180,821	\$ (22,477)
State sources	4,654,144	4,061,476	4,393,757	332,281
Federal sources	9,063,963	9,496,412	9,855,361	358,949
Total revenue	25,063,916	24,761,186	25,429,939	668,753
Expenditures				
Current:				
Support services:				
Pupil	54,731	72,095	51,292	(20,803)
General administration	3,000	10,201	-	(10,201)
Operations and maintenance	5,000	-	-	-
Central	5,200	-	201	201
Other	18,799,935	19,865,580	17,158,910	(2,706,670)
Community services	4,027,226	4,060,630	3,448,224	(612,406)
Debt service - Principal	11,500	11,500	-	(11,500)
Capital outlay	4,150,000	4,060,000	2,636,607	(1,423,393)
Total expenditures	27,056,592	28,080,006	23,295,234	(4,784,772)
Excess of Revenue (Under) Over Expenditures	(1,992,676)	(3,318,820)	2,134,705	5,453,525
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	8,920	8,919	(1)
Transfers out	(200,000)	(200,000)	-	200,000
Total other financing (uses) sources	(200,000)	(191,080)	8,919	199,999
Net Change in Fund Balances	(2,192,676)	(3,509,900)	2,143,624	5,653,524
Fund Balances - Beginning of year	23,056,020	23,056,020	23,056,020	-
Fund Balances - End of year	<u>\$ 20,863,344</u>	<u>\$ 19,546,120</u>	<u>\$ 25,199,644</u>	<u>\$ 5,653,524</u>

Utica Community Schools

Other Supplementary Information Budgetary Comparison Schedule - Nonmajor Governmental Funds (Continued) Debt Service Fund

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 35,471,197	\$ 35,183,762	\$ 35,435,891	\$ 252,129
State sources	1,073,758	1,073,758	1,073,758	-
Total revenue	36,544,955	36,257,520	36,509,649	252,129
Expenditures				
Current - Support services	25,000	25,000	15,858	(9,142)
Debt service	35,320,779	35,316,411	35,287,721	(28,690)
Total expenditures	35,345,779	35,341,411	35,303,579	(37,832)
Net Change in Fund Balance	1,199,176	916,109	1,206,070	289,961
Fund Balance - Beginning of year	4,206,094	4,206,094	4,206,094	-
Fund Balance - End of year	<u><u>\$ 5,405,270</u></u>	<u><u>\$ 5,122,203</u></u>	<u><u>\$ 5,412,164</u></u>	<u><u>\$ 289,961</u></u>

Utica Community Schools

Other Supplementary Information Schedule of Bonded Indebtedness

June 30, 2025

Years Ending June 30	November 24, 2014 Debt Fund	June 23, 2015 Debt Fund	June 22, 2016 Debt Fund	February 23, 2017 Debt Fund	March 12, 2019 Debt Fund	June 25, 2020 Debt Fund	May 10, 2022 Debt Fund	April 4, 2023 Debt Fund	June 18, 2024 Debt Fund	Total
	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	Principal	
2026	\$ 925,000	\$ 1,875,000	\$ 2,050,000	\$ 675,000	\$ 5,925,000	\$ 850,000	\$ 800,000	\$ 715,000	\$ 12,900,000	\$ 26,715,000
2027	950,000	1,975,000	2,150,000	675,000	6,150,000	850,000	825,000	750,000	5,500,000	19,825,000
2028	950,000	2,075,000	2,250,000	700,000	6,375,000	850,000	875,000	790,000	5,760,000	20,625,000
2029	950,000	2,150,000	2,375,000	725,000	6,625,000	850,000	900,000	830,000	6,030,000	21,435,000
2030	-	2,225,000	2,475,000	755,000	6,850,000	850,000	925,000	870,000	6,310,000	21,260,000
2031	-	-	2,560,000	770,000	7,050,000	-	1,000,000	910,000	6,600,000	18,890,000
2032	-	-	-	810,000	7,250,000	-	1,000,000	955,000	6,900,000	16,915,000
2033	-	-	-	-	7,450,000	-	1,025,000	965,000	7,200,000	16,640,000
2034	-	-	-	-	7,500,000	-	1,050,000	1,005,000	7,500,000	17,055,000
2035	-	-	-	-	-	-	1,075,000	1,055,000	7,810,000	9,940,000
2036	-	-	-	-	-	-	1,100,000	1,105,000	8,120,000	10,325,000
2037	-	-	-	-	-	-	1,125,000	1,130,000	8,430,000	10,685,000
2038	-	-	-	-	-	-	-	1,140,000	8,740,000	9,880,000
2039	-	-	-	-	-	-	-	-	9,065,000	9,065,000
Total remaining payments	<u>\$ 3,775,000</u>	<u>\$ 10,300,000</u>	<u>\$ 13,860,000</u>	<u>\$ 5,110,000</u>	<u>\$ 61,175,000</u>	<u>\$ 4,250,000</u>	<u>\$ 11,700,000</u>	<u>\$ 12,220,000</u>	<u>\$ 106,865,000</u>	<u>\$ 229,255,000</u>
Interest rate	4.00%	3.00% to 5.00%	2.00% to 5.00%	3.50% to 4.00%	4.00% to 5.00%	4.00%	5.00%	5.00%	5.00%	
Original issue	<u>\$ 9,115,000</u>	<u>\$ 25,105,000</u>	<u>\$ 25,375,000</u>	<u>\$ 18,765,000</u>	<u>\$ 95,020,000</u>	<u>\$ 8,770,000</u>	<u>\$ 18,100,000</u>	<u>\$ 18,440,000</u>	<u>\$ 117,365,000</u>	<u>\$ 336,055,000</u>

Principal payments for the bond issues are due on May 1 of each year.

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

Statistical Section and Other Information

This part of Utica Community Schools' Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the government's overall financial health. Many of the schedules present data for the past fiscal years that will allow the reader to discern trends that cannot be seen in a single year's financial statements.

Contents

Financial Trend Information

These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.

Revenue Capacity Information

These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.

