



BOYNE CITY PUBLIC SCHOOLS

BOYNE CITY, MICHIGAN

JUNE 30, 2026

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Boyne City Public Schools
Boyne City, 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 Boyne City Public Schools, Boyne City, Michigan as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 Boyne City Public Schools, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Boyne City Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, the District adopted 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 these 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 Boyne City Public Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement 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 judgement 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 Boyne City Public Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Boyne City Public Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, on pages 4-12 and 47-55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2026, on our consideration of Boyne City Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Boyne City Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Boyne City Public Schools' internal control over financial reporting and compliance.

The logo for UHY LLP, featuring the letters "UHY" in a large, stylized, cursive font, with "LLP" in a smaller, simpler font to the right.

Cadillac, Michigan
September 10, 2026

BOYNE CITY PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2026

This section of Boyne City Public Schools' ("the District") annual report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2026. Please read it in conjunction with the District's financial statements, which immediately follow this section.

The purpose of management's discussion and analysis (MD&A) is to help the District's residents and other readers understand what the financial statements and notes in this financial report say about the District's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the District's finances.

OVERVIEW OF THE FINANCIAL STATEMENTS

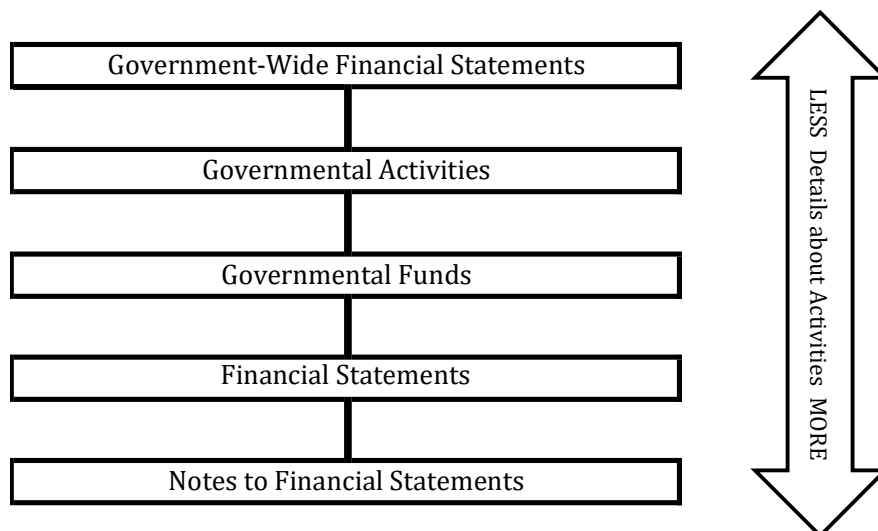
The District's financial report contains basic financial statements. Those financial statements present the District's finances at both an overall and a detailed level. The first two financial statements - the *government-wide financial statements* - cover the District's governmental activities. (See the diagram in Figure A-1.)

- *Governmental activities* comprise the District's most basic functions, such as instruction, support services, and food services. Governmental activities primarily are financed by property taxes from non-personal residence exemption properties, state aid foundation, and federal grants. These statements provide both short-term and long-term information.

The remaining basic financial statements present the District's finances in greater detail. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The District reports one group of funds:

- *Governmental fund financial statements* report all of the governmental activities. In addition to the District's main operating fund - the general fund - those financial statements report special revenue funds that track the use of restricted or committed funding sources, debt service funds to record the repayment of outstanding bonds, and capital projects funds to account for resources used to acquire or construct long-lived assets.

Figure A-1. Contents of the District's Basic Financial Statements



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2026

The next section of this financial report contains *notes to financial statements*, which delve deeper into the District's finances as reported in the financial statements. The information in the notes is as important to understanding the District's finances as the information in the financial statements. The District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

All of the District's financial statements, except for the governmental fund financial statements, use the economic resources measurement focus and accrual basis of accounting. (See Figure A-2.) In other words, they comprehensively report all types of financial statement elements:

- *Assets* - resources the District controls, from short-term assets like cash and cash equivalents to long-term assets like buildings and transportation equipment.
- *Liabilities* - amounts the District owes, from short-term liabilities such as salaries and related items to long-term liabilities such as outstanding debt and pension obligations.
- *Deferred outflows of resources and deferred inflows of resources* - flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.
- *Revenues and expenses* - inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing bonds or selling equipment, as well as principal and interest payments on bonds and spending on construction.

