LOWELL AREA SCHOOLS

Kent and Ionia Counties, Michigan

Annual Financial Report

For the year ended June 30, 2025

HUNGERFORD

CPAs • ADVISORS • TECHNOLOGY • WEALTH

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HUNGERFORD
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INDEPENDENT AUDITOR'S REPORT

October 21, 2025

The Board of Education
Lowell Area Schools

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lowell Area Schools, as of June 30, 2025, and the respective changes in financial position and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 Lowell Area Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 Lowell Area Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lowell Area Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lowell Area Schools' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and 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 combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We have previously 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, Lowell Area Schools' basic financial statements as of and for the year ended June 30, 2024, which are not presented with the accompanying financial statements. In our report dated October 10, 2024, we expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming statements as a whole. The combining and individual nonmajor fund financial statements and schedules for the year ended June 30, 2024, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the June 30, 2024 basic financial statements. The information was subject to the audit procedures applied in the audit of those 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 June 30, 2024 combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2025, on our consideration of Lowell Area Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lowell Area Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lowell Area Schools' internal control over financial reporting and compliance.

Hungerford

Certified Public Accountants
Grand Rapids, Michigan

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MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of Lowell Area Schools ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of four parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Position and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.

- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.

    - *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

    - *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data; Required Supplementary Information includes pension and OPEB information schedules; Other Supplementary Information follows and includes combining and individual fund statements and schedules.

District-wide Statements

The District-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position, and how it has changed. Net position - the difference between the District's assets, and deferred outflows of resources, and liabilities, and deferred inflows of resources - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base and the condition of school buildings and other facilities.

In the district-wide financial statements, the District's activities are presented as follows:

Governmental activities: The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service, and athletics. State aid and property taxes finance most of these activities.

Condensed District-wide Financial Information

The Statement of Net Position provides financial information on the District as a whole.

	2025	2024
Assets		
Current assets	$ 58,354,564	$ 57,921,465
Net capital assets	80,567,289	81,571,991
Net OPEB asset	9,152,033	1,237,273
Total Assets	**148,073,886**	**140,730,729**
Deferred Outflows of Resources	**18,415,570**	**26,156,142**
Liabilities		
Current liabilities	14,305,552	14,953,377
Long-term liabilities	107,277,726	111,101,729
Net pension liability	52,753,061	70,867,124
Total Liabilities	**174,336,339**	**196,922,230**
Deferred Inflows of Resources	**27,534,851**	**17,368,157**
Net Position		
Net investment in capital assets	3,216,462	(780,453)
Restricted	5,708,363	5,012,889
Unrestricted (deficit)	(44,306,559)	(51,635,952)
Total Net Position	**$ (35,381,734)**	**$ (47,403,516)**

The Statement of Activities presents changes in net position for operating results:

	2025	2024
Program Revenues		
Charges for services	$ 910,267	$ 857,641
Operating grants	18,680,101	18,872,627
General Revenues		
Property taxes	14,658,862	13,393,208
State school aid, unrestricted	28,981,845	29,529,958
Interest and investment earnings	1,504,117	517,479
Other	1,157,561	1,554,712
Total Revenues	65,892,753	64,725,625
Expenses		
Instruction	25,213,312	28,864,982
Supporting services	18,526,451	20,845,360
Community services	309,664	389,884
Food service	1,841,065	1,814,913
Interest on long-term debt	3,571,538	2,678,917
Depreciation, unallocated	4,408,941	-
Other	-	443,258
Total Expenses	53,870,971	55,037,314
Increase in net position	12,021,782	9,688,311
Net Position, Beginning of Year	(47,403,516)	(57,091,827)
Net Position, End of Year	$ (35,381,734)	$ (47,403,516)

Financial Analysis of the District as a Whole

Total revenues exceeded expenses by $12,021,782 increasing total net position from a deficit of $47,403,516, to a deficit of $35,381,734. Unrestricted net position increased by $7,329,393 to a deficit of $44,306,559 at June 30, 2025. The District's net pension liability, including deferred outflows and inflows of resources, decreased by $4,433,087 during the fiscal year, and its net OPEB asset, including deferred outflows and inflows of resources, decreased by $3,720,189.

The District's financial position is the product of various financial transactions, including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation and amortization of capital assets. A large portion of the District's net position reflects investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment, construction in progress, and right to use assets); less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its students; consequently, they are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's total revenues were $65.9 million. Property taxes and state aid accounted for most of the District's revenue, contributing 66.2% of the total. The remainder came from State and Federal aid for specific programs (28.3%), fees charged for services, interest earnings, and miscellaneous sources.

The total cost of all programs decreased by 2.12% to $53.9 million. The District's expenses are predominantly related to instruction (46.8%) and supporting services (34.4%), which includes various functions such as caring for (pupil services) and transporting students, administrative, and operation and maintenance services.

The District continues to monitor the State economy and District budget and demographics in an attempt to protect academic programs and opportunities during challenging economic times. Regular updates on the budget and District finances were provided to the Board of Education, community groups, staff, and parents.

- At each monthly Board meeting and at the monthly Board workshop meetings, budget information was shared. The Board was kept updated on the changing economy and the impact on the current year budget as well as the impact on the following year budget.

- The District fully complies with the State Transparency Reporting requirements and posts on the District web site all budgetary and other financial information.

- The Superintendent and/or designees continue to communicate throughout the year with parents and community members to share information vital to their understanding of the operations of the District.

- Information is also shared throughout the year through Family Links (parent support groups), the Lowell Area Schools website, a school newsletter distributed to families living within the Lowell community, and monthly to the Lowell Chamber of Commerce.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District utilizes two kinds of funds:

- *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information following the governmental funds' statements explain the relationship (or differences) between them.

- *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others, such as Scholarship Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Lowell Area Schools' funds are described as follows:

Major Funds

General Fund
The General Fund is the District's primary operating fund. The General Fund had total revenues of $50,542,999, total other financing sources of $70,521, and total expenditures of $49,455,080. The ending fund balance totaled $11,292,298 at June 30, 2025, up from $10,133,858 at June 30, 2024.

2024 Construction Capital Projects Fund
The 2024 Construction Capital Projects Fund accounts for bond proceeds used to finance voter approved building construction and school improvement projects. During the fiscal year, the fund had total revenues of $1,014,091 and total expenditures of $26,029. The ending fund balance totaled $33,374,057 at June 30, 2025 up from $32,385,995 at June 30, 2024.

Nonmajor Funds

Special Revenue Funds
The District operates two Special Revenue Funds; the Food Service Fund and the Student/School Activity Fund. The funds had total revenues of $3,638,182, total expenditures of $3,165,441, and total other financing uses of $26,929. The ending fund balances in the Special Revenue Funds totaled $2,570,105 at June 30, 2025, up from $2,124,293 at June 30, 2024. Of the ending fund balances, $1,552,037 is attributed to the Food Service Fund, and $1,018,068 is attributed to the Student/School Activity Fund.

Debt Service Funds
The District operates eight nonmajor Debt Service Funds. The funds had total revenues of $9,236,362, and total expenditures of $9,440,763. The ending fund balances in the Debt Service Funds totaled $2,088,236 at June 30, 2025, down from $2,292,637 at June 30, 2024.

Capital Projects Funds
The District operates two nonmajor Capital Projects Funds; the 2021 Construction Fund and the Building and Site (Sinking) Fund. During the fiscal year, the funds had total revenues of $1,429,119 and total expenditures of $2,864,372. The ending fund balance was $1,812,924 at June 30, 2025, down from $3,248,177 at June 30, 2024. Of the ending fund balances, $88,008 is attributed to the 2021 Construction Fund and $1,724,916 is attributed to the Building and Site (Sinking) Fund.

Fiduciary Funds
The Flexible Benefits Fund and the Scholarship Fund are operated as Private Purpose Trust Funds and Custodial Funds of the District, respectively. The assets of these funds are being held for the benefit of the District's students and employees. The net position for these funds at year end totaled $1,582,137 at June 30, 2025, up from $1,529,472 at June 30, 2024.Of the ending net position, $1,576,914 is attributed to the Private Purpose Trust Funds and $5,223 is attributed to the Custodial Funds.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget three times after the June 2024 adoption. Amendments were needed due to the following factors:

- Changes were adopted in January 2025 to adjust for student enrollment, staffing adjustments, and program adjustments.
- Changes were adopted in March 2025 to further adjust for additional state and local grant awards, and anticipated revenue/expenditure changes.
- In June 2025, changes were adopted to account for the final annual adjustments of revenue, general supplies, and expenditures anticipated at fiscal year-end.
- The District's final amended budget for the General Fund anticipated that revenues and other financing sources would exceed expenditures and other financing uses by $90,419. The variance between actual revenues/expenditures and the original revenue/expenditures budget is a result of increased state categorical funding, increases in tax revenues from Kent ISD, and adjustments to operations after the expiration of ESSER funds.
- State investments in education climbed in the years during and immediately after the Covid-19 pandemic, including increases in the per pupil foundation allowance, special education, at-risk and homeless supports, mental health, and security priorities, and learning loss categoricals. Federal grants to address the impacts of COVID-19 expired on 9/30/24. Because many of the state and federal funds were one-time dollars, the District was mindful to prioritize one-time expenditures where feasible, keeping in mind the intent of the funding to address learning loss in the aftermath of pandemic conditions which often requires staff to accomplish.

Capital Asset and Debt Administration

Capital Assets

By the end of 2025, the District had invested $138.5 million in a broad range of capital assets, including land, school buildings, athletic facilities, vehicles, furniture and equipment, IT subscriptions, and construction in progress. (More detailed information about capital assets can be found in Note E in the Notes to the Basic Financial Statements.)

At June 30, 2025, the District's investment in capital assets (net of accumulated depreciation and amortization), which decreased by $1,004,702 from the previous year-end, consists of the following:

Land	$ 1,441,546
Construction in progress	1,875,299
Land improvements	3,117,457
Buildings and additions	71,487,873
Furniture and equipment	1,074,597
Vehicles	1,317,159
Leased technology and equipment	60,212
Subscription-based IT arrangements	193,146
Total Capital Assets	$ 80,567,289

Long-term Obligations

At year end, the District had $113.7 million in general obligation bonds and other long-term liabilities outstanding – a net decrease of $3.97 million from last year.

- The District continued to pay down its debt, retiring $5,947,718 of outstanding bonds, bond premium, and other long-term obligations.