Financial Trend Information
Changes in Governmental Net Position - Governmental Funds

	Last Ten Fiscal Years									
	As of June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Expenses										
Governmental activities:										
Instruction	\$ 190,423,513	\$ 212,638,322	\$ 210,132,893	\$ 175,931,003	\$ 214,865,827	\$ 210,663,087	\$ 197,606,013	\$ 198,438,538	\$ 199,098,310	\$ 192,924,083
Support services	113,006,990	117,360,475	109,690,523	93,814,581	87,603,571	91,216,184	82,364,749	77,844,354	76,908,253	75,308,877
Bookstore	732,988	808,362	834,619	520,644	108,791	421,019	600,042	485,570	517,375	448,893
Athletics	3,347,396	3,310,159	3,073,110	2,731,683	2,985,340	2,823,342	2,993,228	2,978,942	2,942,951	2,973,459
Food services	10,904,486	10,528,921	8,637,338	8,623,605	5,451,061	7,788,727	7,904,545	7,648,033	7,448,925	7,322,793
Community services	3,188,729	3,805,417	4,694,221	3,305,713	3,001,126	4,353,317	4,679,559	4,764,989	4,692,414	4,365,876
Interdistrict Payments	57,175	47,175	47,175	8,775	-	-	-	-	-	-
Building improvements	31,313	97,757	6,213,429	-	-	-	-	-	-	160,248
Interest on long-term debt and other	11,156,517	7,213,182	5,100	6,367,467	6,123,912	7,160,693	4,848,023	5,037,237	5,502,857	5,823,919
Depreciation expense (unallocated)	19,826,971	17,564,135	17,421,433	16,127,022	15,336,216	13,284,291	11,749,254	11,744,558	11,451,027	11,095,013
Total governmental activities	\$ 352,676,078	\$ 373,373,905	\$ 360,749,841	\$ 307,430,493	\$ 335,475,844	\$ 337,710,660	\$ 312,745,413	\$ 308,942,221	\$ 308,562,112	\$ 300,423,161
Program revenue										
Charges for services:										
Instruction	\$ -	\$ -	\$ -	\$ 42,713	\$ 247,079	\$ 212,012	\$ 111,890	\$ 221,953	\$ 110,850	\$ 60,721
Bookstore	716,571	760,244	854,435	606,517	114,475	440,764	618,526	519,077	519,624	478,800
Athletics	780,729	797,149	783,073	763,115	449,388	616,792	879,135	921,263	977,343	937,112
Food services	1,104,329	1,238,536	2,943,172	1,083,963	200,959	2,223,703	3,300,507	3,740,606	3,774,403	3,675,980
Community services	4,397,050	4,275,712	5,109,795	3,442,395	2,453,500	4,723,848	6,563,697	6,485,309	6,287,475	5,685,367
Operating grants and contributions	164,643,998	164,585,041	115,664,014	117,426,290	103,255,016	69,600,120	67,432,737	71,035,613	62,788,109	47,366,510
Total program revenue	\$ 171,642,677	\$ 171,656,682	\$ 125,354,489	\$ 123,364,993	\$ 106,720,417	\$ 77,817,239	\$ 78,906,492	\$ 82,923,821	\$ 74,457,804	\$ 58,204,490
Net (expense) revenue	\$ (181,033,401)	\$ (201,717,223)	\$ (235,395,352)	\$ (184,065,500)	\$ (228,755,427)	\$ (259,893,421)	\$ (233,838,921)	\$ (226,018,400)	\$ (234,104,308)	\$ (242,218,671)
General Revenue										
Property taxes, levied for general purposes	43,099,425	40,683,182	35,478,775	33,852,161	32,702,022	30,903,979	29,300,832	28,226,071	27,832,138	26,703,223
Property taxes, levied for debt purposes	35,119,145	32,697,678	30,486,025	29,004,593	27,730,359	26,494,023	27,085,671	26,455,247	25,605,413	25,606,032
State aid not restricted to specific purposes	203,648,270	208,364,604	197,304,923	184,290,991	179,244,260	181,601,522	179,641,739	179,045,929	180,897,697	179,123,193
Federal sources - unrestricted	-	187,777	375,554	562,019	-	-	-	-	-	-
Investment and investment earnings	9,208,858	5,830,502	4,424,283	257,066	835,136	1,978,757	1,766,154	666,442	346,456	97,744
Loss on sale of capital assets	(1,614,543)	-	-	-	-	-	-	(983,907)	(1,404,899)	(5,562)
Student activities	4,564,310	4,571,512	4,374,185	3,857,551	1,664,697	4,556,862	-	-	-	-
Other	1,434,623	1,032,855	2,147,715	1,060,888	2,177,158	616,392	1,434,805	1,121,466	2,115,056	941,990
Total general revenue	\$ 295,460,088	\$ 293,368,110	\$ 274,591,460	\$ 252,885,269	\$ 244,353,632	\$ 246,151,535	\$ 239,229,201	\$ 234,531,248	\$ 235,391,861	\$ 232,466,620
Change in Net Position	\$ 114,426,687	\$ 91,650,887	\$ 39,196,108	\$ 68,819,769	\$ 15,598,205	\$ (13,741,886)	\$ 5,390,280	\$ 8,512,848	\$ 1,287,553	\$ (9,752,051)