BOYNE CITY PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2026

Figure A-2. Types of Information Reported in the District's Financial Statement

	Financial Statements	
	Government-wide	Governmental Funds
Types of assets and liabilities	* All assets and liabilities, both financial and nonfinancial, short term and long term	* Only current financial resources, such as cash, receivables, and accounts payable
Types of revenues/additions	* All types of revenues/additions that flow into the District during the year that relate to that year, regardless of when cash is received	* Only revenues that are measurable and available to finance expenditures of that year
Types of expenses/deductions/expenditures	* All types of expenses/deductions that flow out of the District during the year that relate to that year, regardless of when cash is paid	* Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows of resources and deferred inflows of resources	* All types of resources that flow into and out of the District during the year that relate to a future year	* Current financial resources that flow into and out of the governmental funds during the year that related to a future year

More detail about the measurement focuses and bases of accounting can be found in the first note to financial statements, the summary of significant accounting policies.

ANALYSIS OF THE DISTRICT'S FINANCES

	2026	2025	Dollar Change	Total Percentage Change
Assets and Deferred Outflows of Resources				
Assets				
Current Assets	\$ 37,553,675	\$ 28,404,402	\$ 9,149,273	32.2%
Non Current Assets	54,615,320	51,843,547	2,771,773	5.3%
Total Assets	92,168,995	80,247,949	11,921,046	14.9%
Deferred Outflows of Resources	5,496,992	6,947,966	(1,450,974)	-20.9%
Total Assets and Deferred Outflows of Resources	<u>\$ 97,665,987</u>	<u>\$ 87,195,915</u>	<u>\$ 10,470,072</u>	12.0%

BOYNE CITY PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2026

	<u>2026</u>	<u>2025</u>	<u>Dollar Change</u>	<u>Total Percentage Change</u>
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities				
Current Liabilities	\$ 7,616,231	\$ 5,589,154	\$ 2,027,077	36.3%
Non Current Liabilities	<u>61,845,784</u>	<u>57,754,567</u>	<u>4,091,217</u>	7.1%
Total Liabilities	<u>69,462,015</u>	<u>63,343,721</u>	<u>6,118,294</u>	9.7%
Deferred Inflows of Resources	<u>10,707,903</u>	<u>11,304,636</u>	<u>(596,733)</u>	-5.3%
Net Position				
Net Investment in Capital Assets	25,158,680	23,915,480	1,243,200	5.2%
Restricted for Debt Service	551,165	596,268	(45,103)	-7.6%
Restricted for Other Postemployment Benefits	4,735,709	3,512,834	1,222,875	34.8%
Unrestricted (Deficit)	<u>(12,949,485)</u>	<u>(15,477,024)</u>	<u>2,527,539</u>	16.3%
Total Net Position	<u>17,496,069</u>	<u>12,547,558</u>	<u>4,948,511</u>	39.4%
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 97,665,987</u>	<u>\$ 87,195,915</u>	<u>\$ 10,470,072</u>	12.0%

The above table shows that as of June 30, 2026, the District's total net position - assets and deferred outflows minus liabilities and deferred inflows - was \$17,496,069, an increase of \$4,948,511 or 39.4% compared with 2025. This increase is driven by a \$2,527,539 or 16.3% increase in unrestricted net position. All of the increase in net position was the result of the financial performance of the governmental activities. The following sections of MD&A analyze the finances of the governmental activities.

GOVERNMENTAL ACTIVITIES

The table below shows that revenues continued to exceed expenses in the current year, resulting in an increase in net position. The total net position of the District's governmental activities was \$17,496,069, an increase of \$4,948,511 or 39.4% from 2025. Various events contributed to this increase in net position; however, the primary factors affecting the change in net position from June 30, 2025 to June 30, 2026 are as follows:

1. Net change in accruals to Pension and Other Post Employment Benefits (OPEB).
2. Investment earnings.
3. Regional Enhancement Millage.