As of June 30, 2025, the District's outstanding Unlimited Tax General Obligation Bonds have an underlying rating of "A+" with a stable outlook by Standard and Poor's. This bond rating reflects that the District's Unlimited Tax General Obligation Bonds are fully qualified for the Michigan School Bond Loan Fund Program, a State constitutional credit enhancement program. The underlying bond ratings for such bond issues is "AA+" without regard to such participation in the Michigan School Bond Loan Fund Program. The state limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the District's boundaries. The District's other obligations include early retirement incentive, compensated absences, and accumulated vacation days. We present more detailed information about our long-term liabilities in Note F in the Notes to Basic Financial Statements.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

- The voters within the District approved a seven (7) year Building and Site Sinking Fund Millage in November of 2013 for one (1) mill annually, adjusted per the Headlee Act, to primarily support the repairs needed with our facilities. This millage was renewed in 2020 for another seven (7) years, alleviating stress off the General Fund for future years in keeping up with facility improvements. These funds have reduced the growing pressure on the General Fund to make required improvements to roofs and parking areas. Due to competitive pricing, multiple other smaller projects have been able to be incorporated providing longer sustainability to the physical structure of the District.

- State funding for the 2025-2026 school year was not approved before the District's 2024-2025 budget was approved. The District will be amending the budget in the fall or winter to incorporate the State funding and district enrollment.

- The District has experienced a reduction in student enrollment, from 3,768 students in 2019-2020 to 3,448 students in 2023-2024. There was a slight increase to 3,467 in FY25. Enrollment projections based on birth rates, housing growth, and other factors show that decreases are likely to continue in the near term. The District is taking steps to reevaluate staffing levels over the next few years to align with current enrollment trends without negatively impacting student academic growth.

- In 2017, Kent County passed a one-mill county-wide millage for a ten-year period. Revenues generated have greatly stabilized a positive outlook for the District's financial picture.

- In May 2019, the community approved a $52 million Capital Bond for significant district-wide improvements. Construction began in February 2020. In May 2021, the District sold the second series of construction fund dollars to continue with the construction projects. The majority of budgeted construction was completed in 2023-2024, and the District is working toward the final spenddown of unused contingency funds.

- In May 2024, the community approved a $104 million bond for capital improvements. The projects approved include renovations, mechanical updates, and added athletic and arts facilities that the general fund cannot support without drastic programming reductions. The approved bonds are not expected to increase the existing debt millage rate. The first of three series was sold in June 2024 for $32,495,000, with a true interest cost of 4.23%. As of June 30, 2025, the District is closing out the design phase of renovating Cherry Creek Elementary, with bidding to occur summer 2025 and construction to begin late fall 2025. Replacement of the high school track is currently underway. The remaining two series will be issued in 2028 and 2030.

- Employee retirement costs paid into the Michigan Public Schools Employees’ Retirement System (MPSERS), controlled by the State, continue to be a cause for concern into the future. With fewer people contributing to MPSERS and more retirees receiving benefits each year due to declining statewide student numbers, local replacements for retirees are not keeping pace. For every dollar paid to employees throughout the year, the District pays a percentage into MPSERS, impacting available funds for general operations by earmarking a portion of school aid for this purpose. Year-to-year swings in funding methods and required district share make budgeting and forecasting for retirement costs a challenge.

Contacting the District’s Financial Management

This financial report is designed to provide the District’s citizens, taxpayers, customers, investors, and creditors with a general overview of the District’s finances and to demonstrate the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Lowell Area Schools, 300 High Street, Lowell, Michigan 49331 via e-mail utilizing the Contact Us feature on the Lowell Area Schools website at Lowellschools.com. This can be found under the “Our District” heading.

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

LOWELL AREA SCHOOLS
June 30, 2025

	Governmental Activities
Assets	
Cash equivalents and investments (Note B)	$ 50,246,878
Taxes receivable	780
Accounts receivable	74,165
Due from other governmental units (Note C)	7,671,736
Inventory	55,728
Prepaid expenses	305,277
Capital assets not being depreciated (Note E)	3,316,845
Capital assets being depreciated and amortized, net (Note E)	77,250,444
Net OPEB asset (Note H)	9,152,033
Total Assets	148,073,886
Deferred Outflows of Resources	
Loss on advance bond refundings, net	286,231
Deferred pension amounts	15,720,845
Deferred OPEB amounts	2,408,494
Total Deferred Outflows of Resources	18,415,570
Liabilities	
Accounts payable	719,461
Due to other governmental units	1,630,939
Accrued interest payable	674,894
Payroll related accrued liabilities	60,194
Accrued expenditures	3,117,673
Unearned revenue	1,688,677
Long-term liabilities (Note F):	
Due within one year	6,413,714
Due in more than one year	107,277,726
Net pension liability (Note G)	52,753,061
Total Liabilities	174,336,339
Deferred Inflows of Resources	
Deferred pension amounts	15,562,047
Deferred OPEB amounts	11,972,804
Total Deferred Inflows of Resources	27,534,851
Net Position	
Net investment in capital assets	3,216,462
Restricted for:	
Capital projects	1,724,916
Debt service	1,413,342
Food service	1,552,037
Student/school activities	1,018,068
Unrestricted (deficit)	(44,306,559)
Total Net Position	$ (35,381,734)

STATEMENT OF ACTIVITIES

LOWELL AREA SCHOOLS
For the year ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
Governmental Activities				
Instruction	$ 25,213,312	$ 232,309	$ 14,217,056	$ (10,763,947)
Supporting services	18,526,451	338,305	2,088,287	(16,099,859)
Community services	309,664	91,605	43,065	(174,994)
Food service	1,841,065	248,048	2,331,693	738,676
Interest on long-term debt	3,571,538	-	-	(3,571,538)
Depreciation, unallocated*	4,408,941	-	-	(4,408,941)
Total Governmental Activities	$ 49,462,030	$ 910,267	$ 18,680,101	(34,280,603)
	General Revenues			
	Taxes:			
	Property taxes, levied for general operations			4,334,712
	Property taxes, levied for debt service			9,074,737
	Property taxes, levied for capital improvements			1,249,413
	State school aid, unrestricted			28,981,845
	Interest and investment earnings			1,504,117
	Other			1,157,561
	Total General Revenues			46,302,385
	Change in Net Position			12,021,782
	Net Position - Beginning of Year			(47,403,516)
	Net Position - End of Year			$ (35,381,734)

*This amount excludes direct depreciation expense of the various programs.

BALANCE SHEET
GOVERNMENTAL FUNDS

LOWELL AREA SCHOOLS
June 30, 2025

	General Fund	2024 Construction	Nonmajor	Total
Assets				
Cash equivalents and investments (Note B)	$ 10,212,314	$ 33,374,057	$ 6,660,507	$ 50,246,878
Taxes receivable	-	-	780	780
Accounts receivable	74,165	-	-	74,165
Due from other funds	26,981	-	61,696	88,677
Due from other governmental units	7,484,356	-	187,380	7,671,736
Inventory	26,187	-	29,541	55,728
Prepaid expenditures	180,277	-	125,000	305,277
Total Assets	$ 18,004,280	$ 33,374,057	$ 7,064,904	$ 58,443,241
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 183,296	$ -	$ 536,165	$ 719,461
Due to other funds	59,956	-	28,721	88,677
Due to other governmental units	1,630,939	-	-	1,630,939
Payroll related accrued liabilities	60,194	-	-	60,194
Salaries payable	3,117,673	-	-	3,117,673
Unearned revenue	1,659,924	-	28,753	1,688,677
Total Liabilities	6,711,982	-	593,639	7,305,621
Fund Balances				
Nonspendable	206,464	-	154,541	361,005
Committed	308,765	-	-	308,765
Restricted	-	33,374,057	6,316,724	39,690,781
Unassigned	10,777,069	-	-	10,777,069
Total Fund Balances	11,292,298	33,374,057	6,471,265	51,137,620
Total Liabilities and Fund Balances	$ 18,004,280	$ 33,374,057	$ 7,064,904	$ 58,443,241

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES

Total governmental fund balances		$ 51,137,620
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is $138,539,676 and accumulated depreciation is $57,972,387.		80,567,289
Bond refunding losses are not expensed but are amortized over the life of the new bond issue.		286,231
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	$ (101,200,000)	
Bond premium, unamortized	(9,835,440)	
Lease liabilities	(63,683)	
Compensated absences	(2,592,317)	(113,691,440)
Accrued interest is not included as a liability in governmental funds.		(674,894)
Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net pension liability	(52,753,061)	
Deferred outflows of resources	15,720,845	
Deferred inflows of resources	(15,562,047)	(52,594,263)
Net OPEB asset and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net OPEB asset	9,152,033	
Deferred outflows of resources	2,408,494	
Deferred inflows of resources	(11,972,804)	(412,277)
Total Net Position - Governmental Activities		$ (35,381,734)

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STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

LOWELL AREA SCHOOLS
For the year ended June 30, 2025

	General Fund	2024 Construction	Nonmajor	Total
Revenues				
Local sources	$ 5,212,746	$ 1,014,091	$ 11,971,970	$ 18,198,807
Non-educational entity sources	43,065	-	-	43,065
State sources	40,067,203	-	1,512,737	41,579,940
Federal sources	1,355,586	-	818,956	2,174,542
Interdistrict sources	3,864,399	-	-	3,864,399
Total Revenues	50,542,999	1,014,091	14,303,663	65,860,753
Expenditures				
Current:				
Instruction	29,154,796	-	-	29,154,796
Supporting services	19,845,056	26,029	1,030,629	20,901,714
Community services	370,896	-	-	370,896
Food service	-	-	2,126,097	2,126,097
Capital outlay	50,926	-	2,872,847	2,923,773
Debt service:				
Principal repayment	29,465	-	5,465,000	5,494,465
Interest and fiscal charges	3,941	-	3,976,003	3,979,944
Total Expenditures	49,455,080	26,029	15,470,576	64,951,685
Excess (Deficiency) of Revenues Over Expenditures	1,087,919	988,062	(1,166,913)	909,068
Other Financing Sources (Uses)				
Transfers in	26,929	-	253,749	280,678
Transfers out	-	-	(280,678)	(280,678)
Other transactions	43,592	-	-	43,592
Total Other Financing Sources (Uses)	70,521	-	(26,929)	43,592
Net Change in Fund Balances	1,158,440	988,062	(1,193,842)	952,660
Fund Balances, Beginning of Year	10,133,858	32,385,995	7,665,107	50,184,960
Fund Balances, End of Year	$ 11,292,298	$ 33,374,057	$ 6,471,265	$ 51,137,620