Source: Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2016 through 2025

Financial Trend Information
Net Position by Component - Governmental Funds

	Last Ten Fiscal Years									
	As of June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Governmental Activities:										
Net investment in capital assets	\$ 255,886,311	\$ 230,782,779	\$ 198,859,442	\$ 185,897,327	\$ 183,533,554	\$ 175,996,331	\$ 165,742,794	\$ 158,585,279	\$ 151,591,660	\$ 150,227,441
Restricted										
Debt service	3,539,126	2,403,153	1,586,487	1,337,371	1,020,937	1,163,991	4,495,147	1,197,876	512,937	631,081
Capital projects	12,170,087	6,404,408	6,182,593	4,327,508	3,501,585	3,307,332	2,036,008	959,779	547,318	302,370
Food service	12,633,664	11,687,655	10,453,583	8,030,970	4,855,753	3,500,588	3,390,457	-	-	-
Net OPEB asset	74,341,943	9,929,391	-	-	-	-	-	-	-	-
Unrestricted	(426,443,192)	(442,594,729)	(490,120,335)	(511,827,514)	(573,965,936)	(580,620,554)	(561,508,812)	(551,977,620)	(387,599,405)	(387,395,935)
Total primary government net position	\$ (67,872,061)	\$ (181,387,343)	\$ (273,038,230)	\$ (312,234,338)	\$ (381,054,107)	\$ (396,652,312)	\$ (385,844,406)	\$ (391,234,686)	\$ (234,947,490)	\$ (236,235,043)

Note:
FY 2024/25 - The School District adopted GASB 101 - Compensated Absences
FY 2020/21 - 2024/25: Free meals for all students
FY 2022/23: The School District adopted GASB 96 - Accounting for SBITAS
FY 2021/22: The School District adopted GASB 87 - Accounting for Leases
FY 2019/20: The School District adopted GASB 84 - Fiduciary Activities
FY 2017/18: The School District adopted GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

Source: Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2016 through 2025

Financial Trend Information
Changes in Fund Balances - Governmental Funds

	Last Ten Fiscal Years									
	As of June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenue										
Local revenue	\$ 100,215,628	\$ 92,221,531	\$ 87,028,792	\$ 74,182,862	\$ 68,523,692	\$ 73,020,363	\$ 71,170,054	\$ 68,112,927	\$ 67,588,498	\$ 64,896,891
State revenue	313,410,561	303,974,648	278,812,940	244,518,817	234,503,962	227,519,218	225,376,781	227,976,797	224,098,415	218,783,701
Federal revenue	22,873,972	37,712,496	33,218,512	43,327,835	33,121,947	16,812,168	16,115,636	15,557,580	15,277,901	13,916,301
Interdistrict revenue and other	20,611,417	21,059,789	20,187,101	18,289,976	18,111,257	6,255,358	5,955,562	6,150,062	6,062,495	6,124,044
Total revenue	\$ 457,111,578	\$ 454,968,464	\$ 419,247,345	\$ 380,319,490	\$ 354,260,858	\$ 323,607,107	\$ 318,618,033	\$ 317,797,366	\$ 313,027,309	\$ 303,720,937
Expenditures										
Current:										
Instruction	\$ 238,289,451	\$ 238,555,376	\$ 238,607,279	\$ 211,702,383	\$ 206,848,231	\$ 190,952,527	\$ 188,484,377	\$ 194,655,316	\$ 197,647,170	\$ 196,338,077
Support services	127,654,946	122,242,225	116,550,717	99,221,037	82,282,606	82,273,842	76,623,638	74,369,061	72,716,205	72,831,200
Bookstore	732,988	808,362	834,619	520,644	108,791	421,019	600,042	485,570	517,375	448,893
Athletics	3,833,423	3,538,553	3,331,389	3,057,324	2,922,061	2,653,381	2,908,444	2,937,371	2,929,001	2,965,234
Food services	12,014,537	11,464,189	9,122,739	9,421,082	5,372,373	7,418,985	7,743,226	7,567,747	7,423,673	7,176,504
Community services	3,930,076	4,212,148	4,714,350	3,488,345	2,917,367	4,331,653	4,664,775	4,685,170	4,668,480	4,417,461
Debt service:	-	-	-	-	-	-	-	-	-	-
Principal	25,945,033	27,975,309	25,363,675	22,320,082	20,960,000	22,140,000	22,240,000	21,025,000	20,255,000	19,330,000
Interest and other	11,698,981	7,850,309	7,943,449	7,914,660	8,743,633	9,905,232	5,726,971	6,728,936	6,856,314	6,944,968
Capital Outlay	87,434,493	52,509,577	33,031,053	22,698,945	31,445,771	39,469,222	17,459,796	17,229,190	18,105,274	12,106,456
Bidg Improv/interdistrict payments	88,488	144,932	47,175	8,775	8,775	-	-	-	-	-
Total expenditures	\$ 511,622,416	\$ 469,300,980	\$ 439,546,445	\$ 380,353,277	\$ 361,609,608	\$ 359,565,861	\$ 326,451,269	\$ 329,683,361	\$ 331,118,492	\$ 322,558,793
Excess of Revenue (Under) Over										
Expenditures	\$ (54,510,838)	\$ (14,332,516)	\$ (20,299,100)	\$ (33,787)	\$ (7,348,750)	\$ (35,958,754)	\$ (7,833,236)	\$ (11,885,995)	\$ (18,091,183)	\$ (18,837,856)
Other Financing Sources (Uses)										
Proceeds from sale of capital assets	\$ 114,038	\$ -	\$ 102,192	\$ 160,764	\$ 104,482	\$ 112,895	\$ 146,568	\$ 1,384,186	\$ 5,556,816	\$ -
Payment to escrow agent	-	-	-	-	-	-	(5,475,688)	-	(11,338,956)	(4,193,421)
Transfers in	600,000	13,510,648	5,740,736	4,733,435	1,658,388	1,502,014	2,152,119	753,870	1,773,248	2,117,012
Transfers out	(600,000)	(13,510,648)	(5,740,736)	(4,794,316)	(1,658,388)	(1,502,014)	(2,152,119)	(753,870)	(1,773,248)	(2,117,012)
Leases	621,024	-	-	631,189	-	-	-	-	-	-
Subscriptions entered into	1,114,113	1,563,262	4,775,561	-	-	-	-	-	-	-
Proceeds from sale of bonds	-	117,365,000	18,440,000	18,100,000	-	8,770,000	90,550,000	-	8,490,000	21,460,000
Issuance of refunding debt	-	-	-	-	-	-	4,470,000	-	10,275,000	3,915,000
Premium on debt issued	-	12,929,902	1,644,365	1,982,197	-	1,228,458	14,909,295	-	1,413,062	3,871,596
Total other financing sources (uses)	\$ 1,849,175	\$ 131,858,164	\$ 24,962,118	\$ 20,813,269	\$ 104,482	\$ 10,111,353	\$ 104,600,175	\$ 1,384,186	\$ 14,395,922	\$ 25,053,175
Net change in fund balances	\$ (52,661,663)	\$ 117,525,648	\$ 4,663,018	\$ 20,779,482	\$ (7,244,268)	\$ (25,847,401)	\$ 96,766,939	\$ (10,501,809)	\$ (3,695,261)	\$ 6,215,319
Fund Balances - Beginning of year	<u>266,420,194</u>	<u>148,894,546</u>	<u>144,231,528</u>	<u>123,452,046</u>	<u>130,696,314</u>	<u>156,543,715</u>	<u>56,842,796</u>	<u>67,344,605</u>	<u>71,039,866</u>	<u>64,824,547</u>
Fund Balances - End of year	<u>\$ 213,758,531</u>	<u>\$ 266,420,194</u>	<u>\$ 148,894,546</u>	<u>\$ 144,231,528</u>	<u>\$ 123,452,046</u>	<u>\$ 130,696,314</u>	<u>\$ 153,609,735</u>	<u>\$ 56,842,796</u>	<u>\$ 67,344,605</u>	<u>\$ 71,039,866</u>
Debt service as a percentage of noncapital expenditures	8.18%	8.20%	7.93%	8.61%	9.16%	9.34%	9.04%	8.86%	8.45%	9.19%