BOYNE CITY PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2026

CHANGES IN BOYNE CITY PUBLIC SCHOOLS' NET POSITION

	2026	2025	DOLLAR CHANGE	TOTAL PERCENTAGE CHANGE
Revenues				
Program Revenues				
Charges for Services	\$ 480,903	\$ 451,921	\$ 28,982	6.4%
Operating Grants and Contributions	6,973,702	8,120,945	(1,147,243)	-14.1%
Capital Grants and Contributions	38,566	0	38,566	100.0%
Total Program Revenues	7,493,171	8,572,866	(1,079,695)	-12.6%
General Revenues				
Property Taxes	12,306,105	11,732,432	573,673	4.9%
State Sources	3,304,933	3,141,354	163,579	5.2%
Regional Enhancement Millage	1,313,641	1,247,976	65,665	5.3%
Investment Earnings	843,969	341,930	502,039	146.8%
Other	38,600	31,370	7,230	23.0%
Gain on Sale of Assets	2,853	0	2,853	100.0%
Total General Revenues	17,810,101	16,495,062	1,315,039	8.0%
Total Revenues	25,303,272	25,067,928	235,344	0.9%
Expenses				
Functions/Program Expenses				
Instruction	8,791,514	10,091,121	(1,299,607)	-12.9%
Supporting Services	7,611,298	7,186,964	424,334	5.9%
Community Services	16,577	28,480	(11,903)	-41.8%
Facilities Acquisition, Construction & Improvements	18,054	15,652	2,402	15.3%
Food Service	926,260	961,461	(35,201)	-3.7%
Interest on Long-Term Debt	1,368,893	713,466	655,427	91.9%
Unallocated Depreciation	1,622,165	1,112,146	510,019	45.9%
Total Expenses	20,354,761	20,109,290	245,471	1.2%
Change in Net Position	4,948,511	4,958,638	(10,127)	-0.2%
<u>Net Position</u> - Beginning of Year	12,547,558	7,588,920	4,958,638	65.3%
<u>Net Position</u> - End of Year	\$ 17,496,069	\$ 12,547,558	\$ 4,948,511	39.4%

Net Change in Accruals Related to Pension and Other Post Employment Benefits (OPEB)

There was a notable decrease in the net Pension and OPEB related future costs which are primarily a result of actuarially determined future liabilities, and payments made against these liabilities by the District. The liabilities decreased in total by \$4,280,148 in the current fiscal year which is the main cause for the increase in net position.

Interest Earnings

The District earned nearly \$844,000 in earnings on its investments which contributed to the increase in net position for the year.

BOYNE CITY PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2026

Regional Enhancement Millage

The District received a regional enhancement millage of \$1,313,641 from the ISD that helps offset costs that would otherwise still be occurring. This contributed to the increase in net position.

GOVERNMENTAL FUNDS

The District reports eight major funds individually in the governmental fund financial statements. These funds are the general fund, food service fund, 2019 debt service fund, 2020 debt service fund, 2025 debt service fund, 2025 capital projects fund, 2026 capital projects fund and capital project fund. Most of the discussion regarding governmental activities is equally applicable to the finances of these governmental funds. However, certain factors that are relevant to the District's current financial health are more apparent in the fund financial statements than in the government-wide statements. The changes are shown in the table below and are discussed in more detail following the table.

	2026	2025	Increase (Decrease)
Major Funds			
General Fund	\$ 7,608,443	\$ 7,973,326	\$ (364,883)
Food Service Fund	235,732	245,188	(9,456)
2019 Debt Service Fund	0	3,825	(3,825)
2020 Debt Service Fund	520,535	554,358	(33,823)
2025 Debt Service Fund	285,197	180,002	105,195
2025 Capital Projects Fund	12,515,082	14,402,453	(1,887,371)
2026 Capital Projects Fund	9,447,758	0	9,447,758
Capital Project Fund	844,863	947,334	(102,471)
Nonmajor Funds			
Student Activities Fund	511,913	520,126	(8,213)
Total Governmental Funds	<u>\$ 31,969,523</u>	<u>\$ 24,826,612</u>	<u>\$ 7,142,911</u>

Fund balance represents the financial standing of a governmental fund at the end of the fiscal year from a short-term perspective.

General Fund

The General Fund had a decrease in its fund balance for the year. The District made a large transfer to the capital project fund which resulted in a decrease in the fund balance.

The overall fund balance at the end of June 30, 2026, represented approximately 37.2% of operating expenditures. Of the fund balance of \$7,608,443, \$319,382 is nonspendable for inventory and construction in progress, \$1,157,713 is assigned for subsequent year budget shortfall and the remainder of \$6,131,348 is unassigned.

Food Service Fund

\$2,650 of the fund balance is nonspendable for inventory and the remaining \$233,082 is restricted. This means that the fund balance can only be used for food service purposes. There was a minimal decrease in fund balance this year.

BOYNE CITY PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2026

2019 Debt Service Fund

This fund is complete as of the end of the fiscal year, meaning all debt payments have been made and this fund will not exist next year.

2020 Debt Service Fund

The fund balance for the 2020 Debt Service fund is considered to be 100% restricted. This means that the fund balance can only be used for debt service. The decrease in fund balance is due to the debt service payments being more than the millage levied.

