Mount Clemens Community School District

Financial Statements

June 30, 2026



YEO & YEO

BUSINESS SUCCESS PARTNERS

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Mount Clemens Community School District
Members of the Board of Education and Administration
June 30, 2026

Members of the Board of Education

Dontae Walker	President
Dr. David McFadden	Vice President
Earl C. Rickman III	Treasurer
Paul Sheppard	Secretary
Sheila Cohoon	Trustee
Rashidah Hammond	Trustee
Jeanine Walker	Trustee

Administration

Julian Roper	Superintendent

Independent Auditors' Report

Management and the Board of Education
Mount Clemens Community School District
Mount Clemens, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mount Clemens Community School District, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Mount Clemens Community School District's 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 Mount Clemens Community School District, as of June 30, 2026, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, during the year ended June 30, 2026, the School District adopted new accounting guidance, GASB Statement No. 103, *Financial Reporting Model Improvements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension

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

Other Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2026, on our consideration of Mount Clemens Community School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mount Clemens Community School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mount Clemens Community School District's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Troy, MI
October 15, 2026

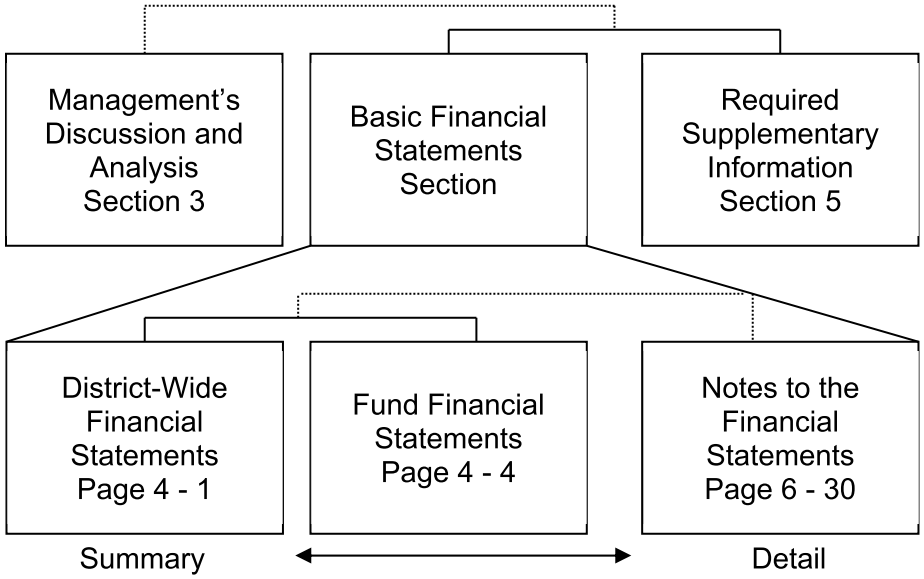
MANAGEMENT'S DISCUSSION AND ANALYSIS

Mount Clemens Community School District
Management's Discussion and Analysis
June 30, 2026

Mount Clemens Community School District is a K-12 public school district located in Macomb County, Michigan.

This financial report is presented in the format required by the Governmental Accounting Standards Board (GASB). The overall organization of this report is shown in Figure A-1.

Figure A-1
Mount Clemens Community School District
Organization of Annual Financial Report



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

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

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

Both of the district-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, support services, community services, and food service. The School District had no business-type activities as of and for the year ended June 30, 2026.

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

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

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

The School District maintains two major governmental funds - the general fund and the debt service fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of fund revenues, expenditures, and changes in fund balances for each fund.

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

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information
In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management's discussion and analysis and the schedules for the MPSERS pension and other postemployment benefit plans immediately following the notes to the financial statements.

District - Wide Financial Statements
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the School District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $3,008,374 at the close of the most recent fiscal year.

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

other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	2026	2025
Assets		
Current and other assets	$ 15,334,429	$ 13,337,094
Capital assets, net	30,774,346	32,817,587
Total assets	46,108,775	46,154,681
Deferred Outflows of Resources	2,896,370	4,027,830
Liabilities		
Current liabilities	2,875,536	2,309,047
Long-term liabilities	33,991,965	44,060,190
Total liabilities	36,867,501	46,369,237
Deferred Inflows of Resources	9,129,270	9,309,839
Net Position		
Net investment in capital assets	15,855,051	12,132,850
Restricted	3,140,951	2,493,929
Unrestricted	(15,987,628)	(20,123,344)
Total net position	$ 3,008,374	$ (5,496,565)

The School District had a net position of $3,008,374 at June 30, 2026. The School District had net investment in capital assets of $15,855,051, which compares the original cost, less accumulated depreciation of the School District's capital assets, plus any unspent bond proceeds to the long-term debt used to finance the acquisition of those assets and reduced for long-term indebtedness used to finance the related capital assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. In addition, net position of $3,140,951 is restricted.

The remaining balance is unrestricted net position, which has a negative balance mainly due to the recording of the School District's portion of the Michigan Public School Employees Retirement System

(MPSERS) net pension and other postemployment benefit liabilities in accordance with GASB 68 and 75.

The net position of $3,008,374 of governmental activities represents the accumulated results of all past years' operations. The operating results of the general fund will have a significant impact on the change in unrestricted net position from year to year, as will changes to the net pension and other postemployment benefit liabilities.

The results of this year's operations for the School District as a whole are reported in the statement of activities. Below is a summary of the School District's changes in net position for the years ended June 30, 2026 and 2025.