Net change in fund balances - total governmental funds			$ 952,660
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:			
	Capital outlay	$ 3,415,831	
	Depreciation expense	(4,408,941)	(993,110)
In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets sold/retired.			(11,592)
Bond premium is amortized over the life of the new bond issue in the Statement of Activities.			453,253
Losses on advanced bond refundings are amortized over the life of the new bond issue in the Statement of Activities.			(31,719)
Repayment of bond principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not effect the Statement of Activities:			
General obligation bonds		5,465,000	
Lease liabilities		24,270	
Subscription-based IT arrangements		5,195	5,494,465
Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid.			(13,128)
In the Statement of Net Position, compensated absences for employees are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amounts earned exceeded the amounts used/paid.			(1,982,323)

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The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.	$ 4,433,087
The changes in net OPEB asset and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.	3,720,189
Total change in net position - governmental activities	$ 12,021,782

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND

LOWELL AREA SCHOOLS
For the year ended June 30, 2025

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Local sources	$ 4,336,889	$ 4,338,789	$ 5,212,746	$ 873,957
Non-educational entity sources	713,150	776,768	43,065	(733,703)
State sources	40,009,313	40,106,428	40,067,203	(39,225)
Federal sources	1,348,032	1,370,690	1,355,586	(15,104)
Interdistrict sources	3,505,604	3,845,755	3,864,399	18,644
Total Revenues	49,912,988	50,438,430	50,542,999	104,569
Expenditures				
Current:				
Instruction:				
Basic programs	24,783,737	24,674,185	24,483,477	190,708
Added needs	4,539,264	4,855,623	4,671,319	184,304
Supporting services:				
Pupil services	3,592,785	3,376,196	3,398,023	(21,827)
Instructional staff services	2,550,933	2,398,339	2,358,414	39,925
General administrative services	699,393	703,495	678,413	25,082
School administrative services	2,771,410	2,506,051	2,573,226	(67,175)
Business services	928,910	919,714	865,123	54,591
Operation and maintenance services	5,152,274	5,259,357	4,991,748	267,609
Pupil transportation services	3,451,855	2,804,883	2,707,280	97,603
Central services	1,274,864	1,467,597	1,204,367	263,230
Other supporting services	1,001,514	1,004,763	1,068,462	(63,699)
Community services	279,936	371,738	370,896	842
Capital outlay	201,695	50,926	50,926	-
Debt service:				
Principal repayment	33,108	5,144	29,465	(24,321)
Interest expense	-	-	3,941	(3,941)
Total Expenditures	51,261,678	50,398,011	49,455,080	942,931
Excess (Deficiency) of Revenues Over Expenditures	(1,348,690)	40,419	1,087,919	1,047,500
Other Financing Sources (Uses)				
Transfers in	30,000	30,000	26,929	(3,071)
Other transactions	-	20,000	43,592	23,592
Total Other Financing Sources (Uses)	30,000	50,000	70,521	20,521
Net Change in Fund Balances	(1,318,690)	90,419	1,158,440	1,068,021
Fund Balances, Beginning of Year	10,133,858	10,133,858	10,133,858	-
Fund Balances, End of Year	$ 8,815,168	$ 10,224,277	$ 11,292,298	$ 1,068,021

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

LOWELL AREA SCHOOLS
June 30, 2025

	Private Purpose Trust Funds	Custodial Funds
Assets		
Cash equivalents and investments (Note B)	$ 1,576,914	$ 5,223
Liabilities	$ -	$ -
Net Position		
Restricted for:		
Individuals and organizations	$ 1,576,914	$ 5,223

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

LOWELL AREA SCHOOLS
For the year ended June 30, 2025

	Private Purpose Trust Fund	Custodial Funds
Additions		
Contributions:		
Donations	$ 44,875	$ -
Members	-	17,320
Total contributions	44,875	17,320
Earnings on investments	56,495	149
Total Additions	101,370	17,469
Deductions		
Endowment activities - scholarships	48,841	-
Distributions to members	-	17,333
Total Deductions	48,841	17,333
Net Increase in Fiduciary Net Position	52,529	136
Net Position, Beginning of Year	1,524,385	5,087
Net Position, End of Year	$ 1,576,914	$ 5,223

NOTES TO BASIC FINANCIAL STATEMENTS

Note A – Summary of Significant Accounting Policies

Lowell Area Schools ("the District") was organized under the School Code of the State of Michigan, and services a population of approximately 3,469 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services, and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District's significant accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District's financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-wide and Fund Financial Statements

District-wide Financial Statements - The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities.*

The Statement of Net Position is reported on the full accrual, economic resources basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District's net position is reported in three parts: invested in capital assets, net of related debt; restricted net position, and unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings, and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund and the 2024 Construction Capital Projects Funds are the District's major funds. Nonmajor funds are aggregated and presented in a single column.

Fund Financial Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities, and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided separately.

Revenues are recognized when susceptible to accrual, i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

General Fund—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

Special Revenue Funds—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

School Service Funds—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service and Student/School Activity Special Revenue Funds.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases, and school bond loan) principal, interest, and related costs.

Capital Projects Funds—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The 2021 and 2024 Construction Capital Projects Funds include capital project activities funded with bonds issued after March 29, 2017. For these projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan's School Code.

The Capital Projects Funds also include capital project activities funded with a sinking fund millage. The District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Numbered Letter 2023-1.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Private Purpose Trust Funds—Private Purpose Trust Fund net position and results of operations are not included in the district-wide financial statements. Trust funds are reported using the economic resources measurement focus. The District presently maintains a private purpose scholarship fund for the benefit of students.

Custodial Funds—The Custodial Fund accounts for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental units. The District maintains a Flexible Spending Fund to account for the collection and disbursement of monies held for employees for the use of health-related costs.

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

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Lowell Area Schools has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget.

A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

Lowell Area Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Chief Financial Officer to establish proposed operating budgets for the fiscal year commencing the following July 1.

- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.

- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.

- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.

- The original General and Special Revenue Fund budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).

- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

7. Inventories and Prepaid Items

Inventories are valued at cost (first-in, first-out). Inventories of the General Fund consist of teaching and custodial supplies. Inventories of the Food Service Fund consist of food and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

8. Capital Assets

Capital assets, which include land, land improvements, buildings and additions, vehicles, and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed $5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and additions, furniture and equipment, and vehicles are depreciated using the straight-line method over the following estimated useful lives. Leased technology and equipment and subscription-based IT arrangements are amortized using the straight-line method over the shorter of the following estimated useful life or contract term:

Land improvements	10 - 20 years
Buildings and additions	10 - 50 years
Furniture and equipment	3 - 10 years
Vehicles	4 - 10 years
Leased technology and equipment	3 - 10 years
Subscription-based IT arrangements	3 - 8 years

9. Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

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

10. Compensated Absences

Compensated absences at the District consist of accumulated vacation pay and sick leave as of June 30, 2025. In accordance with applicable accounting standards, the District accrues a liability for compensated absences when it is more likely than not that the benefit will be realized by the employee, either through future use or payment upon separation of service. As of June 30, 2025, total compensated absences amounted to $2,592,317.

11. Retirement Plan

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions,* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, were implemented by the District during the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Cost sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans – pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

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

12. Postemployment Benefits Other Than Pensions

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented by the District during the fiscal year ended June 30, 2018. This Statement establishes standards for recognizing and measuring (OPEB) liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB plans, the Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about OPEB are also addressed. Distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet specific criteria. Cost-sharing employers are those whose employees are provided with defined benefit OPEB through cost-sharing multiple-employer OPEB plans—OPEB plans in which the OPEB obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan.

For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

13. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three such items that qualify for reporting in this category: the deferred charge on a previous year's bond refunding, the deferred outflows of resources relating to the recognition of net pension liability on the financial statements and the deferred outflows of resources relating to the recognition of the net OPEB asset on the financial statements.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as in inflow of resources (revenue) until that time. The District has two types of items that qualifies for reporting in this category: the deferred inflows of resources relating to the recognition of net pension liability on the financial statements and the deferred inflows of resources relating to the recognition of net OPEB asset on the financial statements.

14. Net Position

Net position represents the difference between assets including deferred outflows of resources and liabilities including deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws, or regulations from other governments.

15. Fund Balance

The District has adopted Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The stated objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, detailed as follows:

- Nonspendable – resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).

- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts.

- Assigned – resources that are constrained by the government's *intent* to be used for specific purposes but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes.

- Unassigned – unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

As of June 30, 2025, Lowell Area Schools had not established a policy for its use of unrestricted fund balance amounts; it considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

16. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

17. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.

- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally charted bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.

- Commercial paper rated at the time of purchase within the two highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.

- Securities issued or guaranteed by agencies or instrumentalities of the United States government.

- United States government or Federal agency obligation repurchase agreements.

- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.

- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.

- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

Cash Equivalents and Investments

Balances at June 30, 2025 related to cash equivalents and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position:	
Governmental activities	$ 50,246,878
Statement of Fiduciary Net Position:	
Fiduciary activities	1,582,137
	$ 51,829,015

Cash Equivalents

Depositories actively used by the District during the year are detailed as follows:

1. Huntington National Bank
2. Fifth Third Bank

Cash equivalents consist of bank public funds checking accounts.

June 30, 2025 balances are detailed as follows:

Cash equivalents	$ 19,837,676

Custodial Credit Risk Related to Bank Deposits
Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District deposit is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents was $19,837,676 and the bank balance was $20,781,990. Of the bank balance, $500,000 was covered by federal depository insurance and $20,281,990 was uninsured and uncollateralized.

Investments

As of June 30, 2025, the District had the following investments:

Governmental Activities:	
UMB Bank – Fixed Income Securities	$ 28,271,389
UMB Bank – Michigan CLASS	3,701,264
Total Governmental Activities:	$ 31,972,653
Trust and Agency Funds:	
Municipal Bond	$ 18,686

Fair Market Value Measurement
The District is required to disclose amounts within a framework established for measuring value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in the active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in the active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk, and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing and investment and would be based on the best information available. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Investments by Fair Value Level	June 30, 2025	Fair Value Measurement Using Other Significant Observable Inputs (Level 2)
Fixed Income Securities	$ 28,271,389	$ 28,271,389
Municipal Bond	$ 18,686	$ 18,686

The District holds shares or interests in investment whereby the fair value of the investments is measured on a regular basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (traded 'A-1' or better) collateralized bank deposits, repurchased agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required.

The District's policies to minimize investment risk are as follows:

Credit Risk Related to Investments
Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy (and State law) requires that commercial paper be rated within the two highest classifications established by not less than two standard rating services at the time of purchase. The weighted average maturity (WAM), in years, for the Fixed Income U.S. Treasury Securities and Municipal Bond is 1.8207.

Interest Rate Risk
The District minimizes interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements and by investing operating funds primarily in shorter term investments under 365 days. Unless matched to a specific cash flow, the District will not directly invest in securities maturing more than 18 months from the date of purchase. Reserve funds may be invested in securities exceeding 18 months if the maturity of such investments is made to coincide as nearly as practicable with the expected use of funds.