2025 Debt Service Fund

The fund balance for the 2025 Debt Service Fund is considered to be 100% restricted. This means that the fund balance can only be used for debt service. The increase in fund balance is due to the millage levied exceeding the debt payments for the year.

2025 Capital Projects Fund

The fund balance for the 2025 Capital Projects Fund is considered to be 100% restricted. This means that the fund can only be used for capital projects. The decrease in fund balance is due to the District spending down the bond proceeds on various projects.

2026 Capital Projects Fund

The fund balance for the 2026 Capital Projects Fund is considered to be 100% restricted. This means that the fund can only be used for capital projects. This is a new fund this year and the increase is due to the issuance of bonds during the year.

Capital Project Fund

The fund balance for the Capital Project Fund is considered to be 100% committed. This means that the fund balance has been obligated to only be used for capital projects. The decrease in fund balance is due to the transfer in from General Fund and interest income being outweighed by spending on various District projects.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM OBLIGATIONS

Capital Assets

The discussion thus far has only touched upon certain significant transactions and events during 2026 with respect to capital assets and long-term obligations. Overall, the carrying value of capital assets-original cost minus accumulated depreciation- increased 3.2% over 2025. See the table below for the carrying value of capital assets.

BOYNE CITY PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2026

Boyne City Public Schools' Capital Assets

	2026			2025	Change in	Total
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	Net Book Value	Percentage Change
Land	\$ 57,912	\$ 0	\$ 57,912	\$ 57,912	\$ 0	0.0%
Construction in Progress	2,387,844	0	2,387,844	0	2,387,844	0.0%
Land Improvements	2,113,850	2,113,597	253	1,764	(1,511)	-85.7%
Buildings and Improvements	61,267,566	16,378,876	44,888,690	46,093,823	(1,205,133)	-2.6%
Vehicles	1,735,093	1,214,666	520,427	509,189	11,238	2.2%
Furniture and Equipment	6,740,344	4,715,859	2,024,485	1,668,025	356,460	21.4%
Total	<u>\$ 74,302,609</u>	<u>\$ 24,422,998</u>	<u>\$ 49,879,611</u>	<u>\$ 48,330,713</u>	<u>\$ 1,548,898</u>	3.2%

A significant reason for the increase in the net capital assets relates to the construction in progress category. During 2026, the District started an approximately \$2.4 million project for building additions, renovations and equipping. The additions of capital assets outpaced the depreciation during the year, resulting in a net increase in capital assets.

Long-Term Obligations

Overall, the carrying value of the District's long-term obligations increased by 20.5% from the prior year. See Table below for the carrying value of the District's long-term obligations.

**Boyne City Public Schools
Outstanding Long-Term Obligations**

	2026	2025	Dollar Change	Total Percentage Change
General Obligation Bonds	\$ 43,535,000	\$ 36,095,000	\$ 7,440,000	20.6%
Compensated Absences	<u>501,357</u>	<u>456,646</u>	<u>44,711</u>	9.8%
Total	<u>\$ 44,036,357</u>	<u>\$ 36,551,646</u>	<u>\$ 7,484,711</u>	20.5%

During 2026, the District issued new general obligation bonds of \$8,930,000 which caused the increase in general obligation bonds. The District also had scheduled debt payments on existing outstanding obligations. The total amount of principal paid in the current year was \$1,490,000. There was a minimal change in compensated absences during the year.

BOYNE CITY PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2026

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

There are several factors that could significantly affect the financial health of the District in the future.

- Fall 2026 enrollment was estimated based on historical trends and current data. Traditionally, enrollment has been stable and that is reflected in our budget projection. We plan to adjust the budget accordingly when we have final Fall 2026 enrollment.
- Boyne City Public Schools will carefully and strategically monitor and adjust spending patterns as state and federal budgets make adjustments.

As with other employers, the District continues to face a rapid increase in rates paid for employee benefits, particularly health insurance and retirement.

REQUEST FOR INFORMATION

The financial report is designed to be a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Boyne City Public Schools, 321 S. Park Street, Boyne City, MI 49712.

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2026

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 7,872,387
Investments	4,533,021
Restricted Investments	23,553,308
Due from Other Governments	1,268,372
Inventory	46,885
Construction in Progress - Building Trades	275,147
Prepaid Expenses	4,555
Total Current Assets	37,553,675
<u>NON CURRENT ASSETS</u>	
Capital Assets (Net of Accumulated Depreciation)	
Assets Not Being Depreciated	2,445,756
Assets Being Depreciated	47,433,855
Net Other Postemployment Benefit Asset	4,735,709
Total Non Current Assets	54,615,320
TOTAL ASSETS	92,168,995
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources Related to Pensions	4,603,862
Deferred Outflows of Resources Related to Other Postemployment Benefits	893,130
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,496,992
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts and Retainage Payable	1,820,803
Accrued Salaries and Fringes	2,151,341
Accrued Interest	254,567
Unearned Revenue	1,612,008
Current Portion of Long-term Liabilities	1,777,512
Total Current Liabilities	7,616,231

The notes to the financial statements are an integral part of this statement.