School District's Changes in Net Position

	2026	2025
Revenues		
Program revenues		
Charges for services	$ 109,676	$ 58,804
Operating grants and contributions	7,858,557	8,142,169
General revenues		
Property taxes	12,234,671	12,126,708
Unrestricted state aid	3,364,102	3,341,437
Other	873,577	672,029
Total revenue	24,440,583	24,341,147
Expenses		
Instruction	5,907,969	5,973,012
Supporting services	8,007,606	7,424,776
Food services	704,932	647,467
Community services	216,809	261,956
Interest on long-term debt	1,098,328	1,413,235
Total expenses	15,935,644	15,720,446
Change in net position	8,504,939	8,620,701
Net position - beginning	(5,496,565)	(14,022,927)
Adjustments	-	(94,339)
Net position - beginning, as restated	5,496,565	(14,117,266)
Net position - ending	$ 3,008,374	$ (5,496,565)

The School District experienced an increase in net position of $8,504,939. Reasons for the change in net position is an increase of FTE along with reduction in Instruction & Supporting services due to not being able to fill positions with certified teaching staff, rather filling the positions with long-term substitutes. The district has maintained cost efficient expenses by contracting with Third Party Vendors for custodial and maintenance, food service, and bussing services. Long-term debt interest costs decreased as well.

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

The School District's Funds

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

As the School District completed 2026, the governmental funds reported a combined fund balance of $10,299,326, which is an increase of $1,017,678 in comparison with the prior year. The primary reasons for the change are as follows:

In the general fund, our principal operating fund, the fund balance increased $732,684 to a balance of $8,621,679. The increase in fund balance was from an increase of FTE and related to Capital Project expenses not occurring during the 2025-2026 school year. These projects address critical infrastructure needs and enhance security systems to ensure safety for all students, staff, and community. These will continue in the 2026-2027 school year.

The debt service fund shows a fund balance increase of $148,130 to a balance of 801,933. The millage rate is 10.8 mills (funding a combined debt service fund for both the 2017 and 2019 refunding bonds). The millage rate is determined annually to ensure that the School District accumulates sufficient resources to pay annual bond

issue related debt service. Debt service funds fund balances are restricted since they can only be used to pay debt service obligations.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A final adjustment to the 2025-2026 budget was adopted on June 10, 2026. The significant changes between the original adopted budget and the final amended budget were an increased revenue based on a projected increase in grant revenue related to state sources that was not included in the original budget as well as an increase in the local sources. In addition, there was an increase in expenditures that relate in part to the increase of grant expense. Due to the implementation of GASB No. 103, *Financial Reporting Model Improvements*, budgetary comparisons will be further explained in the Notes to the Required Supplementary Information beginning on Page 5 - 7.

The General Fund actual revenue was $16,333,126. That amount is less than the final budget estimate of $17,108,048. The variance was $(774,922) or (4.50)%. The primary driver of this difference related to the District budgeting for higher amounts awarded for federal grants and the actual amounts spent decreased during the current year.

The actual expenditures and other financing uses of the general fund were $15,600,442, which is below the final budget estimate of $17,719,736. The variance was $(2,119,294), or (11.96)%. Various differences across numerous functions caused this variance as the District planned to spend most of the awarded grants they received in the current year and carry over amounts from grants from previous years. These grants are expected to be spent down in the following fiscal year.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2026, the School District had $30,774,346 invested in a broad range of capital assets, including land, buildings and improvements, site improvements, equipment and furniture and buses and other vehicles. The District reviews Capital Assets annually and removed obsolete building improvements that had been fully depreciated as they have made updates since these additions had been accounted for in the past. Additional information on the School District's capital assets can be found in the notes to the financial statements.

	2026	2025
Land	$ 680,575	$ 680,575
Buildings and additions	29,431,158	31,114,229
Site improvements	256,042	519,686
Equipment and furniture	383,718	484,985
Buses and other vehicles	22,853	11,115
Right to use asset - equipment	-	4,274
Right to use asset - subscription arrangements	-	2,723
	$ 30,774,346	$ 32,817,587

Debt

At the end of this 2026 fiscal year, the School District had $20,160,000 in bonds outstanding compared to $24,060,000 in the previous year. The School District also had a school bond loan fund, capital lease, and compensated absences. A summary of the School District's debt is as follows:

	2026	2025
General obligation bonds	$ 20,160,000	$ 24,060,000
Premium on bonds	378,563	546,370
School Loan Revolving Fund (SLRF)	5,869,518	7,660,360
Accrued interest - SLRF	30,229	46,226
Leases	-	3,599
Compensated absences	273,815	127,089
	$ 26,712,125	$ 32,443,644

Additional information regarding the School District's long-term debt can be found in the Notes to the Financial Statements, beginning on Page 4 - 10.

Factors Bearing on the School District's Future

The following factors were considered in preparing the School District's budget for the 2026-2027 fiscal year:

- Copied both Revenue and Expenses over from preceding year with some adjustments such as:
  - The foundation allowance was projected to remain at $10,050
  - Decrease Oct. 2026 student FTE of 7 students.
  - Projected a 10% decrease in Consolidated Grant revenue.
  - Allocated $2.5M for Capital Improvement.

The budget for the year ended June 30, 2027 was adopted in June 17, 2026.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Business Services, 155 Cass Avenue, Mount Clemens, Michigan 48043.

BASIC FINANCIAL STATEMENTS

Mount Clemens Community School District
Statement of Net Position
June 30, 2026

	Governmental Activities
Assets	
Cash	$ 10,073,700
Due from other governmental units	2,258,841
Inventory	17,867
Investments	391,708
Prepaid items	311,146
Capital assets not being depreciated	680,575
Capital assets - net of accumulated depreciation	30,093,771
Net OPEB asset	2,281,167
Total assets	46,108,775
Deferred Outflows of Resources	
Deferred amount on debt refunding	484,029
Deferred amount relating to the net pension liability	2,020,377
Deferred amount relating to the net OPEB asset	391,964
Total deferred outflows of resources	2,896,370