Note:
FY 2020/21: Federal COVID-19 and Enhancement millage revenue, a hybrid of in-person and remote instruction
FY 2019/20: Beginning of year is restated due to adoption of GASB No. 84 - \$2,933,980 added to change fund type of Agency fund to Special Revenue fund

Source: Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2016 through 2025

Financial Trend Information
Fund Balances, Governmental Funds

	Last Ten Fiscal Years									
	As of June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Fund:										
Nonspendable:										
Inventories	\$ 1,284,556	\$ 1,408,043	\$ 1,317,220	\$ 1,176,363	\$ 1,161,867	\$ 962,350	\$ 923,659	\$ 905,928	\$ 821,865	\$ 873,744
Prepaid costs	3,192,852	1,590,838	3,259,296	3,841,038	2,481,776	2,476,993	2,656,287	2,835,235	341,475	470,237
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	1,128,346	3,828,764	8,943,125	-	-	14,325,167	-	4,267,070	8,323,884	11,879,246
Unassigned	46,604,855	44,496,207	41,866,498	56,609,491	46,901,232	15,717,212	25,041,096	14,660,140	11,208,642	4,687,456
Total general fund	\$ 52,210,609	\$ 51,323,852	\$ 55,386,139	\$ 61,626,892	\$ 50,544,875	\$ 33,481,722	\$ 28,621,042	\$ 22,668,373	\$ 20,695,866	\$ 17,910,683
All other governmental funds:										
Nonspendable:										
Inventories	\$ 325,827	\$ 284,478	\$ 342,001	\$ 276,180	\$ 262,475	\$ 243,876	\$ 164,354	\$ 152,956	\$ 172,402	\$ 125,061
Prepaid costs	50,000	-	-	-	-	-	-	-	-	-
Restricted:										
Capital projects	104,595,315	162,641,400	58,109,187	57,223,887	57,588,730	82,786,039	109,614,565	24,500,867	39,105,674	46,279,169
Debt service	5,412,164	4,206,094	2,888,079	2,633,848	2,332,983	2,608,994	6,245,152	2,164,555	1,741,521	1,764,592
Food service	12,376,140	11,458,902	10,161,455	7,799,170	4,652,954	3,326,904	3,288,258	3,305,506	3,109,548	2,878,174
Committed:										
Student activities	3,466,200	3,313,275	3,281,292	3,192,604	2,789,595	3,041,224	-	-	-	-
Bookstore	100,198	129,193	183,163	168,840	67,671	51,471	-	-	-	-
Enrichment	8,931,279	7,870,172	7,303,729	5,543,291	3,979,382	3,873,850	-	-	-	-
Assigned:										
Capital projects	26,290,799	25,192,828	11,239,501	5,766,816	1,233,381	1,282,234	1,327,184	-	-	-
Bookstore	-	-	-	-	-	-	72,194	85,846	106,867	252,853
Enrichment	-	-	-	-	-	-	4,276,986	3,964,693	2,412,727	1,829,334
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 161,547,922	\$ 215,096,342	\$ 93,508,407	\$ 82,604,636	\$ 72,907,171	\$ 97,214,592	\$ 124,988,693	\$ 34,174,423	\$ 46,648,739	\$ 53,129,183
Total of all governmental funds	\$ 213,758,531	\$ 266,420,194	\$ 148,894,546	\$ 144,231,528	\$ 123,452,046	\$ 130,696,314	\$ 153,609,735	\$ 56,842,796	\$ 67,344,605	\$ 71,039,866

Source: Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2016 through 2025

Revenue Capacity Information
Taxable Value and Estimated Actual Value of Taxable Property
(Unaudited)
Last Ten Years