Concentration of Credit Risk
The District minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The District's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security. Excluding U.S. Government guaranteed investments, and mutual fund and pooled investments, no single investment exceeded 5% of total investments at June 30, 2025.

Foreign Currency Risk
The District is not authorized to invest in investments which have this type of risk.

Note C – State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February 2024 and October 2024. The 2024-25 "Foundation Allowance" for Lowell Area Schools was $9,608 for 3,467 "Full Time Equivalent" students, generating $40,294,583 in State aid payments to the District of which $7,186,401 was paid to the District in July and August 2025 and included in "Due From Other Governmental Units" of the General Fund and Food Service Special Revenue Fund of the District.

Property taxes for the District are levied July 1 and December 1 (the tax lien dates) under a split-levy by the City of Lowell and the Townships of Ada, Bowne, Cannon, Cascade, Grattan, Lowell, Vergennes, Boston, Campbell, and Keene, and are due 75 days after the levy date. The taxes are then collected by each governmental unit and remitted to the District. The Counties of Kent and Ionia, through their Delinquent Tax Revolving Fund, advance all delinquent real property taxes at March 1 to the District each year prior to June 30.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill “Local Enhancement Millage” which must be shared between all local districts in each respective county intermediate district.

Lowell Area Schools' electors had previously (November 8, 2022) approved an 18 mill operating millage extension, however, due to Headlee rollbacks only 17.9082 was levied in 2024. The District levied an additional 7.0 mills for debt service purposes, and 0.9682 mills for building and site, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A and Public Act 36, taxable property is now divided into two categories: PRE and NPRE.

A principal residence exemption property (PRE) is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted “Local Enhancement Millage” nor any additional voted millage for the retirement of debt.

Non-principal residence exemption property (NPRE) is subject to all District levies. However, since Public Act 36, establishing the Michigan Business Tax, was signed into law, Public Acts 37-40 of 2007 now exempt Industrial Personal Property from the 6 mill State Education Tax and up to 18 mills of local school district operating millage (includes property under Industrial Facilities Tax exemptions); and exempt Commercial Personal Property from up to 12 mills of local school district operating millage (exceptions may apply).

The District is subject to tax abatements granted by the Counties of Kent and Ionia with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assists in the building of new facilities, and promotes the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term up to 12 years as determined by the local unit of government. The agreements entered into by each local unit include claw back provisions should the recipient of the tax abatement fail to fully meet its commitments, such as employment levels and timelines for relocation. The tax abated property taxes are calculated by applying half the local property tax millage rate on the total IFT taxable value. This amounts to a reduction in property tax revenue of approximately 50%.

For the year ended June 30, 2025, the District’s property tax revenues were reduced by approximately $294,726 under these agreements.

Note D – Interfund Receivables/Payables and Transfers

Due from (to) other funds outstanding at June 30, 2025 were as follows:

	Due From	Due To
Major Funds:		
General Fund:		
Special Revenue Funds:		
Food Service	$ 26,981	$ 11,448
Student/School Activity	-	48,508
Total Major Funds	26,981	59,956
Nonmajor Funds:		
Special Revenue Funds:		
Food Service:		
General Fund	11,448	26,981
Student/School Activity	1,740	-
Student/School Activity:		
General Fund	48,508	-
Food Service	-	1,740
Total Nonmajor Funds	61,696	28,721
Total All Funds	$ 88,677	$ 88,677

Transfers between funds during the year ended June 30, 2025 were as follows:

	Transfers In	Transfers Out
Major Funds:		
General Fund:		
Special Revenue Funds:		
Food Service	$ 26,929	$ -
Nonmajor Funds:		
Special Revenue Funds:		
Food Service:		
General Fund	-	26,929
Debt Service Funds:		
2024 Debt:		
2016C Debt:	253,749	-
2016C Debt:		
2024 Debt	-	253,749
Total Nonmajor Funds	253,749	280,678
Total All Funds	$ 280,678	$ 280,678

Transfers made during the year ended June 30, 2025 were for indirect cost recovery between the General Fund and Food Service, and to supplement debt obligations between debt funds.

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balances July 1, 2024	Additions	Deductions	Balances June 30, 2025
Capital assets not being depreciated:				
Land	$ 1,441,546	$ -	$ -	$ 1,441,546
Construction in progress	321,587	2,635,968	1,082,256	1,875,299
Total capital assets not being depreciated	1,763,133	$ 2,635,968	$ 1,082,256	3,316,845
Capital assets being depreciated and amortized:				
Land improvements	5,476,000	$ 36,499	$ -	5,512,499
Buildings and additions	119,951,676	938,179	-	120,889,855
Furniture and equipment	4,107,589	365,736	-	4,473,325
Vehicles	3,662,462	521,705	250,566	3,933,601
Intangible right-to-use assets:				
Leased technology and equipment	742,555	-	617,979	124,576
Subscription-based IT arrangements	319,468	-	30,493	288,975
Total capital assets being depreciated and amortized	134,259,750	$ 1,862,119	$ 899,038	135,222,831
Less accumulated depreciation for:				
Land improvements	2,162,283	$ 232,759	$ -	2,395,042
Buildings and additions	45,935,897	3,466,085	-	49,401,982
Furniture and equipment	3,154,130	244,598	-	3,398,728
Vehicles	2,467,054	388,362	238,974	2,616,442
Less accumulated amortization for:				
Leased technology and equipment	657,423	24,920	617,979	64,364
Subscription-based IT arrangements	74,105	52,217	30,493	95,829
Total accumulated depreciation and amortization	54,450,892	$ 4,408,941	$ 887,446	57,972,387
Total capital assets being depreciated and amortized, net	79,808,858			77,250,444
Net Capital Assets	$ 81,571,991			$ 80,567,289

Depreciation expense for the District was $4,408,941. The District determined that it was impractical to allocate depreciation to various governmental activities as the assets serve multiple functions.

Note F – Long-term Obligations

Changes in long-term obligations for the year ended June 30, 2025 are summarized as follows:

	Debt Outstanding July 1, 2024	Adjustment*	Debt Added	Debt Retired	Debt Outstanding June 30, 2025
General obligation bonds:					
2015 Refunding	$ 3,880,000	$ -	$ -	$ 675,000	$ 3,205,000
2016A Refunding	735,000	-	-	150,000	585,000
2016B Refunding	7,410,000	-	-	385,000	7,025,000
2016C Refunding	2,285,000	-	-	2,285,000	-
2019 Building and Site, Series I	21,795,000	-	-	225,000	21,570,000
2021 SBLF Refunding	18,050,000	-	-	1,045,000	17,005,000
2021 Building and Site, Series II	20,015,000	-	-	180,000	19,835,000
2024 Building and Site, Series I	32,495,000	-	-	520,000	31,975,000
Bond premium	10,288,693	-	-	453,253	9,835,440
Lease liabilities	87,953	-	-	24,270	63,683
Subscription-based IT arrangements	5,195	-	-	5,195	-
Compensated absences	609,994	1,572,520	409,803	-	2,592,317
	$ 117,656,835	$ 1,572,520	$ 409,803	$ 5,947,718	$ 113,691,440

**See Note L – Change in Accounting Estimate*

Long-term obligations at June 30, 2025 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
$7,610K Refunding, February 12, 2015:				
Annual maturities of $620K to $665K	May 1, 2030	4.00%	$ 3,205,000	$ 665,000
$2,000K Refunding, March 16, 2016:				
Annual maturities of $145K to $150K	May 1, 2029	2.10	585,000	150,000
$8,675K Refunding, May 5, 2016:				
Annual maturities of $430K to $645K	May 1, 2037	4.00	7,025,000	430,000
$22,230K Bldg & Site Series I, July 16, 2019:				
Annual maturities of $250K to $1,375K	May 1, 2049	5.00	21,570,000	250,000
$19,710K SBLF Refunding, January 14, 2021:				
Annual maturities of $2,675K to $4,160K	May 1, 2030	0.948 - 1.621	17,005,000	3,610,000
$20,195K Bldg & Site Series II, May 4, 2021:				
Annual maturities of $100K to $1,775K	May 1, 2049	2.00 - 5.00	19,835,000	180,000
$32,495K Bldg & Site Series I, June 27, 2024:				
Annual maturities of $340K to $8,200K	May 1, 2054	4.00 - 5.00	31,975,000	520,000
Bond premium			9,835,440	453,253
Lease Liabilities				
$124,576 Copier Lease:				
Annual maturities of $11,512 to $26,710	December 1, 2027	4.80	63,683	25,461
Other Obligations				
Compensated absences			2,592,317	130,000
			$ 113,691,440	$ 6,413,714

The annual requirements to pay principal and interest on long-term bonds and lease liabilities outstanding are as follows:

Years Ending June 30	General Obligation Bonds Principal	General Obligation Bonds Interest	Lease Liabilities Principal	Lease Liabilities Interest	Total
2026	$ 5,805,000	$ 4,036,360	$ 25,461	$ 2,501	$ 9,869,322
2027	5,945,000	3,917,588	26,710	1,252	9,890,550
2028	6,515,000	3,786,945	11,512	139	10,313,596
2029	5,445,000	3,645,486	-	-	9,090,486
2030	4,845,000	3,483,505	-	-	8,328,505
2031	2,110,000	3,335,831	-	-	5,445,831
2032	2,175,000	3,241,731	-	-	5,416,731
2033	2,260,000	3,139,281	-	-	5,399,281
2034	2,330,000	3,032,531	-	-	5,362,531
2035	2,420,000	2,922,481	-	-	5,342,481
2036	2,510,000	2,815,831	-	-	5,325,831
2037	2,600,000	2,705,231	-	-	5,305,231
2038	2,380,000	2,588,481	-	-	4,968,481
2039	2,485,000	2,478,881	-	-	4,963,881
2040	2,595,000	2,364,406	-	-	4,959,406
2041	2,720,000	2,234,156	-	-	4,954,156
2042	2,850,000	2,097,656	-	-	4,947,656
2043	2,985,000	1,956,850	-	-	4,941,850
2044	3,130,000	1,811,075	-	-	4,941,075
2045	3,280,000	1,657,841	-	-	4,937,841
2046	3,440,000	1,496,850	-	-	4,936,850
2047	3,605,000	1,327,475	-	-	4,932,475
2048	3,780,000	1,150,000	-	-	4,930,000
2049	3,960,000	962,575	-	-	4,922,575
2050	3,810,000	717,550	-	-	4,527,550
2051	3,810,000	556,050	-	-	4,366,050
2052	3,805,000	402,450	-	-	4,207,450
2053	3,805,000	246,159	-	-	4,051,159
2054	3,800,000	53,275	-	-	3,853,275
	$ 101,200,000	$ 64,164,535	$ 63,683	$ 3,892	$ 165,432,110

Note G – Retirement Plan

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (the "System") is a cost- sharing, multiple-employer, state-wide, defined benefit public employee retirement plan and fiduciary component unit of the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members – eleven appointed by the Governor, and the State Superintendent of Instruction, who serves as the ex-officio member.