See Accompanying Notes to the Financial Statements

Mount Clemens Community School District
Statement of Net Position
June 30, 2026

	Governmental Activities
Liabilities	
Accounts payable	$ 215,559
Due to other governmental units	99,361
Payroll deductions and withholdings	6,332
Accrued expenditures	121,600
Accrued salaries payable	950,244
Unearned revenue	1,482,440
Long-term liabilities	
Net pension liability	7,279,840
Due within one year	4,326,692
Due in more than one year	22,385,433
Total liabilities	36,867,501
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	6,826,136
Deferred amount relating to the net OPEB asset	2,303,134
Total deferred inflows of resources	9,129,270
Net Position	
Net investment in capital assets	15,855,051
Restricted for:	
Food service	179,451
Debt service	680,333
Net OPEB Asset	2,281,167
Unrestricted (deficit)	(15,987,628)
Total net position	$ 3,008,374

See Accompanying Notes to the Financial Statements

Mount Clemens Community School District
Statement of Activities
For the Year Ended June 30, 2026

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Governmental activities				
Instruction	$ 5,907,969	$ -	$ 3,488,490	$ (2,419,479)
Supporting services	8,007,606	100,040	3,277,662	(4,629,904)
Food services	704,932	9,636	861,111	165,815
Community services	216,809	-	231,294	14,485
Interest and fiscal charges on long-term debt	1,098,328	-	-	(1,098,328)
Total governmental activities	$ 15,935,645	$ 109,676	$ 7,858,557	(7,967,412)
General revenues				
Property taxes, levied for general purposes				5,204,535
Property taxes, levied for debt service				7,030,136
State aid - unrestricted				3,364,102
Interest and investment earnings				385,592
Other				487,986
Total general revenues				16,472,351
Change in net position				8,504,939
Net position - beginning				(5,496,565)
Net position - ending				$ 3,008,374

See Accompanying Notes to the Financial Statements

Mount Clemens Community School District
Governmental Funds
Balance Sheet
June 30, 2026

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 8,780,112	$ 795,309	$ 498,279	$ 10,073,700
Due from other funds	5,940	6,624	-	12,564
Due from other governmental units	2,226,774	-	32,067	2,258,841
Inventory	-	-	17,867	17,867
Investments	-	-	391,708	391,708
Prepaid items	311,146	-	-	311,146
Total assets	$ 11,323,972	$ 801,933	$ 939,921	$ 13,065,826
Liabilities				
Accounts payable	$ 215,559	$ -	$ -	$ 215,559
Due to other funds	6,624	-	5,940	12,564
Due to other governmental units	99,361	-	-	99,361
Payroll deductions and withholdings	6,332	-	-	6,332
Accrued salaries payable	950,244	-	-	950,244
Unearned revenue	1,424,173	-	58,267	1,482,440
Total liabilities	2,702,293	-	64,207	2,766,500

See Accompanying Notes to the Financial Statements

Mount Clemens Community School District
Governmental Funds
Balance Sheet
June 30, 2026

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances				
Non-spendable				
Inventory	$ -	$ -	$ 17,867	$ 17,867
Prepaid items	311,146	-	-	311,146
Restricted for				
Food service	-	-	161,584	161,584
Debt service	-	801,933	-	801,933
Committed				
Student and school activities	-	-	696,263	696,263
Assigned				
Budgeted excess expenditures over revenues	3,702,577	-	-	3,702,577
Unassigned	4,607,956	-	-	4,607,956
Total fund balances	8,621,679	801,933	875,714	10,299,326
Total liabilities and fund balances	$ 11,323,972	$ 801,933	$ 939,921	$ 13,065,826

See Accompanying Notes to the Financial Statements

Mount Clemens Community School District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2026

Total fund balances for governmental funds	$ 10,299,326
Total net position for governmental activities in the statement of net position is different because:	
Net OPEB asset is not recorded as an asset in the governmental funds	2,281,167
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	680,575
Capital assets - net of accumulated depreciation	30,093,771
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	484,029
Deferred outflows of resources resulting from the net pension liability	2,020,377
Deferred outflows of resources resulting from the net OPEB asset	391,964
Deferred inflows of resources resulting from the net pension liability	(6,826,136)
Deferred inflows of resources resulting from the net OPEB asset	(2,303,134)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(121,600)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(7,279,840)
Compensated absences	(273,815)
Bonds payable	(20,538,563)
School bond loan payable	(5,899,747)
Net position of governmental activities	$ 3,008,374

See Accompanying Notes to the Financial Statements

Mount Clemens Community School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2026

	General Fund	Debt Service Fund	Formerly Major Fund Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local sources	$ 6,003,435	$ 7,037,260		$ 177,230	$ 13,217,925
State sources	8,072,455	31,857		32,959	8,137,271
Federal sources	1,051,446	-		828,152	1,879,598
Interdistrict sources	1,205,790	-		-	1,205,790
Total revenues	16,333,126	7,069,117		1,038,341	24,440,584
Expenditures					
Current					
Education					
Instruction	6,548,697	-		-	6,548,697
Supporting services	8,756,135	-		116,454	8,872,589
Food services	-	-		785,023	785,023
Community services	232,828	-		-	232,828
Facilities acquisition	-	-		54,089	54,089
Debt service					
Principal	3,599	5,690,842		-	5,694,441
Interest and other expenditures	5,094	1,230,145		-	1,235,239
Total expenditures	15,546,353	6,920,987		955,566	23,422,906
Excess of revenues over expenditures	786,773	148,130		82,775	1,017,678

See Accompanying Notes to the Financial Statements

Mount Clemens Community School District
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2026

	General Fund	Debt Service Fund	Formerly Major Fund Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
Transfers in	-	-		54,089	54,089
Transfers out	(54,089)	-		-	(54,089)
Total other financing sources (uses)	(54,089)	-		54,089	-
Net change in fund balances	732,684	148,130		136,864	1,017,678
Fund balances - beginning, as previously presented	7,888,995	653,803	-	738,850	9,281,648
Changes within financial reporting entity (major to nonmajor fund)	-	-	-	-	-
Fund balances - beginning of year, adjusted	7,888,995	653,803		738,850	9,281,648
Fund balances - ending	$ 8,621,679	$ 801,933		$ 875,714	$ 10,299,326