Taxable Value by Property Type (Includes Renaissance Zone):												
Real Property												
Tax	Agricultural & Personal					Taxable Value as a % of			Principal			
Year	Residential ¹	Commercial ¹	Industrial ¹	other ¹	property ¹	Total Value	Tax rate (mills) ²	Estimated Actual Value ³	Actual	Residence ¹	Non-Principal Residence ¹	
2024	\$ 7,771,758,964	\$1,226,893,523	\$536,036,299	\$ 651,274	\$ 379,962,600	\$ 9,915,302,660	21.5000	\$ 27,114,473,940	36.57%	\$ 7,477,474,936	\$ 2,437,827,724	
2023	7,203,601,254	1,158,440,657	490,641,394	620,266	373,945,520	9,227,249,091	21.5000	24,425,709,700	37.78%	6,930,854,381	2,296,394,710	
2022	6,691,976,878	1,090,623,308	450,879,136	586,543	394,609,200	8,628,675,065	20.2508	22,386,132,258	38.54%	6,475,856,344	2,152,818,721	
2021	6,322,443,246	1,028,201,673	413,774,791	721,639	434,647,823	8,199,789,172	20.4183	21,327,943,020	38.45%	6,169,569,821	2,030,219,351	
2020	6,091,243,990	1,013,064,120	399,385,683	572,732	385,081,374	7,889,347,899	20.4183	20,412,841,520	38.65%	5,911,326,113	1,978,021,786	
2019	5,837,054,173	938,553,255	382,207,466	562,056	341,927,160	7,500,304,110	20.6621	19,140,499,796	39.19%	5,665,005,798	1,835,298,312	
2018	5,572,798,813	876,190,418	361,287,364	548,886	331,478,744	7,142,304,225	21.0728	17,932,649,030	39.83%	5,432,851,713	1,709,452,512	
2017	5,313,595,974	831,309,874	333,762,635	727,122	341,561,135	6,820,956,740	21.4176	17,238,776,586	39.57%	5,209,817,691	1,611,139,049	
2016	5,135,323,274	805,325,710	322,567,509	720,642	358,312,336	6,622,249,471	21.5468	16,400,221,962	40.38%	5,038,738,172	1,583,511,299	
2015	4,999,741,594	771,290,159	320,088,549	3,902,937	495,212,405	6,590,235,644	21.7582	15,400,174,130	42.79%	5,053,280,678	1,536,954,966	

Note: Under Michigan law, the revenue base is Taxable Value.
Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year.
Beginning in 2014, Commercial and Industrial Personal Property of less than \$80,000 became exempt from ad valorem taxes.
Eligible manufacturing personal property put into service beginning 2013 became exempt beginning in 2016.
UCS is reimbursed by the State of Michigan for the lost personal property tax revenue.

Source: 1 Macomb County Michigan - School District Taxable Values
(<http://equalization.macombgov.org/Equalization-Reports>)
2 Utica Community Schools L-4029 Tax Rate Form
3 Macomb County Michigan - School District Assessed Values
(<http://equalization.macombgov.org/Equalization-Reports>)

Revenue Capacity Information
Direct and Overlapping Property Tax Rates (Unaudited)

Last Ten Years																		
Millage rates - Direct Utica Community Schools District Taxes ¹										Overlapping taxes ²		Overlapping taxes ²						
Operating					Total direct taxes													
Fiscal Year	Year	Homestead	Non-Homestead	Debt*	Sinking Fund*	Homestead	Non-Homestead	Macomb County	Macomb Community college	Macomb school district***	State Education Tax	City of Utica	City of Sterling Heights	Township of Macomb	Township of Washington	Township of Ray	Township of Shelby	SMART**
Tax Year	Ended	Homestead	Homestead	Debt*	Fund*	Homestead	Homestead	County										
2024	2025	-	18.0000	3.50	-	3.50	21.5000	4.2910	1.3982	4.7697	6.0000	19.2513	16.5823	4.0916	4.2609	4.5735	9.2999	0.9436
2023	2024	-	18.0000	3.50	-	3.50	21.5000	4.3200	1.4077	4.7100	6.0000	19.2513	16.3800	4.1547	4.2714	3.5861	9.2999	0.9500
2022	2023	-	16.7508	3.50	-	3.50	20.2508	4.3200	1.4077	4.6300	6.0000	19.2513	16.3800	4.1947	4.2714	3.5861	9.2999	0.9500
2021	2022	-	16.9183	3.50	-	3.50	20.4183	4.3721	1.4247	4.6845	6.0000	20.0853	16.6742	4.2140	4.2993	3.5964	9.2999	0.9731
2020	2021	-	16.9183	3.50	-	3.50	20.4183	4.4150	1.4387	4.7296	6.0000	20.6313	16.2069	4.3022	4.3305	3.6293	9.2999	0.9827
2019	2020	-	17.1621	3.50	-	3.50	20.6621	4.4592	1.4531	2.8744	6.0000	21.0182	16.2069	6.3292	8.3485	3.4753	9.2999	0.9926
2018	2019	-	17.3128	3.76	-	3.76	21.0728	4.4925	1.4640	2.8945	6.0000	21.2867	17.1804	6.3243	8.3726	3.4905	9.2999	1.0000
2017	2018	-	17.5676	3.85	-	3.85	21.4176	4.5242	1.4072	2.9147	6.0000	21.3524	16.1499	6.3470	8.4178	3.4980	9.2999	0.9903
2016	2017	-	17.6968	3.85	-	3.85	21.5468	4.6014	1.4174	2.9354	6.0000	20.9864	15.1858	4.9443	8.4811	3.5296	9.2999	0.9974
2015	2016	-	17.9082	3.85	-	3.85	21.7582	4.6135	1.5302	2.9430	6.0000	22.5017	15.1858	4.9660	8.5035	3.5529	9.2999	1.0000

*Debt and sinking fund millages apply to homestead and non-homestead property

**Suburban Mobility Authority Regional Transportation

*** 1.9 Mill enhancement millage approved for levy 2020 through 2029

Source: 1 Utica Community Schools L-4029 Tax Rate Form
2 Macomb County Michigan - Apportionment Report by Tax Year
(<http://finance.macombgov.org/finance-ApportionmentReport>)

Revenue Capacity Information
Principal Property Taxpayers (Unaudited)