BOYNE CITY PUBLIC SCHOOLS

BOYNE CITY, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2026

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>NON CURRENT LIABILITIES</u>	
Bonds Payable - Net	46,683,771
Compensated Absences	501,357
Net Pension Liability	16,438,168
Current Portion of Long-term Liabilities	<u>(1,777,512)</u>
Total Non Current Liabilities	<u>61,845,784</u>
TOTAL LIABILITIES	<u>69,462,015</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows of Resources Related to Pensions	6,690,547
Deferred Inflows of Resources Related to Other Postemployment Benefits	<u>4,017,356</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>10,707,903</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	25,158,680
Restricted for Debt Service	551,165
Restricted for Net Other Postemployment Benefits	4,735,709
Unrestricted (Deficit)	<u>(12,949,485)</u>
TOTAL NET POSITION	<u>\$ 17,496,069</u>

The notes to the financial statements are an integral part of this statement.

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2026

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			GOVERNMENTAL ACTIVITIES
		CHARGES FOR SERVICES	OPERATING GRANTS	CAPITAL GRANTS	NET (EXPENSES)
					REVENUES AND CHANGE IN NET POSITION
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 8,791,514	\$ 276,442	\$ 4,542,362	\$ 38,566	\$ (3,934,144)
Supporting Services	7,611,298	79,324	1,660,999	0	(5,870,975)
Community Services	16,577	0	285	0	(16,292)
Facilities Acquisition, Construction and Improvements	18,054	0	0	0	(18,054)
Food Service	926,260	125,137	770,056	0	(31,067)
Interest on Long-Term Obligations	1,368,893	0	0	0	(1,368,893)
Unallocated Depreciation	1,622,165	0	0	0	(1,622,165)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 20,354,761</u>	<u>\$ 480,903</u>	<u>\$ 6,973,702</u>	<u>\$ 38,566</u>	<u>(12,861,590)</u>
<u>GENERAL REVENUES</u>					
Property Taxes - General Purposes					9,331,815
Property Taxes - Debt Service					2,974,290
State of Michigan Aid - Unrestricted					3,304,933
Regional Enhancement Millage					1,313,641
Investment Earnings					843,969
Other					38,600
Gain on Sale of Assets					2,853
Total General Revenues					<u>17,810,101</u>
Change in Net Position					4,948,511
<u>NET POSITION</u> - Beginning of Year					<u>12,547,558</u>
<u>NET POSITION</u> - End of Year					\$ 17,496,069

The notes to the financial statements are an integral part of this statement.