See Accompanying Notes to the Financial Statements

Mount Clemens Community School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2026

Net change in fund balances - Total governmental funds	$ 1,017,678
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation and amortization expense	(2,012,652)
Capital outlay	65,498
Sale of capital assets (net book value)	(96,087)
Expenses are recorded when incurred in the statement of activities.	
Interest	65,910
Compensated absences	(146,726)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	4,313,793
Net change in deferrals of resources related to the net pension liability	(1,388,428)
The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB asset	386,168
Net change in deferrals of resources related to the net OPEB asset	534,343
Bond and note proceeds and leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Repayments of long-term debt	5,694,441
Amortization of premiums	167,807
Amortization of deferred amount on debt refunding	(96,806)
Change in net position of governmental activities	$ 8,504,939

See Accompanying Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

District-wide Financial Statements

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

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

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

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

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

Fund Financial Statements

Separate financial statements are provided for governmental funds 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

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

Debt Service Fund – The Debt Service Fund is used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Additionally, the School District reports the following fund types:

Capital Projects Fund - The Capital Projects Fund is used to record transfers from the General Fund and the disbursement of invoices specifically designated for the purpose of projects. All transfers and projects are approved by the board.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service Fund and Student/School Activity Fund. Operating deficits generated by these activities are generally transferred from the General Fund.

Assets, Liabilities and Net Position or Fund Balance

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

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

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2026, the rates are as follows per $1,000 of assessed value.

General Fund	
Non-principal residence exemption	17.3780
Commercial personal property	5.3780
Debt Service Fund	10.8000

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

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Macomb and remitted to the School District by May 15.

Investments - Investments are stated at fair value. Certificates of deposit are stated at cost which approximates fair value.

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

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

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

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

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

Compensated Absences - The liability for compensated absences reported in the government-wide statements consists of earned but unused accrued sick days. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, with amounts for both employees who are currently eligible to receive termination payments, and other employees who are expected to become eligible in the future to receive such payments upon termination. Benefits are accrued based on various contract stipulations and lengths of service for the various bargaining units.

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

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

Pension - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (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. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions - For purposes of measuring the net OPEB liability, 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. Investments are reported at fair value.

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

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

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

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

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

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

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

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

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

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

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

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

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

Upcoming Accounting and Reporting Changes
Statement No. 105, *Subsequent Events*, establishes accounting and financial reporting standards for events or transactions that occur after the measurement date of the financial statements but before the date the financial statements are available to be issued. This Statement distinguishes between events that provide additional evidence about conditions that existed at the date of the financial statements and events that provide evidence about conditions that did not exist at that date. Events that provide additional evidence about conditions existing at the financial statement date are recognized in the financial statements, whereas events that provide evidence about conditions arising after the financial statement date are not recognized but should be disclosed if they are essential for users' understanding of the financial statements. This Statement also clarifies the definition of the date the financial statements are available to be issued for disclosure purposes. This Statement is effective for the year ending June 30, 2027.

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

Note 2 - Deposits and Investments

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

	Governmental Activities
Cash	$ 10,073,700
Investments	391,708
	$ 10,465,408

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	$ 1,657,079
Investments in securities, mutual funds, and similar vehicles	8,806,729
Petty cash and cash on hand	1,600
Total	$ 10,465,408

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

Investment	Carrying Value	Maturities	Rating	Rating Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
Cash Management Class	$ 82,908	6 months average	AAAm	Standard & Poor's
MAX Class	8,332,113	6 months average	AAAm	Standard & Poor's
Mutual fund	391,708	N/A	N/A	N/A
	$ 8,806,729			

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

As of June 30, 2026, the net asset value of the School District's investment in MILAF + Portfolio was $8,415,021. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustee's may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of $1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

As of June 30, 2026, the net asset value of the School District's investment in a mutual fund was $391,708. The Investment Company of America (A). Capital Research and Management Company ("CRMC"), the fund's investment adviser, values the fund's investments at fair value as defined by U.S. GAAP. The net asset value per share is calculated once daily as of the close of regular trading on the New York Stock Exchange, normally 4 p.m. New York time, each day the New York Stock Exchange is open. The fund's investment adviser uses the following methods and inputs to establish the fair value of the fund's assets and liabilities. Use of particular methods and inputs may vary over time based on availability and relevance as market and economic conditions evolve. Equity securities are generally valued at the official closing price of, or the last reported sale price on, the exchange or market on which such securities are traded, as of the close of business on the day the securities are being valued or, lacking any sales, at the

last available bid price. Prices for each security are taken from the principal exchange or market on which the security trades. Fixed-income securities, including short-term securities, are generally valued at prices obtained from one or more pricing vendors.

Interest rate risk - In accordance with its investment policy, the School District will minimize 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 mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Credit risk - State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District has no investment policy that would further limit its investment choices.

Concentration of credit risk - The School District has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, $1,521,433 of the School District's bank balance of $1,771,433 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, none of the School District's investments were exposed to custodial credit risk.

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

The School District has the following recurring fair value measurements as of June 30, 2026:

Mutual funds of $391,708 are valued using quoted market prices (Level 1 inputs).