Current and Nine Years Ago

	Taxpayer	2024 Taxable Value	% of total	Taxpayer	2016 Taxable Value	% of total	2016 Rank
1	Detroit Edison	\$ 102,359,083	1.03%	Ford Motor Co.	\$ 67,336,198	1.01%	1
2	Consumers Energy	81,088,028	0.82%	FCA US LLC/Chrysler LLC	64,990,637	0.98%	2
3	FCA US LLC/Chrysler LLC	59,891,434	0.60%	DTE	53,511,333	0.81%	3
4	Sun Shelby Forest & Shelby West	38,907,008	0.39%	Consumers Energy	22,724,880	0.34%	4
5	International Transmission	37,183,621	0.38%	International Transmission	22,635,035	0.34%	5
6	Ford Motor Co.	29,704,044	0.30%	GGP LLP/Lakeside Mall	21,994,449	0.33%	6
7	Amazon.com Services	23,055,443	0.23%	Utica Park Place Owner LLC	16,501,501	0.25%	7
8	Chalk Spade Investments (USA) I	20,366,297	0.21%	Oak Hill Apts.	13,076,360	0.20%	8
9	Oak Hill Apts.	16,280,423	0.16%	PC Sterling Heights LLC	9,675,800	0.15%	9
10	Motor City Water Works LLC d/a/	16,247,900	0.16%	GFTV Sterling Owner LLC	9,544,202	0.14%	10
	Total	\$ 425,083,281	4.28%		\$ 301,990,395	4.55%	
	Total School District Taxable Value	\$ 9,915,302,660			\$ 6,622,249,471		

Note: Includes IFT Taxable Values

Source: Utica Community Schools Annual Disclosure Document - Major Taxpayer
Macomb County Michigan - School District Taxable Values
(<http://equalization.macombgov.org/Equalization-Reports>)

Revenue Capacity Information
Property Tax Levies and Collections (Unaudited)

Last Ten Fiscal Years

Tax Year	Year Ended June 30,	Total Levy for Fiscal Year ¹	Collections for Current Fiscal Year ²	Percent Collected	Delinquent Collections for Prior Fiscal Years ²	Total Tax Collections	Percent of Levy Collected
2024	2025	\$ 78,428,664	\$ 77,836,522	99.24%	\$ -	\$ 77,836,522	99.24%
2023	2024	73,485,363	73,044,199	99.40%	107,678	73,151,877	99.55%
2022	2023	65,823,879	65,787,478	99.94%	36,401	65,823,879	100.00%
2021	2022	62,793,886	62,631,459	99.74%	98,055	62,729,513	99.90%
2020	2021	60,612,000	60,108,861	99.17%	499,238	60,608,099	99.99%
2019	2020	57,345,683	57,311,465	99.94%	34,219	57,345,683	100.00%
2018	2019	56,316,204	56,255,799	99.89%	60,405	56,316,204	100.00%
2017	2018	54,484,294	54,418,818	99.88%	67,871	54,486,689	100.00%
2016	2017	53,330,202	53,237,326	99.83%	57,612	53,294,937	99.93%
2015	2016	53,004,602	52,932,129	99.86%	72,473	53,004,602	100.00%

Source: 1 Michigan Department of Education Taxable Value (<https://mdoe.state.mi.us/TVS/Menu>)
2 Utica Community Schools AS400 Report (FX0305 - Class 111)

Debt Capacity Information
Ratios of Outstanding Debt (Unaudited)

Last Ten Fiscal Years

Fiscal Year Ended	General Obligations and Unamortized Bond Premiums ¹	Less Pledged Debt Service Funds ¹	Net General Bonded Debt	Other General Obligation Debt	Total General Obligation Debt	Taxable Value (Includes RZ) ²	Net General Bonded Debt as a Percentage of Taxable Value	Total Debt as a Percentage of Taxable Value	Estimated Population ³	Net General Bonded Debt per Capita	Total Debt per Capita
2025	\$256,382,703	-	\$256,382,703		\$256,382,703	\$9,915,302,660	2.59%	2.59%	191,606	\$1,338	\$1,338
2024	282,897,942	-	282,897,942	-	282,897,942	9,227,249,091	3.07%	3.07%	191,606	1,476	1,476
2023	179,879,951	-	179,879,951	-	179,879,951	8,628,675,065	2.08%	2.08%	191,137	941	941
2022	185,871,615	-	185,871,615	-	185,871,615	8,199,789,172	2.27%	2.27%	191,137	972	972
2021	189,627,917	-	189,627,917	-	189,627,917	7,889,347,899	2.40%	2.40%	183,434	1,034	1,034
2020	213,185,675	-	213,185,675	-	213,185,675	7,500,304,110	2.84%	2.84%	183,434	1,162	1,045
2019	227,877,748	-	227,877,748	-	227,877,748	7,142,304,225	3.19%	3.19%	183,434	1,242	1,242
2018	147,437,409	-	147,437,409	-	147,437,409	6,820,956,740	2.16%	2.16%	184,878	797	797
2017	170,003,197	-	170,003,197	-	170,003,197	6,622,249,471	2.57%	2.57%	184,878	920	920
2016	182,090,663	-	182,090,663	-	182,090,663	6,590,235,644	2.76%	2.76%	179,914	1,012	1,012

Source:

1 Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2016 through 2025

2 Macomb County Michigan - School District Taxable Values (Includes Renaissance Zone)
(<http://equalization.macombgov.org/Equalization-Reports>)

3 Utica Community Schools Bond Disclosure Documents - Debt Statement & Debt Ratios
(Municipal Advisory Council of Michigan - EMMA Services)

Debt Capacity Information

Direct and Overlapping Governmental Activities Debt (Unaudited)

June 30, 2025

Governmental unit	Debt outstanding ¹	Estimated percent applicable ¹	Estimated share of overlapping debt
City of Sterling Heights	\$ 195,012,590	61.72%	\$ 120,361,771
City of Utica	3,953,182	100.00%	3,953,182
Macomb Township	44,494,210	26.34%	11,719,775
Shelby Township	23,949,867	97.47%	23,343,935
Washington Township	36,830,665	12.48%	4,596,467
Macomb County	216,557,490	26.28%	56,911,308
Macomb ISD	92,145,000	25.72%	23,699,694
Clinton-Macomb Public Library	25,250,000	15.18%	3,832,950
Total overlapping debt			248,419,082
Direct district debt ²			229,255,000
Total direct and overlapping debt			<u><u>\$ 477,674,082</u></u>

Source: 1 Utica Community Schools Bond Disclosure Documents - Debt Statement

Municipal Advisory Council of Michigan - EMMA Services

(<http://www.mi-macsites.com/MACSitePM/EmmaService.aspx>)

Source: 2 Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 24-25

Note: Overlapping Debt - The issuer's proportionate share of the debt of other local governmental units that either overlap it (the issuer is located either wholly or partly within the geographic limits of the other units) or underlie it (the other units are located within the geographic limits of the issuer). The debt is generally apportioned based upon relative Assessed Values.