BOYNE CITY PUBLIC SCHOOLS

BOYNE CITY, MICHIGAN

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2026

	SPECIAL REVENUE FUND					DEBT SERVICE FUNDS			CAPITAL PROJECT FUNDS			NONMAJOR SPECIAL REVENUE FUND		
	GENERAL FUND	FOOD SERVICE FUND	2019 DEBT SERVICE FUND	2020 DEBT SERVICE FUND	2025 DEBT SERVICE FUND	2025 CAPITAL PROJECTS FUND	2026 CAPITAL PROJECTS FUND	CAPITAL PROJECT FUND		STUDENT ACTIVITIES		TOTAL GOVERNMENTAL FUNDS		
<u>ASSETS</u>														
Cash	\$ 5,255,387	\$ 124,313	\$ 0	\$ 682,969	\$ 285,197	\$ 0	\$ 0	\$ 1,006,898	\$ 517,623	\$ 7,872,387				
Investments	4,533,021	0	0	0	0	0	0	0	0	4,533,021				
Restricted Investments	0	0	0	0	0	14,040,377	9,512,931	0	0	23,553,308				
Due from Other Governmental Units	1,199,557	68,815	0	0	0	0	0	0	0	1,268,372				
Due from Other Funds	244,280	93,732	162,434	0	0	0	0	0	12,534	512,980				
Inventory	44,235	2,650	0	0	0	0	0	0	0	46,885				
Construction in Progress - Building Trades	275,147	0	0	0	0	0	0	0	0	275,147				
Prepaid Expenditures	0	0	0	0	0	0	0	4,555	0	4,555				
TOTAL ASSETS	\$ 11,551,627	\$ 289,510	\$ 162,434	\$ 682,969	\$ 285,197	\$ 14,040,377	\$ 9,512,931	\$ 1,011,453	\$ 530,157	\$ 38,066,655				
<u>LIABILITIES AND FUND BALANCES</u>														
<u>LIABILITIES</u>														
Accounts and Retainage Payable	\$ 89,030	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,517,668	\$ 32,763	\$ 166,590	\$ 14,752	\$ 1,820,803				
Accrued Salaries and Fringes	2,145,727	5,614	0	0	0	0	0	0	0	2,151,341				
Unearned Revenue	1,604,588	7,420	0	0	0	0	0	0	0	1,612,008				
Due to Other Funds	103,839	40,744	162,434	162,434	0	7,627	32,410	0	3,492	512,980				
Total Liabilities	3,943,184	53,778	162,434	162,434	0	1,525,295	65,173	166,590	18,244	6,097,132				
<u>FUND BALANCES</u>														
Nonspendable, Inventory	44,235	2,650	0	0	0	0	0	0	0	46,885				
Nonspendable, Construction in Progress	275,147	0	0	0	0	0	0	0	0	275,147				
Restricted for Debt Service	0	0	0	520,535	285,197	0	0	0	0	805,732				
Restricted for Capital Projects	0	0	0	0	0	12,515,082	9,447,758	0	0	21,962,840				
Restricted for Food Service	0	233,082	0	0	0	0	0	0	0	233,082				
Committed for Capital Projects	0	0	0	0	0	0	0	844,863	0	844,863				
Assigned for Student Activities	0	0	0	0	0	0	0	0	511,913	511,913				
Assigned for Subsequent Year Budget Shortfall	1,157,713	0	0	0	0	0	0	0	0	1,157,713				
Unassigned	6,131,348	0	0	0	0	0	0	0	0	6,131,348				
Total Fund Balances	7,608,443	235,732	0	520,535	285,197	12,515,082	9,447,758	844,863	511,913	31,969,523				
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,551,627	\$ 289,510	\$ 162,434	\$ 682,969	\$ 285,197	\$ 14,040,377	\$ 9,512,931	\$ 1,011,453	\$ 530,157	\$ 38,066,655				

The notes to the financial statements are an integral part of this statement.

BOYNE CITY PUBLIC SCHOOLS

BOYNE CITY, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION

JUNE 30, 2026

Total Governmental Fund Balances	\$	31,969,523
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

The cost of the capital assets is	\$	74,302,609	
Accumulated depreciation is		<u>(24,422,998)</u>	49,879,611

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Bond Discount (Premium)	(3,148,771)
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Long-term liabilities are not due and payable in the current period and are not reported in the funds.

Bonds Payable	(43,535,000)
Compensated Absences	(501,357)

Some assets are not current financial resources and therefore are not report in the funds.

Net Other Postemployment Benefit Assets	4,735,709
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Some liabilities, including net pension and other postemployment benefit obligations, are not due and payable in the current period and, therefore, are not reported in the funds.

Net Pension Liability	(16,438,168)
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Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.

Deferred Outflows of Resources Related to Pensions	4,603,862
Deferred Inflows of Resources Related to Pensions	(6,690,547)
Deferred Outflows of Resources Related to Other Postemployment Benefits	893,130
Deferred Inflows of Resources Related to Other Postemployment Benefits	(4,017,356)

Accrued interest is not included as a liability in government funds; it is recorded when paid.

<u>(254,567)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>17,496,069</u></u>
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The notes to the financial statements are an integral part of this statement.