Note 3 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 680,575	$ -	$ -	$ 680,575
Capital assets being depreciated				
Buildings and additions	74,354,374	30,164	4,090,728	70,293,810
Site improvements	5,357,407	-	-	5,357,407
Equipment and furniture	2,662,855	22,951	1,575,253	1,110,553
Buses and other vehicles	111,158	12,383	-	123,541
Right to use asset - equipment	124,042	-	124,042	-
Right to use asset - subscription arrangements	49,000	-	49,000	-
Total capital assets being depreciated	82,658,836	65,498	5,839,023	76,885,311
Less accumulated depreciation for				
Buildings and additions	43,240,145	1,711,586	4,089,079	40,862,652
Site improvements	4,837,721	263,644	-	5,101,365
Equipment and furniture	2,177,870	29,780	1,480,815	726,835
Buses and other vehicles	100,043	645	-	100,688
Right to use asset - equipment	119,768	4,274	124,042	-
Right to use asset - subscription arrangements	46,277	2,723	49,000	-
Total accumulated depreciation	50,521,824	2,012,652	5,742,936	46,791,540
Net capital assets being depreciated	32,137,012	(1,947,154)	96,087	30,093,771
Net capital assets	$ 32,817,587	$ (1,947,154)	$ 96,087	$ 30,774,346

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

Governmental activities	
Instruction	$ 805,061
Supporting services	1,086,832
Food services	100,633
Community services	20,126
Total governmental activities	$ 2,012,652

Note 4 - Interfund Receivables, Payables, and Transfers

Individual interfund receivable and payable balances at year end were:

Payable Fund	Receivable Fund	Amount
General Fund	Debt Service Fund	$ 6,624
Nonmajor Governmental Funds	General Fund	5,940
		$ 12,564

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

An interfund transfer was made during the year between the General Fund and the Capital Projects Fund totaling $54,089. This transfer was made to cover the costs of the School District's program that was in excess of revenues generated from that activity.

Note 5 - Unearned Revenue

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

Grant and categorical aid payments received prior to meeting all eligibility requirements	$ 1,482,440

Note 6 - Leases and Subscription Based Information Technology Arrangements

Lease Liability

During 2021 fiscal year, the School District entered into a 5 year lease agreement as a lessee for the use of copiers. An initial lease liability was recorded in the amount of $103,608. As of June 30, 2026, the value of the lease liability was $0. The School District is required to make annual principal and interest payments of $25,238. The lease has an implied interest rate of 0.70%. The lease terms ended as of August 31, 2025, and moved to month-to-month until the end of the fiscal year. The original asset value of $124,042 was fully amortized and disposed of as of yearend.

Subscription Arrangements

The School District entered into a 3 year subscription-based information technology arrangement (SBITA) for a web based security software license. This arrangement commenced on September 1, 2022 and ended as of August 31, 2025. The School District prepaid the total amount related to this agreement in the amount of $49,000. The SBITA was fully amortized and disposed of during the fiscal year.

Note 7 - Long-Term Debt

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

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	$ 24,060,000	$ -	$ 3,900,000	$ 20,160,000	$ 4,090,000
Premium on bonds	546,370	-	167,807	378,563	-
Total bonds payable	24,606,370	-	4,067,807	20,538,563	4,090,000
Notes from direct borrowings and direct placements					
School Loan Revolving Fund (SLRF)	7,660,360	-	1,790,842	5,869,518	-
Accrued interest- SLRF	46,226	300,259	316,256	30,229	-
Total notes from direct borrowings and direct placements	7,706,586	300,259	2,107,098	5,899,747	-
Other liabilities					
Leases	3,599	-	3,599	-	-
Compensated absences	127,089	146,726	-	273,815	236,692
Total other liabilities	130,688	146,726	3,599	273,815	236,692
Total	$ 32,443,644	$ 446,985	$ 6,178,504	$ 26,712,125	$ 4,326,692

For governmental activities, leases are primarily liquidated by the General Fund. Compensated absences additions and deductions are reported net.

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

$33,420,000 2017 Refunding Bonds (Series A), due in annual installments of $2,640,000 to $2,715,000 through year 2031 plus interest at 3.5% to 5.0%	$ 13,460,000
$8,885,000 2019 Refunding Bonds, due in annual installments of $1,375,000 to $1,980,000 through year 2030 plus interest at 2.630% to 2.814%.	6,700,000
Total general obligation bonded debt	$ 20,160,000

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

	Bonds	
Year Ending June 30,	Principal	Interest
2027	$ 4,090,000	$ 745,628
2028	4,285,000	573,662
2029	4,490,000	395,772
2030	4,655,000	251,686
2031	2,640,000	99,000
Total	$ 20,160,000	$ 2,065,748

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of $801,933 to pay this debt. Future debt and interest will be payable from future tax levies.

Interest expenditures for the fiscal year in the Debt Service Fund was $1,196,329.

State School Loan Revolving Fund
The State School Loan Revolving Fund consists of a borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities. Management of the School District anticipates that as the other bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the bonds and all necessary borrowing from the State School Loan Revolving Fund. The School District had an outstanding principal and accrued interest balance at year end of $5,869,518 and $30,229, respectively. The School District has agreed to repay the loan amount with interest at rates and at times to be determined by the State Treasurer. The principal must be repaid no later than May 1, 2037.

Compensated Absences
The compensated absences liability of $273,815 at year end, has been calculated based on anticipated amounts of leave time that will either be used or paid out upon termination.

Deferred Amount on Refunding
The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $484,029. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2031.

Note 8 - Risk Management

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

Note 9 - Pension Plan

Plan Description
The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of

Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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

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

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

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

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

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The pension unfunded (overfunded) actuarial accrued liability as of the September 30, 2024 valuation will be amortized over a 14-year period beginning October 1, 2024 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2025.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	30.11%
Member Investment Plan	3.0 - 7.0%	30.11%
Pension Plus	3.0 - 6.4%	26.27%
Pension Plus 2	6.2%	27.16%
Defined Contribution	0.0%	20.96%

Required contributions to the pension plan from the School District were $1,513,540 for the year ending September 30, 2025.

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

At June 30, 2026, the School District reported a liability of $7,279,840, for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2024. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2025, the School District's proportion was .0363 percent, which was a decrease of .0110 percent from its proportion measured as of September 30, 2024.