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

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

The System's financial statements are available at www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The age and service requirements 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 .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. The System also provides disability and survivor benefits to DB plan members.

Certain employees have the option to participate in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

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

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

Contributions

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

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

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

		Pension Contribution Rates:	
Plan Name	**Plan Status**	**Member**	**District**
Basic	Closed	0.0 – 4.0%	23.03%
Member Investment Plan (MIP)	Closed	3.0 – 7.0%	23.03%
Pension Plus (Hybrid)	Closed	3.0 – 6.4%	19.17%
Pension Plus 2 (Hybrid)	Open	6.2%	20.10%
Defined Contribution	Open	0.0%	13.90%

The District's contributions to MPSERS under all pension plans for the year ended June 30, 2025 inclusive of the MSPERS UAAL Stabilization, totaled $8,938,162.

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

As of June 30, 2025, the District reported a liability of $52,753,061 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 rolled forward from September 2023. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the System during the measurement period by the percent of the pension contributions required from all applicable employers during the measurement period. As of September 30, 2024 the District's proportion was 0.21547678%, which was a decrease from 0.21895501% at September 30, 2023.

For the year ended June 30, 2025 the District recognized pension expense of $4,309,474. As of June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,431,228	$ 573,169
Changes of assumptions	5,499,519	3,865,131
Net difference between projected and actual earnings on pension plan investments	–	10,067,520
Changes in proportion and differences between District contributions and proportionate share of contributions	546,868	1,056,227
District contributions subsequent to the measurement date*	8,242,930	–
Total	$ 15,720,845	$ 15,562,047

* This amount, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026.

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

Years Ending June 30	Amount
2026	$ (1,652,629)
2027	239,378
2028	(3,940,048)
2029	(2,730,833)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2023
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans:	6.00% net of investment expenses
Pension Plus Plan:	6.00% net of investment expenses
Pension Plus 2:	6.00% net of investment expenses
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Cost-of-Living Adjustments:	3% annual non-compounded for MIP members
Mortality:	
Retirees:	PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active Members:	PubT-2010 Male and Female Employee Mortality Tables scaled by 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Notes:

- Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2024 is based on the results of an actuarial valuation date of September 30, 2023 and rolled forward using generally accepted actuarial procedures, including the experience study.

- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.4612 for non-university employers].

- Recognition period for assets in years: 5.0000.

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

Long-Term Expected Rate of Return on Plan Investments

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024 are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.3%
Private Equity Pools	16.0%	9.6%
International Equity Pools	15.0%	6.5%
Fixed Income Pools	13.0%	2.2%
Real Estate and Infrastructure Pools	10.0%	7.1%
Absolute Return Pools	9.0%	5.2%
Real Return/Opportunistic Pools	10.0%	6.9%
Short-term Investment Pools	2.0%	1.4%
Total	**100.0%**	

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

Rate of Return

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

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus Plan , 6.00% for the Pension Plus 2 Plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus Plan, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
District's proportionate share of the net pension liability	$ 77,336,555	$ 52,753,061	$ 32,282,573

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System September 30, 2024 Annual Comprehensive Financial Report, available here: (www.michigan.gov/orsschools).

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

Payables to the pension plan totaling $1,220,619 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources. The payables are included in the "Due to Other Governmental Units" at June 30, 2025.

Note H – Other Postemployment Benefits

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS or "System") is a cost-sharing, multiple-employer, state-wide, defined benefit public employee retirement plan and a fiduciary component unit of the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members— eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

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

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

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

Contributions

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

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

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2024:

OPEB Contribution Rates:

Benefit Structure	Member	District
Premium Subsidy	3.0%	8.31%
Personal Healthcare Fund (PHF)	0.0%	7.06%

Required contributions to the OPEB plan from the District were $400,312 for the year ended June 30, 2025.

OPEB Assets, OPEB Credit, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of June 30, 2025, the District reported an asset of $9,152,033 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the System during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. As of September 30, 2024 the District's proportion was 0.21262053%, which was a decrease from 0.21871598% at September 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB credit of $3,278,424. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ –	$ 9,698,360
Changes of assumptions	1,998,936	229,761
Net difference between projected and actual earnings on OPEB plan investments	–	1,732,585
Changes in proportion and differences between District contributions and proportionate share of contributions	252,830	312,098
District contributions subsequent to the measurement date*	156,728	–
Total	$ 2,408,494	$ 11,972,804

* This amount, reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, will be recognized as an addition of the net OPEB asset in the year ended June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	Amount
2026	$ (3,146,668)
2027	(1,913,603)
2028	(1,838,798)
2029	(1,701,212)
2030	(942,269)
Thereafter	(178,488)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2023
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00% net of investment expense
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Healthcare Cost Trend Rate:	Pre-65 - 7.25% Year 1 graded to 3.5% Year 15 Post-65 – 6.50% Year 1 graded to 3.5% Year 15
Mortality:	
Retirees:	PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active Members:	PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other Assumptions:

Opt Out Assumptions:	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage:	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement:	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2024 is based on the results of an actuarial valuation date of September 30, 2023 and rolled forward using generally accepted actuarial procedures, including the experience study.

- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [6.2834 for non-university employers].

- Recognition period for assets in years: 5.0000.

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

Long-Term Expected Rate of Return on Plan Investments

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2024, are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.3%
Private Equity Pools	16.0%	9.0%
International Equity Pools	15.0%	6.5%
Fixed Income Pools	13.0%	2.0%
Real Estate and Infrastructure Pools	10.0%	7.1%
Absolute Return Pools	9.0%	5.2%
Real Return/Opportunistic Pools	10.0%	6.9%
Short-term Investment Pools	2.0%	1.4%
Total	**100.0%**	

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

Rate of Return

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

Discount Rate

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

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

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

	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
District's proportionate share of the net OPEB liability (asset)	$ (7,072,767)	$ (9,152,033)	$ (10,949,779)

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability (asset)	$ (10,949,798)	$ (9,152,033)	$ (7,223,940)

OPEB Plan Fiduciary Net Position

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

Payables to the OPEB Plan

Payables to the OPEB plan totaling $21,121 arise from the normal legally required contributions based on the accrued salaries payable at year end, expected to be liquidated with expendable available financial resources. The payables are included in the "Due to Other Governmental Units" at June 30, 2025.

Note I – Risk Management and Employee Benefits

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The District has purchased commercial insurance for property loss, errors and omissions, workers' compensation, health benefits, and dental and vision benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

There were no significant reductions in insurance coverage in fiscal 2024-25, and as of year ended June 30, 2025, there were no material pending claims against the District.

Note J – Stewardship, Compliance and Accountability

The District has an unrestricted net position deficit of $44,306,559 and a total net position deficit of $35,381,734 as of June 30, 2025. These deficit net positions result primarily from the net pension liability of $52,594,263, and net OPEB asset of $412,277 (including deferred outflows and inflows of resources).

Note K– Commitments

On May 4, 2021, the District issued $20,195,000 of general obligation 2021 Building and Site, Series II bonds whose proceeds are being used for land improvements, building renovations and additions, and furniture and equipment purchases. At June 30, 2025, unspent balances committed to these construction projects totaled $88,008, which are expected to be fully expended by the year ended June 30, 2026.

On June 27, 2024, the District issued $32,495,000 of general obligation 2024 Building and Site, Series I bonds whose proceeds are being used for land improvements, building renovations and additions, and furniture and equipment purchases. At June 30, 2025, unspent balances committed to these construction projects totaled $33,374,057, which are expected to be fully expended by the year ended June 30, 2028.

Note L - Change in Accounting Estimate

During the fiscal year ended June 30, 2025, the District re-evaluated its policies and calculation methods used to recognize liabilities for compensated absences to more accurately reflect obligations related to current employment arrangements required by applicable accounting standards.

This change, which enhances the accuracy and consistency of the District’s financial reporting, led to an increase of $1,572,520 in the compensated absences liability reporting in the government-wide financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLAN

	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023
District's proportion of the net pension liability	0.21547678%	0.21895501%	0.21751279%
District's proportionate share of the net pension liability	$ 52,753,061	$ 70,867,124	$ 81,803,775
District's covered-employee payroll	$ 23,650,537	$ 22,030,454	$ 21,713,371
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	223.05%	321.68%	376.74%
Plan fiduciary net position as a percentage of the total pension liability	74.44%	65.91%	60.77%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016
0.21431309%	0.21618847%	0.21371407%	0.21048708%	0.20798328%	0.20385344%	0.20152264%
$ 50,739,508	$ 74,263,091	$ 70,774,915	$ 63,276,216	$ 53,897,309	$ 50,859,765	$ 49,221,959
$ 20,148,150	$ 19,296,503	$ 18,919,218	$ 18,139,412	$ 17,609,042	$ 17,765,935	$ 16,920,859
251.83%	384.85%	374.09%	348.83%	306.08%	286.28%	290.90%
72.60%	59.72%	60.08%	62.12%	63.96%	63.01%	62.92%

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) MPSERS COST-SHARING MULTIPLE-EMPLOYER PLAN

	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023
District's proportion of the net OPEB liability (asset)	0.21262053%	0.21871598%	0.21944065%
District's proportionate share of the net OPEB liability (asset)	$ (9,152,033)	$ (1,237,273)	$ 4,647,890
District's covered-employee payroll	$ 23,650,537	$ 22,030,454	$ 21,713,371
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	(38.70)%	5.62%	21.41%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	143.08%	105.04%	83.09%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
0.21364767%	0.21759435%	0.21646874%	0.21306495%	0.20867350%
$ 3,261,071	$ 11,657,110	$ 15,537,581	$ 16,936,430	$ 18,479,021
$ 20,148,150	$ 19,296,503	$ 18,919,218	$ 18,139,412	$ 17,609,042
16.19%	60.41%	82.13%	93.37%	104.94%
87.33%	59.44%	48.67%	43.10%	36.53%

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLAN

	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023	Year Ended June 30, 2022
Contractually required contribution	$ 8,938,162	$ 9,085,494	$ 8,017,937	$ 7,337,745
Contributions in relation to the contractually required contribution	8,938,162	9,085,494	8,017,937	7,337,745
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 23,860,366	$ 22,134,427	$ 21,848,477	$ 20,250,404
Contributions as a percentage of covered employee payroll	37.46%	41.05%	36.70%	36.24%

Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016
$ 6,524,875	$ 6,028,050	$ 5,691,235	$ 5,389,602	$ 5,237,576	$ 5,234,966
6,524,875	6,028,050	5,691,235	5,389,602	5,237,576	5,234,966
$ -	$ -	$ -	$ -	$ -	$ -
$ 19,167,932	$ 19,516,878	$ 18,913,541	$ 18,211,181	$ 17,476,499	$ 17,425,510
34.04%	30.89%	30.09%	29.60%	29.97%	30.04%

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
MPSERS COST-SHARING MULTIPLE-EMPLOYER PLAN

	Year Ended June 30, 2025	Year Ended June 30, 2024	Year Ended June 30, 2023
Contractually required contribution	$ 400,312	$ 1,708,817	$ 1,716,769
Contributions in relation to the contractually required contribution	400,312	1,708,817	1,716,769
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 23,860,366	$ 22,134,427	$ 21,848,477
Contributions as a percentage of covered employee payroll	1.68%	7.72%	7.86%

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

Year Ended June 30, 2022	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
$ 1,589,697	$ 1,550,773	$ 1,556,394	$ 1,494,758	$ 1,348,807
1,589,697	1,550,773	1,556,394	1,494,758	1,348,807
$ -	$ -	$ -	$ -	$ -
$ 20,250,404	$ 19,167,932	$ 19,516,878	$ 18,913,541	$ 18,211,181
7.85%	8.09%	7.97%	7.90%	7.41%

Note A – Net Pension Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2024-25.

Changes of assumptions: There were no changes of benefit assumptions in 2024-25.

Note B – Net OPEB Liability (Asset) and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2024-25.

Changes of assumptions: There were no changes of benefit assumptions in 2024-25.

SUPPLEMENTARY INFORMATION

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GENERAL FUND

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

	2025	2024
Assets		
Cash equivalents	$ 10,212,314	$ 8,875,054
Accounts receivable	74,165	129,686
Due from other funds	26,981	13,973
Due from other governmental units	7,484,356	8,274,607
Inventory	26,187	40,208
Prepaid expenditures	180,277	104,981
Total Assets	$ 18,004,280	$ 17,438,509
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 183,296	$ 505,950
Due to other funds	59,956	3,519
Due to other governmental units	1,630,939	2,012,530
Payroll related accrued liabilities	60,194	-
Salaries payable	3,117,673	2,621,250
Unearned revenue	1,659,924	2,161,402
Total Liabilities	6,711,982	7,304,651
Fund Balances		
Nonspendable	206,464	145,189
Committed	308,765	445,107
Unassigned	10,777,069	9,543,562
Total Fund Balances	11,292,298	10,133,858
Total Liabilities and Fund Balances	$ 18,004,280	$ 17,438,509

COMPARATIVE SCHEDULES OF REVENUES
GENERAL FUND

LOWELL AREA SCHOOLS
For the years ended June 30, 2025 and 2024

	2025	2024
Local sources:		
Property taxes:		
Current property taxes	$ 4,327,489	$ 3,947,511
Delinquent and other property taxes	1,594	2,781
Interest on delinquent taxes	5,629	5,832
	4,334,712	3,956,124
Interest earnings	198,836	166,662
Revenue from student activities:		
Athletic event fees	117,430	117,842
Participation fees	123,211	87,294
	240,641	205,136
Revenue from community service activities:		
Preschool fees	232,309	234,391
Other local revenue:		
Rental of school facilities	21,744	20,457
Donations	1,597	2,064
Community enrichment fees	741	964
Transportation reimbursements	29,074	21,726
Universal service fund - Erate	66,993	84,772
Beverage consortium commissions	1,643	5,520
Copy center charges	69,861	64,707
Insurance claims/reimbursements	-	47,638
Miscellaneous	14,595	34,842
	206,248	282,690
Total local sources	5,212,746	4,845,003
Non-educational entity sources	43,065	19,114
State sources:		
State aid	39,386,791	39,052,513
Special education - itinerants	13,108	39,089
Special education - transportation	348,265	259,538
Special education - millage incentive	20,234	68,246
Early literacy grant	51,524	39,756
ORS forfeiture credit	41,963	26,606
MPSERS - Section 147	45,359	-
Mental health and support services	159,641	182,616
Bus driver safety	318	656
Total state sources	40,067,203	39,669,020

(Continued)

	2025	2024
Federal sources:		
Title I, Part A	$ 285,218	$ 276,946
Title II, Part A	56,288	70,675
Title III, Part A	6,222	6,080
Title IV, Part A	24,052	18,699
Education stabilization fund - ESSER	65,070	1,580,617
Special education cluster	831,583	806,298
Health resource advocates	60,674	82,981
Medicaid - outreach	26,479	15,542
Total federal sources	1,355,586	2,857,838
Interdistrict sources:		
Special education - county	3,448,924	3,134,738
Medicaid fee for service	361,358	342,527
Great start readiness program - GSRP	10,005	15,060
Reimbursement for services provided	112	1,051
Education program	44,000	44,000
Early literacy professional development	-	178
Total interdistrict sources	3,864,399	3,537,554
Total Revenues	$ 50,542,999	$ 50,928,529

COMPARATIVE SCHEDULES OF EXPENDITURES
GENERAL FUND

	2025	2024
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	$ 6,263,864	$ 5,995,081
Employee benefits	4,772,130	4,933,515
Purchased services	184,471	164,459
Supplies	151,367	219,288
Capital outlay	-	199
	11,371,832	11,312,542
Middle school:		
Salaries	3,084,170	2,926,873
Employee benefits	2,112,636	2,364,463
Purchased services	72,800	86,282
Supplies	80,124	105,501
Capital outlay	-	77,068
	5,349,730	5,560,187
High school:		
Salaries	4,105,805	3,914,953
Employee benefits	2,818,703	3,127,781
Purchased services	200,484	214,308
Supplies	221,947	184,404
Capital outlay	42,950	102,159
Miscellaneous	40	-
Payments to other districts	26,071	29,120
	7,416,000	7,572,725
Preschool:		
Salaries	145,567	152,534
Employee benefits	69,659	88,719
Purchased services	7,724	7,066
Supplies	5,835	7,396
	228,785	255,715
Summer school:		
Salaries	85,099	75,013
Employee benefits	29,611	28,121
Supplies	2,420	3,602
	117,130	106,736
Total basic programs	24,483,477	24,807,905

(Continued)

	2025	2024
Added needs:		
Special education:		
Salaries	$ 1,962,528	$ 1,797,480
Employee benefits	1,225,624	1,353,019
Purchased services	14,670	22,985
Supplies	17,847	18,236
	3,220,669	3,191,720
Compensatory education:		
Salaries	772,685	607,734
Employee benefits	494,122	436,041
Purchased services	8,713	60,459
Supplies	9	10,745
	1,275,529	1,114,979
Vocational education:		
Salaries	103,181	87,002
Employee benefits	61,968	67,838
Purchased services	196	2,638
Supplies	9,776	13,901
	175,121	171,379
Total added needs	4,671,319	4,478,078
Total instruction	29,154,796	29,285,983
Supporting services:		
Pupil services:		
Guidance services:		
Salaries	551,237	475,014
Employee benefits	399,699	384,649
Purchased services	174	40,792
Supplies	1,796	7,301
Miscellaneous	40	80
	952,946	907,836
Health services:		
Salaries	100,093	32,963
Employee benefits	68,459	19,314
Purchased services	161,760	98,301
Supplies	2,279	58,484
Payments to other districts	27,562	187,484
	360,153	396,546

(Continued)

COMPARATIVE SCHEDULES OF EXPENDITURES
GENERAL FUND (Continued)

LOWELL AREA SCHOOLS
For the years ended June 30, 2025 and 2024

	2025	2024
Psychological services:		
Salaries	$ 205,635	$ 53,070
Benefits	161,398	55,598
Purchased services	4,735	11,384
Supplies	1,726	2,185
Payments to other districts	925	327,049
	374,419	449,286
Speech pathology services:		
Salaries	300,620	-
Benefits	206,850	-
Purchased services	15,714	8,105
Supplies	1,880	885
Payments to other districts	-	482,804
	525,064	491,794
Social worker services:		
Salaries	478,480	141,546
Employee benefits	352,420	128,672
Purchased services	9,400	17,803
Supplies	477	507
Payments to other districts	-	426,292
	840,777	714,820
Teacher consultant services:		
Salaries	189,721	189,244
Employee benefits	140,832	159,608
	330,553	348,852
Other pupil support services:		
Salaries	631	9,127
Employee benefits	237	6,277
Purchased services	13,243	42,851
	14,111	58,255
Total pupil services	3,398,023	3,367,389
Instructional staff services:		
Improvement of instruction:		
Salaries	494,808	576,511
Employee benefits	313,279	424,557
Purchased services	92,392	125,612
Supplies	575,755	151,363
Miscellaneous	3,680	-
Payments to other districts	-	554
	1,479,914	1,278,597

	2025	2024
Library:		
Salaries	$ 241,038	$ 247,282
Employee benefits	133,835	164,396
Purchased services	1,570	1,974
Supplies	71,046	86,930
Capital outlay	16,418	20,950
	463,907	521,532
Supervision and direction of instruction:		
Salaries	151,781	147,570
Employee benefits	94,088	101,175
Purchased services	3,205	2,298
Supplies	395	438
Miscellaneous	300	232
	249,769	251,713
Other instructional staff services:		
Salaries	97,116	81,038
Employee benefits	61,455	54,586
Purchased services	145	160
Supplies	6,108	5,550
	164,824	141,334
Total instructional staff services	2,358,414	2,193,176
General administrative services:		
Board of education:		
Salaries	2,100	2,100
Employee benefits	161	161
Purchased services	74,623	67,377
Supplies	2,794	4,583
Miscellaneous	22,571	15,394
	102,249	89,615
Executive administration:		
Salaries	318,127	286,666
Employee benefits	216,169	220,808
Purchased services	32,861	44,501
Supplies	3,642	3,899
Capital outlay	-	3,182
Miscellaneous	5,365	9,368
	576,164	568,424
Total general administrative services	678,413	658,039