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN

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

YEAR ENDED JUNE 30, 2026

	SPECIAL REVENUE FUND		DEBT SERVICE FUNDS			CAPITAL PROJECT FUNDS			NONMAJOR SPECIAL REVENUE FUND	TOTAL GOVERNMENTAL FUNDS
	GENERAL FUND	FOOD SERVICE FUND	2019 DEBT SERVICE FUND	2020 DEBT SERVICE FUND	2025 DEBT SERVICE FUND	2025 CAPITAL PROJECTS FUND	2026 CAPITAL PROJECTS FUND	CAPITAL PROJECT FUND	STUDENT ACTIVITIES	
<u>REVENUES</u>										
Local Sources	\$ 9,975,325	\$ 125,224	\$ 949,042	\$ 1,323,375	\$ 710,317	\$ 562,620	\$ 12,389	\$ 11,748	\$ 575,107	\$ 14,245,147
State Sources	7,972,649	427,689	32,935	0	0	0	0	0	0	8,433,273
Federal Sources	211,900	354,969	0	0	0	0	0	0	0	566,869
Other Transactions	2,488,102	0	0	0	0	0	0	0	0	2,488,102
Total Revenues	20,647,976	907,882	981,977	1,323,375	710,317	562,620	12,389	11,748	575,107	25,733,391
<u>EXPENDITURES</u>										
Instruction	13,267,463	0	0	0	0	0	0	0	0	13,267,463
Supporting Services	7,148,836	0	0	0	0	26,570	122,595	0	583,320	7,881,321
Community Services	16,560	0	0	0	0	0	0	0	0	16,560
Food Service	0	917,338	0	0	0	0	0	0	0	917,338
Facilities Acquisition, Construction, and Improvements	0	0	0	0	0	2,423,421	0	694,219	0	3,117,640
Debt Service	0	0	994,500	1,348,500	605,122	0	0	0	0	2,948,122
Total Expenditures	20,432,859	917,338	994,500	1,348,500	605,122	2,449,991	122,595	694,219	583,320	28,148,444
Excess (Deficiency) of Revenues Over Expenditures	215,117	(9,456)	(12,523)	(25,125)	105,195	(1,887,371)	(110,206)	(682,471)	(8,213)	(2,415,053)
<u>OTHER FINANCING SOURCES (USES)</u>										
Face Value of Bonds	0	0	0	0	0	0	8,930,000	0	0	8,930,000
Premium on Bonds Issued	0	0	0	0	0	0	627,964	0	0	627,964
Transfers In	0	0	8,698	0	0	0	0	580,000	0	588,698
Transfers Out	(580,000)	0	0	(8,698)	0	0	0	0	0	(588,698)
Total Other Financing Sources (Uses)	(580,000)	0	8,698	(8,698)	0	0	9,557,964	580,000	0	9,557,964
Net Change in Fund Balance	(364,883)	(9,456)	(3,825)	(33,823)	105,195	(1,887,371)	9,447,758	(102,471)	(8,213)	7,142,911
<u>FUND BALANCE</u> - Beginning of Year	7,973,326	245,188	3,825	554,358	180,002	14,402,453	0	947,334	520,126	24,826,612
<u>FUND BALANCE</u> - End of Year	\$ 7,608,443	\$ 235,732	\$ 0	\$ 520,535	\$ 285,197	\$ 12,515,082	\$ 9,447,758	\$ 844,863	\$ 511,913	\$ 31,969,523

The notes to the financial statements are an integral part of this statement.

BOYNE CITY PUBLIC SCHOOLS

BOYNE CITY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2026

Net Change in Fund Balance Total Governmental Funds	\$	7,142,911
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Amounts reported for governmental activities are different because:

Governmental funds report capital outlay as expenditures; in the Statement of Activities these costs are allocated over their estimated useful lives as depreciation.

Depreciation Expense		(1,622,165)
Capital Outlay		3,171,063

Accrued interest on bonds is recorded in the Statement of Activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year		141,917
Accrued Interest Payable - End of Year		(254,567)

The issuance of Long-Term Debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities:

Issuance of Debt		(8,930,000)
Bond Premium		(627,964)
Repayment of principal on Long-Term Debt		1,490,000
Amortization of Bond Premiums		201,879

Employees Compensated Absences are reported on the accrual method in the Statement of Activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Compensated Absences - Beginning of Year		456,646
Compensated Absences - End of Year		(501,357)

Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.

Changes in Pension Related Items		3,014,012
Changes in Other Postemployment Benefits Related Items		1,696,255

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to Section 147 C pension benefit contributions subsequent to the measurement date.

Change in State Aid Funding for Pension		(430,119)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	4,948,511
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The notes to the financial statements are an integral part of this statement.

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Boyne City Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The School District ("the District") is located in Antrim and Charlevoix Counties with its administrative offices located in Boyne City, Michigan. The District operates under an elected seven-member board of education and provides services to its students in elementary, middle school, high school, special education instruction, guidance, health, transportation, food service, student activities, and athletics. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

B. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The District does not have any business-type activities or component units.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds.

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

The *Food Service Special Revenue Fund* accounts for revenue sources that are legally restricted to expenditures for food service.

The *2019, 2020 & 2025 Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of the 2019, 2020, and 2025 bond issue.

The *2025 & 2026 Capital Projects Funds* account for the acquisition of capital assets or construction of major capital projects related to the 2025 & 2026 bond issues.