For the plan year ending September 30, 2025, the School District recognized pension expense of ($1,338,052) for the measurement period. For the reporting period ending June 30, 2026, the School District recognized total pension contribution expense of $1,577,537.

At June 30, 2026, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 281,969	$ (64,841)	$ 217,128
Changes of assumptions	261,294	(384,757)	(123,463)
Net difference between projected and actual earnings on pension plan investments	-	(1,739,726)	(1,739,726)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	14,140	(4,090,573)	(4,076,433)
Total to be recognized in future	557,403	(6,279,897)	(5,722,494)
School District contributions subsequent to the measurement date	1,462,974	(546,239)	916,735
Total	$ 2,020,377	$ (6,826,136)	$ (4,805,759)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. The District will offset the contribution expense in the year ended June 30, 2027 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2026	$ (1,682,953)
2027	(2,069,472)
2028	(1,480,988)
2029	(489,081)
	$ (5,722,494)

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, 2024
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
  - MIP and Basic Plans: 6.00% net of investment expenses
  - Pension Plus Plan: 6.00% net of investment expenses
  - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
  - Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
  - Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2025, is based on the results of an actuarial valuation date of September 30, 2024, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4524 years.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2025 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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, 2025, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	21.0%	5.8%
Private Equity Pools	16.0	9.3
International Equity Pools	14.0	5.6
Fixed Income Pools	15.0	2.5
Real Estate and Infrastructure Pools	8.0	7.0
Absolute Return Pools	13.0	4.4
Real Return/Opportunistic Pools	9.0	7.0
Short Term Investment Pools	4.0	1.3
	100.0%	

**Long-term rates of return are net of administrative expenses and 2.4% inflation.*

Rate of Return
For the plan year ended September 30, 2025, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 9.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

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

1% Decrease	Current Single Discount Rate Assumption	1% Increase
5.00%	6.00%	7.00%
$ 11,487,989	$ 7,279,840	$ 3,774,991

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 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

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

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

Note 10 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

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

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

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

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

Benefits Provided

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

maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

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

Contributions
Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and 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 OPEB unfunded (overfunded) actuarial accrued liability as of the September 30, 2024 valuation will be amortized over a 14-year period beginning October 1, 2024 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2025.

OPEB Contribution Rates

Benefit Structure	Member	Employer
Premium Subsidy	3.0%	1.25%
Personal Healthcare Fund (PHF)	0.0%	0.00%

Required contributions to the OPEB plan from the School District were $35,291 for the year ended September 30, 2025.

OPEB Liabilities or Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
At June 30, 2026, the School District reported an asset of $2,281,167 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2025 and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2024. The School District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2025 the School District's proportion was .0375 percent, which was a decrease of .0065 percent from its proportion measured as of September 30, 2024.

For the plan year ending September 30, 2025, the School District recognized OPEB expense of ($827,649) for the measurement period. For the reporting period ending June 30, 2026, the School District recognized total OPEB contribution expense of $88,296.

At June 30, 2026, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ -	$ (1,561,795)	$ (1,561,795)
Changes of assumptions	304,446	(24,194)	280,252
Net difference between projected and actual earnings on OPEB plan investments	-	(320,554)	(320,554)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	-	(396,591)	(396,591)
Total to be recognized in future	304,446	(2,303,134)	(1,998,688)
School District contributions subsequent to the measurement date	87,518	-	87,518
Total	$ 391,964	$ (2,303,134)	$ (1,911,170)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition to the OPEB asset in the year ended June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2026	$ (551,184)
2027	(542,530)
2028	(470,808)
2029	(305,518)
2030	(100,166)
Thereafter	(28,482)
	$ (1,998,688)

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, 2024
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%

- Investment Rate of Return: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.75% Year 1 graded to 3.5% Year 15; Post-65: 6.50% Year 1 graded to 3.5% Year 15
- Mortality:
    - Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
    - Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other Assumptions:

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

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total OPEB liability or asset as of September 30, 2025, is based on the results of an actuarial valuation date of September 30, 2024, 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 is 6.4654.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2025 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2025, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	16.0 %	5.8%
Private Equity Pools	16.0	9.3
International Equity Pools	11.0	5.6
Fixed Income Pools	26.0	2.5
Real Estate and Infrastructure Pools	5.0	7.0
Absolute Return Pools	15.0	4.4
Real Return/Opportunistic Pools	7.0	7.0
Short Term Investment Pools	4.0	1.3
	100.0%	

**Long-term rates of return are net of administrative expenses and 2.4% inflation.*

Rate of Return
For the plan year ended September 30, 2025, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 9.24%. 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 or asset. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability or asset.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Changes in the Discount Rate
The following presents the School District's proportionate share of the net OPEB liability or asset calculated using the discount rate of 6.00%, as well as what the School District's proportionate share of the net OPEB liability or asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
$ (1,965,369)	$ (2,281,167)	$ (2,557,558)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Healthcare Cost Trend Rate
The following presents the School District's proportionate share of the net OPEB liability or asset calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability or asset would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$ (2,555,035)	$ (2,281,167)	$ (1,993,613)

OPEB Plan Fiduciary Net Position
Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2025 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

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

Note 11 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2026.

Note 12 - Changes Within the Financial Reporting Entity

During the year ended June 30, 2026, the Capital Projects fund that was previously reported as a major fund in the prior year was required to be presented as a non-major fund in the current year. The fund balance as of June 30, 2025, was $0, therefore the change had no affect on beginning fund balances between major and non-major governmental funds.