	2025	2024
School administrative services:		
Office of the principal:		
Salaries	$ 1,489,973	$ 1,423,610
Employee benefits	1,050,911	1,121,153
Purchased services	15,482	22,944
Supplies	12,561	12,943
Miscellaneous	4,299	4,629
Total school administrative services	2,573,226	2,585,279
Business services:		
Fiscal services:		
Salaries	399,412	333,427
Employee benefits	288,660	273,272
Purchased services	29,095	31,791
Supplies	39,424	38,857
Miscellaneous	19,581	1,131
	776,172	678,478
Internal services:		
Salaries	6,581	6,494
Employee benefits	3,124	3,563
Purchased services	61,794	46,306
Miscellaneous	-	851
	71,499	57,214
Other business services:		
Purchased services	2,698	-
Miscellaneous	14,754	107,291
	17,452	107,291
Total business services	865,123	842,983
Operation and maintenance services:		
Operation and maintenance:		
Salaries	1,173,930	1,129,610
Employee benefits	811,907	818,227
Purchased services	1,302,439	1,123,342
Supplies	1,249,943	1,236,112
Capital outlay	100,964	68,869
Miscellaneous	300	150
	4,639,483	4,376,310
Security services:		
Salaries	46,079	49,311
Employee benefits	29,811	34,451
Purchased services	264,818	260,681
Supplies	11,557	5,452
	352,265	349,895
Total operation and maintenance services	4,991,748	4,726,205

	2025	2024
Pupil transportation services:		
Pupil transportation:		
Salaries	$ 790,555	$ 767,514
Employee benefits	555,851	553,588
Purchased services	112,281	117,008
Supplies	311,760	331,348
Capital outlay	445,107	-
Payments to other districts	491,416	473,185
Miscellaneous	310	685
Total pupil transportation services	2,707,280	2,243,328
Personnel services:		
Salaries	154,751	144,260
Employee benefits	108,073	109,117
Purchased services	5,257	2,985
Supplies	8,984	8,313
Miscellaneous	185	820
	277,250	265,495
Technology services:		
Salaries	158,426	146,669
Employee benefits	102,542	102,492
Purchased services	286,902	220,597
Supplies	143,046	121,630
Capital outlay	235,701	191,948
Miscellaneous	500	-
	927,117	783,336
Total central services	1,204,367	1,048,831
Other supporting services:		
Athletics:		
Salaries	451,710	416,737
Employee benefits	221,120	207,099
Purchased services	184,544	149,185
Supplies	192,688	151,537
Capital outlay	18,035	15,172
Miscellaneous	365	10,100
Total other supporting services	1,068,462	949,830
Total supporting services	19,845,056	18,615,060

(Continued)

	2025	2024
Community services:		
Community services direction:		
Purchased services	$ 72,952	$ 60,145
Community recreation:		
Salaries	64,084	67,219
Employee benefits	45,861	43,644
Purchased services	2,517	1,979
Supplies	7,835	1,862
Capital outlay	137,975	10,896
	258,272	125,600
Welfare activities:		
Supplies	-	1,250
Non-public school pupils:		
Salaries	25,148	10,403
Employee benefits	14,524	5,316
	39,672	15,719
Total community services	370,896	202,714
Payments to other districts	-	1,695
Capital outlay	50,926	51,122
Debt service:		
Principal repayment	29,465	35,366
Interest and fiscal charges	3,941	5,663
Total debt service	33,406	41,029
Total Expenditures	$ 49,455,080	$ 48,197,603

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NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

	Special Revenue		Debt Funds		
	Food Service	Student/School Activity	2015	2016A	2016B
Assets					
Cash equivalents	$ 1,285,710	$ 991,318	$ 255,966	$ 218,496	$ 231,234
Taxes receivable	-	-	62	24	55
Due from other funds	13,188	48,508	-	-	-
Due from other governmental units	187,380	-	-	-	-
Inventory	29,541	-	-	-	-
Prepaid expenditures	125,000	-	-	-	-
Total Assets	$ 1,640,819	$ 1,039,826	$ 256,028	$ 218,520	$ 231,289
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 33,048	$ 20,018	$ -	$ -	$ -
Due to other funds	26,981	1,740	-	-	-
Unearned revenue	28,753	-	-	-	-
Total Liabilities	88,782	21,758	-	-	-
Fund Balances					
Nonspendable	154,541	-	-	-	-
Restricted	1,397,496	1,018,068	256,028	218,520	231,289
Total Fund Balances	1,552,037	1,018,068	256,028	218,520	231,289
Total Liabilities and Fund Balances	$ 1,640,819	$ 1,039,826	$ 256,028	$ 218,520	$ 231,289

Debt Funds					Capital Projects		
2016C	2019	2021 SBLF	2021	2024	2021 Construction	Building and Site Sinking	Total
$ 328,926	$ 264,745	$ 275,160	$ 266,326	$ 246,698	$ 528,699	$ 1,767,229	$ 6,660,507
162	82	94	78	128	-	95	780
-	-	-	-	-		-	61,696
-	-	-	-	-	-	-	187,380
-	-	-	-	-	-	-	29,541
-	-	-	-	-	-	-	125,000
$ 329,088	$ 264,827	$ 275,254	$ 266,404	$ 246,826	$ 528,699	$ 1,767,324	$ 7,064,904
$ -	$ -	$ -	$ -	$ -	$ 440,691	$ 42,408	$ 536,165
-	-	-	-	-	-	-	28,721
-	-	-	-	-	-	-	28,753
-	-	-	-	-	440,691	42,408	593,639
-	-	-	-	-	-	-	154,541
329,088	264,827	275,254	266,404	246,826	88,008	1,724,916	6,316,724
329,088	264,827	275,254	266,404	246,826	88,008	1,724,916	6,471,265
$ 329,088	$ 264,827	$ 275,254	$ 266,404	$ 246,826	$ 528,699	$ 1,767,324	$ 7,064,904

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

	Special Revenue		Debt Funds		
	Food Service	Student/School Activity	2015	2016A	2016B
Revenues					
Local sources:					
Property taxes	$ -	$ -	$ 816,736	$ 324,092	$ 725,985
Interest earnings	24,859	-	18,776	7,011	13,780
Food sales	248,048	-	-	-	-
Other local sources	-	1,033,582	-	-	-
Total local sources	272,907	1,033,582	835,512	331,103	739,765
State sources	1,512,737	-	-	-	-
Federal sources	818,956	-	-	-	-
Total Revenues	2,604,600	1,033,582	835,512	331,103	739,765
Expenditures					
Current:					
Supporting services	-	1,030,629	-	-	-
Food service	2,126,097	-	-	-	-
Capital outlay	8,715	-	-	-	-
Debt service:					
Principal repayment	-	-	675,000	150,000	385,000
Interest and fiscal charges	-	-	155,440	16,175	297,140
Total Expenditures	2,134,812	1,030,629	830,440	166,175	682,140
Excess (Deficiency) of Revenues Over Expenditures	469,788	2,953	5,072	164,928	57,625
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	-
Transfers out	(26,929)	-	-	-	-
Total Other Financing Sources (Uses)	(26,929)	-	-	-	-
Net Change in Fund Balances	442,859	2,953	5,072	164,928	57,625
Fund Balances, Beginning of Year	1,109,178	1,015,115	250,956	53,592	173,664
Fund Balances, End of Year	$ 1,552,037	$ 1,018,068	$ 256,028	$ 218,520	$ 231,289

Debt Funds					Capital Projects		
2016C	2019	2021 SBLF	2021	2024	2021 Construction	Building and Site Sinking	Total
$ 2,139,080	$ 1,088,992	$ 1,244,536	$ 1,037,132	$ 1,698,184	$ -	$ 1,249,413	$ 10,324,150
45,742	20,443	24,689	17,519	13,665	46,588	58,118	291,190
-	-	-	-	-	-	-	248,048
-	-	-	-	-	75,000	-	1,108,582
2,184,822	1,109,435	1,269,225	1,054,651	1,711,849	121,588	1,307,531	11,971,970
-	-	-	-	-	-	-	1,512,737
-	-	-	-	-	-	-	818,956
2,184,822	1,109,435	1,269,225	1,054,651	1,711,849	121,588	1,307,531	14,303,663
-	-	-	-	-	-	-	1,030,629
-	-	-	-	-	-	-	2,126,097
-	-	-	-	-	2,024,032	840,100	2,872,847
2,285,000	225,000	1,045,000	180,000	520,000	-	-	5,465,000
63,694	1,044,390	227,962	972,190	1,198,772	-	240	3,976,003
2,348,694	1,269,390	1,272,962	1,152,190	1,718,772	2,024,032	840,340	15,470,576
(163,872)	(159,955)	(3,737)	(97,539)	(6,923)	(1,902,444)	467,191	(1,166,913)
-	-	-	-	253,749	-	-	253,749
(253,749)	-	-	-	-	-	-	(280,678)
(253,749)	-	-	-	253,749	-	-	(26,929)
(417,621)	(159,955)	(3,737)	(97,539)	246,826	(1,902,444)	467,191	(1,193,842)
746,709	424,782	278,991	363,943	-	1,990,452	1,257,725	7,665,107
$ 329,088	$ 264,827	$ 275,254	$ 266,404	$ 246,826	$ 88,008	$ 1,724,916	$ 6,471,265

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL – FOOD SERVICE SPECIAL REVENUE FUND

LOWELL AREA SCHOOLS
For the year ended June 30, 2025

	Budget	Actual	Variance
Revenues			
Local sources:			
Interest earnings	$ 20,000	$ 24,859	$ 4,859
Food sales	224,000	248,048	24,048
Total local sources	244,000	272,907	28,907
State sources	1,225,000	1,512,737	287,737
Federal sources	750,000	818,956	68,956
Total Revenues	2,219,000	2,604,600	385,600
Expenditures			
Current:			
Food service	2,165,200	2,126,097	39,103
Capital outaly	50,000	8,715	41,285
Total Expenditures	2,215,200	2,134,812	80,388
Excess (Deficiency) of Revenues Over Expenditures	3,800	469,788	(465,988)
Other Financing Sources (Uses)			
Transfers out	(30,000)	(26,929)	3,071
Net Change in Fund Balances	(26,200)	442,859	469,059
Fund Balances, Beginning of Year	1,109,178	1,109,178	-
Fund Balances, End of Year	$ 1,082,978	$ 1,552,037	$ 469,059

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – STUDENT/SCHOOL ACTIVITY SPECIAL REVENUE FUND

LOWELL AREA SCHOOLS
For the year ended June 30, 2025

	Budget	Actual	Variance
Revenues			
Local sources	$ 1,075,000	$ 1,033,582	$ (41,418)
Expenditures			
Current:			
Other student/school activity	1,135,000	1,030,629	104,371
Net Change in Fund Balance	(60,000)	2,953	62,953
Fund Balance, Beginning of Year	1,015,115	1,015,115	-
Fund Balance, End of Year	$ 955,115	$ 1,018,068	$ 62,953

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SPECIAL REVENUE FUNDS

Food Service – to account for monies received from food service activities and federal subsidies for use in administering the school nutrition program of the District.