Debt Capacity Information
Legal Debt Margin (Unaudited)

	Last Ten Fiscal Years									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Calculation of debt limit¹										
State Equalized Valuation (SEV)	\$13,557,236,970	\$12,212,854,850	\$11,193,066,129	\$ 10,663,971,510	\$ 10,206,067,560	\$ 9,566,907,598	\$ 8,963,109,215	\$ 8,615,071,593	\$ 8,190,568,431	\$ 7,691,050,965
Debt Limit (15% of SEV)	2,033,585,546	1,831,928,228	1,678,959,919	1,599,595,727	1,530,910,134	1,435,036,140	1,344,466,382	1,292,260,739	1,228,585,265	1,153,657,645
Calculation of debt subject to limit²										
Debt outstanding	229,255,000	252,985,000	160,830,000	166,625,000	170,660,000	191,620,000	204,990,000	137,585,000	158,610,000	170,625,000
Less qualified bonds	(229,255,000)	(252,985,000)	(160,830,000)	(166,625,000)	(170,660,000)	(191,620,000)	(204,990,000)	(137,585,000)	(158,610,000)	(170,625,000)
Net debt subject to limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Additional debt which could be legally incurred	\$ 2,033,585,546	\$ 1,831,928,228	\$ 1,678,959,919	\$ 1,599,595,727	\$ 1,530,910,134	\$ 1,435,036,140	\$ 1,344,466,382	\$ 1,292,260,739	\$ 1,228,585,265	\$ 1,153,657,645
Net debt subject to limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source:

¹ <https://www.macombgov.org/departments/equalization/equalization-reports> (SEV)

² Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2016 through 2025

Demographic and Economic Information

Demographic and Economic Statistics - Macomb County (Unaudited)

Last Ten Fiscal Years

Calendar year	Population	Total Personal Income (in Thousands)	General Obligation Bonds (in Thousands)	Ratio of Total Debt to Personal Income	Per Capita Personal Income ¹	Unemployment Rate ¹
2024	886,175	N/A	N/A	N/A	N/A	4.50%
2023	875,101	51,250,269	210,180	0.41%	58,565	3.90%
2022	874,195	47,046,713	226,060	0.48%	53,817	3.70%
2021	874,678	47,605,155	243,625	0.51%	54,258	5.90%
2020	877,280	45,450,920	270,690	0.60%	52,195	12.00%
2019	876,977	41,645,007	229,405	0.55%	47,487	4.30%
2018	876,982	40,410,454	245,038	0.61%	46,079	4.10%
2017	873,678	38,825,377	260,256	0.67%	44,439	4.30%
2016	866,971	37,458,349	275,223	0.73%	43,206	5.20%
2015	858,058	23,248,238	289,727	1.25%	42,513	5.70%
2014	850,699	34,092,613	39,755	0.12%	40,076	7.90%

Note: The statistics shown above are for the entire County of Macomb, which encompasses the entire School District and surrounding communities
N/A - Not available at time of publishing

Source: 1 Federal Reserve Economic Data (Search tables MIMACO9POP, LAUCN260990000000003A, PI26099, PCPI26099)
<https://fred.stlouisfed.org/tags/series?t=macomb+county%2C+mi>
2 Macomb County Audited Financial Statement
<https://www.macombgov.org/departments/finance-department/financial-transparency/annual-comprehensive-financial>
2 FRED Database

Demographic and Economic Information
Principal Employers - Within the School District (Unaudited)

Employer	2024 Employees ¹	Percentage of total	2015 Employees ²	Percentage of total	2015 rank
1 Ford Motor Co.	3,663	0.85%	2,753	0.71%	2
2 Stellantis US, LLC	3,135	0.72%	2,900	0.75%	1
3 Utica Community Schools	2,453	0.57%	2,517	0.65%	3
4 MNP Corp. (HQ)	1,200	0.28%	600	0.16%	5
5 NJT Enterprises, LLC	700	0.16%		0.00%	
6 Kuka Systems Corp./North America	500	0.12%	450	0.12%	6
7 US Farathane Corp.	235	0.05%		0.00%	
8 Shuert Industries	230	0.05%	210	0.05%	14
9 Dave & Busters	230	0.05%		0.00%	
Total principal employers	<u>12,346</u>	2.85%	<u>9,430</u>	2.45%	
Total employment - Macomb County ³	<u>433,289</u>		<u>385,176</u>		

*These employers are located within the Utica Community Schools District and its surrounding communities

Source: ¹ Utica Community Schools Bond Disclosure Documents - Employment Characteristics

² Utica Community Schools Annual Disclosure Documents - Employment Characteristics

Michigan Manufacturers Directory, Crain's Detroit Business Book of Lists, Manta via www.manta.com,
and individual employers

³ Michigan Department of Technology, Management & Budget (DTMB)
(<http://milmi.org/datasetsearch>)

Operating Information
Full-Time Equivalent School District Employees (Unaudited)

Last Ten Fiscal Years

Function/ program:	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016*
General government										
Instruction	1,724	1,811	1,773	1,772	1,756	1,740	1,720	1,711	1,736	1,774
Support services	945	993	936	840	826	865	895	883	897	1,205
Community service	84	93	89	112	122	142	138	138	102	-
Food service	94	92	94	88	81	92	93	99	100	-
Total	2,848	2,989	2,892	2,812	2,785	2,838	2,846	2,831	2,835	2,979

*Community Service & Food Service are included in Support Services for Fiscal Year 2016