REQUIRED SUPPLEMENTARY INFORMATION

Mount Clemens Community School District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2026

	Budgeted Amounts		Variance With Original Budget- Over (Under)		Variance With Final Budget- Over (Under)
	Original	Final	Final Budget	Actual	Actual
Revenues					
Local sources	$ 5,047,674	$ 5,674,970	$ 627,296	$ 6,003,435	$ 328,465
State sources	6,883,990	8,450,422	1,566,432	8,072,455	(377,967)
Federal sources	2,084,215	1,869,963	(214,252)	1,051,446	(818,517)
Interdistrict sources	746,304	1,112,693	366,389	1,205,790	93,097
Total revenues	14,762,183	17,108,048	2,345,865	16,333,126	(774,922)
Expenditures					
Instruction					
Basic programs	4,879,845	5,541,615	661,770	4,943,098	(598,517)
Added needs	2,015,149	2,007,359	(7,790)	1,605,599	(401,760)
Supporting services					
Pupil	1,257,464	1,651,789	394,325	1,506,581	(145,208)
Instructional staff	1,094,615	1,007,300	(87,315)	742,043	(265,257)
General administration	515,595	515,815	220	498,291	(17,524)
School administration	599,676	594,158	(5,518)	573,349	(20,809)
Business	567,520	555,859	(11,661)	514,165	(41,694)
Operations and maintenance	2,432,641	2,485,668	53,027	2,355,483	(130,185)
Pupil transportation services	1,271,526	1,499,316	227,790	1,500,406	1,090
Central	886,737	972,532	85,795	877,603	(94,929)
Athletic activities	142,389	202,549	60,160	188,214	(14,335)
Community services	331,719	305,413	(26,306)	232,828	(72,585)
Debt service					
Principal	-	8,704	8,704	3,599	(5,105)
Total expenditures	15,994,876	17,348,077	1,353,201	15,546,353	(1,801,724)
Excess (deficiency) of revenues over expenditures	(1,232,693)	(240,029)	992,664	786,773	1,026,802

See Accompanying Notes to the Required Supplementary Information

Mount Clemens Community School District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2026

	Budgeted Amounts		Variance With Original Budget- Over (Under) Final Budget	Actual	Variance With Final Budget- Over (Under) Actual
	Original	Final			
Other Financing Uses					
Transfers out	$ (2,000,000)	$ (371,659)	$ 1,628,341	$ (54,089)	$ (317,570)
Net change in fund balances	(3,232,693)	(611,688)	2,621,005	732,684	1,344,372
Fund balance - beginning	7,888,995	7,888,995	7,888,995	7,888,995	-
Fund balance - ending	$ 4,656,302	$ 7,277,307	$ 10,510,000	$ 8,621,679	$ 1,344,372

See Accompanying Notes to the Required Supplementary Information

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

	June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. School District's proportion of the net pension liability (%)	0.0363%	0.0474%	0.0535%	0.0591%	0.0620%	0.0612%	0.0603%	0.0599%	0.0604%	0.0627%
B. School District's proportionate share of the net pension liability	$ 7,279,840	$ 11,593,633	$ 17,319,150	$ 22,235,941	$ 14,686,715	$ 21,015,284	$ 19,977,337	$ 18,018,237	$ 15,644,021	$ 15,638,901
C. School District's covered payroll	$ 3,714,517	$ 4,627,427	$ 5,094,725	$ 5,461,909	$ 5,545,562	$ 5,477,321	$ 5,238,918	$ 5,134,642	$ 4,887,198	$ 5,403,441
D. School District's proportionate share of the net pension liability as a percentage of its covered payroll	195.98%	250.54%	339.94%	407.11%	264.84%	383.68%	381.33%	350.92%	320.10%	289.42%
E. Plan fiduciary net position as a percentage of total pension liability	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

See Accompanying Notes to the Required Supplementary Information

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

	For the Years Ended June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. Statutorily required contributions	$ 1,577,537	$ 1,503,612	$ 1,890,272	$ 2,021,115	$ 2,015,899	$ 1,845,488	$ 1,684,284	$ 1,594,696	$ 1,712,336	$ 1,407,580
B. Contributions in relation to statutorily required contributions	1,577,537	1,503,612	1,890,272	2,021,115	2,015,899	1,845,488	1,684,284	1,594,696	1,712,336	1,407,580
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. School District's covered payroll	$ 4,078,445	$ 3,928,923	$ 4,735,653	$ 5,076,259	$ 5,470,553	$ 5,475,517	$ 5,560,710	$ 5,180,389	$ 5,158,056	$ 5,096,593
E. Contributions as a percentage of covered payroll	38.68%	38.27%	39.92%	39.82%	36.85%	33.70%	30.29%	30.78%	33.20%	27.62%

See Accompanying Notes to the Required Supplementary Information

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

	June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. School District's proportion of the net OPEB liability (asset) (%)	0.0375%	0.0440%	0.0511%	0.0565%	0.0618%	0.0619%	0.0601%	0.0604%	0.0605%	
B. School District's proportionate share of the net OPEB liability (asset)	$ (2,281,167)	$ (1,894,999)	$ (288,943)	$ 1,195,675	$ 942,559	$ 3,317,688	$ 4,313,373	$ 4,799,695	$ 5,356,091	
C. School District's covered payroll	$ 3,714,517	$ 4,627,427	$ 5,094,725	$ 5,461,909	$ 5,545,562	$ 5,477,321	$ 5,238,918	$ 5,134,642	$ 4,887,198	
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-61.41%	-40.95%	-5.67%	21.89%	17.00%	60.57%	82.33%	93.48%	109.59%	
E. Plan fiduciary net position as a percentage of total OPEB liability (asset)	164.94%	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%	

See Accompanying Notes to the Required Supplementary Information

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

	For the Years Ended June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. Statutorily required contributions	$ 88,296	$ 59,194	$ 368,662	$ 421,429	$ 423,336	$ 450,650	$ 452,467	$ 405,997	$ 315,856	
B. Contributions in relation to statutorily required contributions	88,296	59,194	368,662	421,429	423,336	450,650	452,467	405,997	315,856	
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
D. School District's covered payroll	$ 4,078,445	$ 3,928,923	$ 4,735,653	$ 5,076,259	$ 5,470,553	$ 5,475,517	$ 5,560,710	5,180,389	5,158,056	
E. Contributions as a percentage of covered payroll	2.16%	1.51%	7.78%	8.30%	7.74%	8.23%	8.14%	7.84%	6.12%	

See Accompanying Notes to the Required Supplementary Information

Note 1 - Budgetary Information

Budgetary Basis of Accounting

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

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

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

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

Excess of Expenditures over Appropriations

The School District did not have significant expenditure budget violations.