Student/School Activity – to account for monies received from student and school activities for use in providing services for school and student groups.

COMPARATIVE BALANCE SHEETS
FOOD SERVICE SPECIAL REVENUE FUND

LOWELL AREA SCHOOLS
June 30, 2025 and 2024

	2025	2024
Assets		
Cash equivalents	$ 1,285,710	$ 1,012,655
Due from other funds	13,188	3,519
Due from other governmental units	187,380	33,857
Inventory	29,541	17,439
Prepaid expenditures	125,000	100,000
Total Assets	$ 1,640,819	$ 1,167,470
Liabilities and Fund Balances		
Liabilities		
Accounts payable	$ 33,048	$ 14,729
Due to other funds	26,981	-
Unearned revenue	28,753	43,563
Total Liabilities	88,782	58,292
Fund Balances		
Nonspendable	154,541	117,439
Restricted	1,397,496	991,739
Total Fund Balances	1,552,037	1,109,178
Total Liabilities and Fund Balances	$ 1,640,819	$ 1,167,470

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - FOOD SERVICE SPECIAL REVENUE FUND

LOWELL AREA SCHOOLS
For the years ended June 30, 2025 and 2024

	2025	2024
Revenues		
Local sources:		
Food sales:		
Adult lunches	$ 14,795	$ 13,749
Ala carte	199,104	209,285
Catering	34,149	38,590
Miscellaneous	-	1,521
Total food sales	248,048	263,145
Interest earnings	24,859	17,695
Total local sources	272,907	280,840
State sources	1,512,737	1,265,681
Federal sources	818,956	1,017,439
Total Revenues	2,604,600	2,563,960
Expenditures		
Current:		
Food service:		
Purchased services	927,926	831,065
Supplies	1,198,171	1,178,757
Capital outlay	8,715	191,443
Total Expenditures	2,134,812	2,201,265
Excess (Deficiency) of Revenues Over Expenditures	469,788	362,695
Other Financing Sources (Uses)		
Transfers out	(26,929)	(30,000)
Net Change in Fund Balances	442,859	332,695
Fund Balances, Beginning of Year	1,109,178	776,483
Fund Balances, End of Year	$ 1,552,037	$ 1,109,178

	2025	2024
Assets		
Cash equivalents	$ 991,318	$ 1,029,797
Due from other funds	48,508	-
Total Assets	$ 1,039,826	$ 1,029,797
Liabilities and Fund Balance		
Liabilities		
Accounts payable	$ 20,018	$ 709
Due to other funds	1,740	13,973
Total Liabilities	21,758	14,682
Fund Balance		
Restricted	1,018,068	1,015,115
Total Liabilities and Fund Balance	$ 1,039,826	$ 1,029,797

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – STUDENT/SCHOOL ACTIVITY SPECIAL REVENUE FUND

LOWELL AREA SCHOOLS
For the years ended June 30, 2025 and 2024

	2025	2024
Revenues		
Local sources	$ 1,033,582	$ 1,364,875
Expenditures		
Current:		
Other student/school activity	1,030,629	1,208,687
Net Change in Fund Balance	2,953	156,188
Fund Balance, Beginning of Year	1,015,115	858,927
Fund Balance, End of Year	$ 1,018,068	$ 1,015,115

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DEBT SERVICE FUNDS

To accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

COMBINING BALANCE SHEET
DEBT SERVICE FUNDS

	2015	2016A	2016B	2016C
Assets				
Cash equivalents	$ 255,966	$ 218,496	$ 231,234	$ 328,926
Taxes receivable	62	24	55	162
Total Assets	$ 256,028	$ 218,520	$ 231,289	$ 329,088
Liabilities and Fund Balance				
Liabilities	$ -	$ -	$ -	$ -
Fund Balance				
Restricted	256,028	218,520	231,289	329,088
Total Liabilities and Fund Balance	$ 256,028	$ 218,520	$ 231,289	$ 329,088

2019	2021 SBLF	2021	2024	Totals 2025	Totals 2024
$ 264,745	$ 275,160	$ 266,326	$ 246,698	$ 2,087,551	$ 2,292,637
82	94	78	128	685	-
$ 264,827	$ 275,254	$ 266,404	$ 246,826	$ 2,088,236	$ 2,292,637
$ -	$ -	$ -	$ -	$ -	$ -
264,827	275,254	266,404	246,826	2,088,236	2,292,637
$ 264,827	$ 275,254	$ 266,404	$ 246,826	$ 2,088,236	$ 2,292,637

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – DEBT SERVICE FUNDS

	2015	2016A	2016B	2016C
Revenues				
Local sources:				
Property taxes:				
Current property taxes	$ 815,366	$ 323,548	$ 724,763	$ 2,135,493
Industrial facilities taxes	-	-	-	-
Delinquent and other property taxes	758	302	679	1,985
Interest on delinquent taxes	612	242	543	1,602
	816,736	324,092	725,985	2,139,080
Interest earnings	18,776	7,011	13,780	45,742
Total local sources	835,512	331,103	739,765	2,184,822
State sources	-	-	-	-
Total Revenues	835,512	331,103	739,765	2,184,822
Expenditures				
Supporting service:				
Taxes abated	-	-	-	-
Debt service:				
Principal repayment	675,000	150,000	385,000	2,285,000
Interest and fiscal charges:				
Interest expense	155,200	15,435	296,400	63,454
Paying agent fees	240	740	740	240
Total Expenditures	830,440	166,175	682,140	2,348,694
Excess (Deficiency) of Revenues Over Expenditures	5,072	164,928	57,625	(163,872)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	(253,749)
Total Other Financing Sources (Uses)	-	-	-	(253,749)
Net Change in Fund Balance	5,072	164,928	57,625	(417,621)
Fund Balance, Beginning of Year	250,956	53,592	173,664	746,709
Fund Balance, End of Year	$ 256,028	$ 218,520	$ 231,289	$ 329,088

2019	2021 SBLF	2021	2024	Totals 2025	Totals 2024
$ 1,087,166	$ 1,242,447	$ 1,035,393	1,695,333	$ 9,059,509	$ 8,276,883
-	-	-	-	-	71
1,010	1,157	962	1,583	8,436	-
816	932	777	1,268	6,792	6,768
1,088,992	1,244,536	1,037,132	1,698,184	9,074,737	8,283,722
20,443	24,689	17,519	13,665	161,625	174,740
1,109,435	1,269,225	1,054,651	1,711,849	9,236,362	8,458,462
-	-	-	-	-	35,939
1,109,435	1,269,225	1,054,651	1,711,849	9,236,362	8,494,401
-	-	-	-	-	897
225,000	1,045,000	180,000	520,000	5,465,000	4,625,000
1,043,650	227,462	971,450	1,197,537	3,970,588	2,894,329
740	500	740	1,235	5,175	3,500
1,269,390	1,272,962	1,152,190	1,718,772	9,440,763	7,523,726
(159,955)	(3,737)	(97,539)	(6,923)	(204,401)	970,675
-	-	-	253,749	253,749	-
-	-	-	-	(253,749)	-
-	-	-	253,749	-	-
(159,955)	(3,737)	(97,539)	246,826	(204,401)	970,675
424,782	278,991	363,943	-	2,292,637	1,321,962
$ 264,827	$ 275,254	$ 266,404	$ 246,826	$ 2,088,236	$ 2,292,637

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CAPITAL PROJECTS FUNDS

Building and Site Sinking Fund – to account for property tax revenues and interest earnings used to finance District building improvement projects.

2021 Construction Capital Project Fund – to account for bond proceeds used to finance building construction and school improvement projects.

2024 Construction Capital Project Fund – to account for bond proceeds used to finance building construction and school improvement projects.

	2025	2024
Assets		
Cash equivalents	$ 1,767,229	$ 1,327,197
Taxes receivable	95	-
Total Assets	$ 1,767,324	$ 1,327,197
Liabilities and Fund Balance		
Liabilities		
Accounts payable	$ 42,408	$ 69,472
Fund Balance		
Restricted	1,724,916	1,257,725
Total Liabilities and Fund Balance	$ 1,767,324	$ 1,327,197

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUILDING AND SITE SINKING FUND

LOWELL AREA SCHOOLS
For the year ended June 30, 2025

	2025	2024
Revenues		
Local sources:		
Property taxes:		
Current property taxes	$ 1,248,918	$ 1,152,898
Industrial facilities taxes	-	10
Interest on delinquent taxes	495	454
Total property taxes	1,249,413	1,153,362
Interest earnings	58,118	55,959
Total Revenues	1,307,531	1,209,321
Expenditures		
Facilities acquisition, construction, and improvement:		
Construction manager fees	153,643	12,106
Architecture and engineering services	-	1,664
Building improvements	686,241	145,160
Instructional technology	216	493,585
Debt service:		
Dues and fees	240	-
Total Expenditures	840,340	652,515
Net Change in Fund Balance	467,191	556,806
Fund Balance, Beginning of Year	1,257,725	700,919
Fund Balance, End of Year	$ 1,724,916	$ 1,257,725

	2025	2024
Assets		
Cash equivalents and investments	$ 528,699	$ 1,990,452
Liabilities and Fund Balance		
Liabilities		
Accounts payable	440,691	-
Fund Balance		
Restricted	88,008	1,990,452
Total Liabilities and Fund Balance	$ 528,699	$ 1,990,452

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – 2021 CONSTRUCTION CAPITAL PROJECTS FUND

	2025	2024
Revenues		
Local sources:		
Interest earnings	$ 46,588	$ 102,423
Private sources	75,000	25,067
Total Revenues	121,588	127,490
Expenditures		
Supporting services:		
Other supporting services	-	4,750
Facilities acquisition, construction, and improvements:		
Site improvements	356,418	11,378
Construction manager fees	93,056	356,402
Architecture and engineering services	1,310,869	22,385
Building improvements	263,689	4,274,475
Total Expenditures	2,024,032	4,669,390
Net Change in Fund Balance	(1,902,444)	(4,541,900)
Fund Balance, Beginning of Year	1,990,452	6,532,352
Fund Balance, End of Year	$ 88,008	$ 1,990,452

COMPARATIVE BALANCE SHEETS
2024 CONSTRUCTION CAPITAL PROJECTS FUND

LOWELL AREA SCHOOLS
June 30, 2025 and 2024

	2025	2024
Assets		
Cash equivalents and investments	$ 33,374,057	$ 32,692,895
Liabilities and Fund Balance		
Liabilities		
Accounts payable	-	306,900
Fund Balance		
Restricted	33,374,057	32,385,995
Total Liabilities and Fund Balance	$ 33,374,057	$ 32,692,895