Note: Contracted & Direct Hire FTE are included since Fiscal Year 2016

Source: CEPI - Assignment Code Summary (EOY) **REP Assignment Summary (EOY) from Cheryl Jurewicz

Function/program	As of June 30,						Last Ten Fiscal Years			
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Instructional buildings:										
Elementary:										
Number of buildings (a)	25	25	25	25	25	25	25	25	25	25
Square footage (a)	1,469,738	1,469,738	1,469,738	1,469,738	1,469,738	1,469,738	1,469,536	1,469,536	1,469,536	1,469,536
Capacity (b)	676	17,468	17,468	17,468	17,468	17,468	17,468	17,468	17,468	17,468
Enrollment (c)	13,234	13,271	13,344	13,172	12,796	13,357	13,459	13,709	13,839	14,041
Junior:										
Number of buildings (a)	7	7	7	7	7	7	7	7	7	7
Square footage (a)	903,842	903,842	903,842	903,842	903,842	903,842	903,842	903,842	903,842	889,656
Capacity (b)	10,200	10,200	10,200	10,200	10,200	10,200	10,200	10,200	10,200	10,200
Enrollment (c)	5,231	5,295	5,378	6,034	6,233	6,357	6,509	6,621	6,823	6,857
High:										
Number of buildings (a)	4	4	4	4	4	4	4	4	4	4
Square footage (a)	1,012,361	1,012,361	1,012,361	1,012,361	1,012,361	1,012,361	1,012,361	1,009,050	1,009,050	1,009,050
Capacity (b)	10,064	10,064	10,064	10,064	10,064	10,064	10,064	10,064	10,064	10,064
Enrollment (c)	6,548	6,611	6,711	6,455	6,504	6,709	6,710	6,808	6,947	6,777
Other (ULA and Parochial):										
Enrollment (c)	168	180	186	161	144	176	200	230	450	461
Total enrollment	25,181	25,365	25,619	25,822	25,677	26,599	26,878	27,369	27,960	28,136
Administrative:										
Number of buildings (a)	1	1	1	1	1	1	-	1	1	1
Square footage (a)	47,837	47,837	47,837	47,837	47,837	47,837	-	47,837	47,837	47,837
Other Buildings:										
Number of buildings (a)	6	6	6	6	6	6	-	6	7	8
Square footage (a)	243,623	243,623	243,623	243,623	243,623	243,623	-	243,623	295,651	353,491
Transportation/Maintenance:										
Number of garages (a)	1	1	1	1	1	1	-	1	1	1
Square footage (a)	116,178	116,178	116,178	116,178	116,178	116,178	-	116,178	116,178	116,178
Buses (d)	206	237	222	244	233	234	-	230	247	267
Athletics:										
Football fields (e)	19	21	21	21	21	21	-	21	21	21
Soccer fields (e)	4	4	4	4	4	4	-	4	4	4
Running tracks (e)	4	4	4	4	4	4	-	4	4	4
Baseball/softball (e)	28	28	28	28	28	28	-	28	28	28
Swimming pools (e)	2	2	2	2	2	2	-	2	2	2
Playgrounds (e)	25	25	25	25	25	25	-	25	25	25

Notes:

2018/19: Stevenson MADE Academy addition to Stevenson High School
 2017/18: Magalloway Elementary was sold. Parochial schools no longer requesting service
 2016/17: Davis and Malow Junior Highs added auxiliary gyms. Ewell Elementary was sold
 2013: Utica High School added a media center

Source:

(a) Utica Community Schools Maintenance Department (CAD Operator)
 (b) Utica Community Schools UEA Teacher Contract (Capacity Factor) and Utica Community Schools Architect Building Utilization
 (c) Fall FTE Count Audited (DS4120)
 (d) Michigan Department of Education - School Bus Inventory
 (e) Utica Community Schools Athletic Department

Operating Information - General Fund

Operating Indicators (Unaudited)

Last Ten Fiscal Years

Year	Enrollment ¹	Operating expenditures ²	Cost per pupil	Operating revenue ²	Revenue per pupil	Total teaching staff ³	Percentage of students qualifying for free/reduced meals ⁴	Average teacher salary ⁵
2025	25,181	\$ 368,184,491	\$ 14,622	\$ 388,491,585	\$ 15,428	1,491	46.26%	*
2024	25,365	362,617,055	14,296	392,826,903	15,487	1,508	46.67%	87,259
2023	25,619	355,701,878	13,884	361,730,028	14,120	1,486	44.64%	85,621
2022	25,822	310,874,051	12,039	327,183,658	12,671	1,474	41.31%	81,329
2021	25,677	292,300,890	11,384	309,577,654	12,057	1,430	40.72%	84,604
2020	26,599	271,493,063	10,207	275,487,621	10,357	1,430	39.24%	81,641
2019	26,878	268,101,505	9,975	272,713,374	10,146	1,415	38.08%	82,065
2018	27,369	272,037,107	9,940	273,571,627	9,996	1,440	35.68%	79,799
2017	27,960	273,447,461	9,780	269,512,041	9,639	1,466	30.83%	80,840
2016	28,136	272,279,117	9,677	262,941,714	9,345	1,495	30.78%	80,334

* Data not available

Note: ² Operating Expenditures Excludes Other Financing Uses and Capital Outlay
Operating Revenues Excludes Other Financing Sources

Source: ¹ Fall FTE Count State Aid Status Report - August

² Utica Community Schools Current Year and Prior Years' Audited Financial Statements FY 2015 through 2024

³ Utica Community Schools Annual Disclosure & Bond Disclosures

⁴ MI School Data (<https://www.mischooldata.org/Default.aspx>)

⁵ Michigan Department of Education Bulletin 1014

(http://www.michigan.gov/mde/0,4615,7-140-6530_6605-21514--,00.html)

Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements
Performed in Accordance with *Government
Auditing Standards*

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Education
Utica Community Schools

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Utica Community Schools (the "School District") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 10, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

To Management and the Board of Education
Utica Community Schools

Purpose of this Report

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

Plante & Moren, PLLC

October 10, 2025