Budgetary Highlights

The following provides an explanation of significant variances for the General Fund and major special revenue funds when comparing the original budget to final budget and final budget to actual results:

	Budgeted Amounts		Variance With Original Budget- Over (Under)			Variance With Final Budget- Over (Under)	
	Original	Final	Final Budget		Actual	Actual	
Revenues							
Local sources	$ 5,047,674	$ 5,674,970	$ 627,296	**(a)**			
State sources	6,883,990	8,450,422	1,566,432	**(b)**			
Federal sources		1,869,963			$ 1,051,446	$ (818,517)	**(c)**
Expenditures							
Basic programs	4,879,845	5,541,615	661,770	**(d)**	4,943,098	(598,517)	**(e)**
Added needs		2,007,359			1,605,599	(401,760)	**(f)**
Pupil	1,257,464	1,651,789	394,325	**(g)**			
Transfers out	(2,000,000)	(371,659)	(1,628,341)	**(h)**			

(a) The District received higher-than-anticipated revenue from payments made in lieu of taxes and, conversely, budgeted less than necessary for delinquent tax collections. These factors contributed to the variance between the original and final budgets.

(b) The original budget was developed using a fall pupil projection of 789 students and a foundation allowance of $9,608. Actual fall enrollment was 818 pupils, with a higher foundation allowance of $10,050. These changes resulted in a variance between the original and final budgets.

(c) The final budget reflects revenue that had been formally awarded to the District, while the actual amounts represent funds requested to align with expenditures incurred. This difference in timing and recognition contributed to the variance between the final budget and actual results.

(d) The increase from the original budget reflects the incorporation of grant-funded expenditures that were not included in the initial budget. As these additional grant awards and related spending were recognized during the year, they contributed to the variance between the original and final budgets.

(e) The variance reflects grant-funded appropriations that were not fully expended, along with other budget lines that were not adjusted downward to align with actual activity. These unspent and unadjusted appropriations contributed to the difference between the final budget and actual results.
(f) The variance reflects grant-funded instructional budgets that were not fully expended, along with additional instructional needs that did not require the full level of appropriations included in the final budget. These unspent grant allocations contributed to the difference between the final budget and actual results.
(g) The original budget was increased to account for additional speech and social work service needs that were identified after the initial budget was adopted, resulting in a variance between the original and final budgets.
(h) The original budget included planned demolition of the Washington building and related site improvements. These projects have since been deferred to the 2026–2027 school year, resulting in a variance between the original and final budgets.

Note 2 - Pension Information

Notes to the Schedule of the School District's Proportionate Share of the Net Pension Liability

Changes of benefit terms:

- There were no changes of benefit terms in the plan fiscal year 2025.

Changes of benefit assumptions:

- There were no changes of benefit assumptions in plan fiscal year 2025.

Note 3 - OPEB Information

Notes to the Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)

Changes of benefit terms:

- There were no changes of benefit terms in the plan fiscal year 2025.

Changes of benefit assumptions:

- There were no changes of benefit assumptions in plan fiscal year 2025.

OTHER SUPPLEMENTARY INFORMATION

Mount Clemens Community School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2026

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Food Service	Student and School Activity	Capital Projects Fund	
Assets				
Cash	$ 187,784	$ 310,495	$ -	$ 498,279
Due from other governmental units	32,067	-	-	32,067
Inventory	17,867	-	-	17,867
Investments	-	391,708	-	391,708
Total assets	$ 237,718	$ 702,203	$ -	$ 939,921
Liabilities				
Due to other funds	$ -	$ 5,940	$ -	$ 5,940
Unearned revenue	58,267	-	-	58,267
Total liabilities	58,267	5,940	-	64,207
Fund Balances				
Non-spendable				
Inventory	17,867	-	-	17,867
Restricted for				
Food service	161,584	-	-	161,584
Committed	-	696,263	-	696,263
Total fund balances	179,451	696,263	-	875,714
Total liabilities and fund balances	$ 237,718	$ 702,203	$ -	$ 939,921

Mount Clemens Community School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2026

	Special Revenue Funds		Formerly Major Fund	Total Nonmajor
	Food Service	Student and School Activity	Capital Projects Fund	Governmental Funds
Revenues				
Local sources	$ 9,636	$ 167,594	$ -	$ 177,230
State sources	32,959	-	-	32,959
Federal sources	828,152	-	-	828,152
Total revenues	870,747	167,594	-	1,038,341
Expenditures				
Current				
Education				
Supporting services	-	116,454	-	116,454
Food services	785,023	-	-	785,023
Facilities acquisition	-	-	54,089	54,089
Total expenditures	785,023	116,454	54,089	955,566
Excess (deficiency) of revenues over expenditures	85,724	51,140	(54,089)	82,775

Mount Clemens Community School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2026

	Special Revenue Funds		Formerly Major Fund	Total Nonmajor
	Food Service	Student and School Activity	Capital Projects Fund	Governmental Funds
Other Financing Sources				
Transfers in	-	-	54,089	54,089
Net change in fund balances	85,724	51,140	-	136,864
Fund balances - beginning, as previously presented	93,727	645,123	-	738,850
Changes within financial reporting entity (nonmajor to major fund)	-	-	-	-
Fund balances - beginning, as adjusted	93,727	645,123	-	738,850
Fund balances - ending	$ 179,451	$ 696,263	$ -	$ 875,714