The *Capital Project Fund* accounts for the acquisition of fixed assets or construction of major capital projects.

Other non-major fund:

The *Special Revenue Student Activity Fund* accounts for proceeds from specific revenue sources that are restricted or assigned to expenditures for specific purposes. The District accounts for its student activities in this special revenue fund.

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

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

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

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

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term obligations are reported as other financing sources.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. The District considers all highly liquid investments (including certificates of deposit) to be cash equivalents.

2. Investments

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

3. *Inventory and Prepaid Items*

Inventory is valued at cost using the first-in/first-out method. Inventory consists of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased.

Certain payments made to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

The nonspendable fund balance at the governmental fund level is equal to the amount of inventories and prepaid items at year-end to indicate the portion of the governmental fund balances that are nonspendable.

4. *Capital Assets*

Capital assets, which include property and equipment, are reported in the governmental activities column in the District-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets purchased or constructed are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their acquisition value on the date received.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Land and construction in progress, if any, are not depreciated. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Additions	20-50 years
Buses and Other Vehicles	5-10 years
Furniture and Other Equipment	5-20 years

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

5. *Defined Benefit Plans*

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

6. *Unearned Revenue*

Unearned revenue arises when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The District has unearned revenue in both the general and food service funds related to state and interdistrict grants received and unspent due to restrictions on how they can be spent and student account balances.

7. *Compensated Absences*

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary and related benefits, where applicable.

8. *Long-Term Obligations*

In the government-wide financial statements, long-term obligations and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related obligations.

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

9. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the pension and other postemployment benefits related items reported in the government-wide *Statement of*

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

Net Position. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expenses in the plan year in which they apply. Details can be found in footnotes 2-F and 2-G.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. They are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. Details can be found in footnotes 2-F and 2-G.

10. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

11. Fund Balance Flow Assumption

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

12. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words,

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an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

13. *Restricted Assets*

Certain resources of the 2025 and 2026 Capital Projects Funds are set aside for capital outlay and are classified as restricted investments on the balance sheet because their use is limited by applicable bond covenants.

G. Revenues and Expenditures/Expenses

1. *State Revenue*

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2026 the foundation allowance was based on pupil membership counts taken in October 2025 and February 2025. For fiscal year ended June 30, 2026, the per pupil foundation allowance was \$10,050 for Boyne City Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2025 to August 2026. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as unearned revenue. Other categorical funding is recognized when the appropriation is received.

2. *Program Revenues*

Amounts reported as program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, state foundation aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenue but instead as *general revenues*.

3. *Property Taxes*

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. Property taxes are assessed as of January 1, and due July 1. The levy becomes delinquent as of February 14 for all taxpayers. After these dates, unpaid taxes are subject to penalties and interest.

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For the year ended June 30, 2026, the District levied the following amounts per \$1,000 of taxable valuation:

<u>Fund</u>	<u>Mills</u>
General Fund - Non-Homestead	18.00
General Fund – Non-Homestead Commercial PPT	6.00
Debt Service Funds – Homestead and Non-Homestead	3.14

NOTE 2 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits and Investments

As of June 30, 2026, the District had deposits and investments subject to the following risks:

Custodial Credit Risk – Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2026, the District's bank balance was \$7,875,133 and \$7,125,133 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. As of June 30, 2026, deposits of \$7,869,137 and petty cash of \$3,250 are reported on the financial statements as cash.

Interest Rate Risk – In accordance with its investment policy, the 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.

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
MILAF External Investment Pool - CMC	\$ 448,224	N/A
MILAF External Investment Pool - Max	27,638,105	N/A
	<u>\$ 28,086,329</u>	
Portfolio Weighted Average Maturity		<u>N/A</u>

1 Day Maturity Equals 0.0027, One Year Equals 1.000

Credit Risk – State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Concentration of Credit Risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

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	Fair Value	Rating	Rating Agency
MILAF External Investment Pool - CMC	\$ 448,224	AAAm	Standard & Poor's
MILAF External Investment Pool - Max	27,638,105	AAAm	Standard & Poor's
	<u>\$ 28,086,329</u>		

Foreign Currency Risk. The District is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

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. The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

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

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

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

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant unobservable inputs may be used. Unobservable inputs reflect the reporting entity's own assumptions about the factors market participants would use in pricing the security and would be based on the best information available.

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
MILAF External Investment Pool - CMC	\$ 448,224
MILAF External Investment Pool - Max	27,638,105
	<u>\$ 28,086,329</u>

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The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2026:

	<u>Total</u>
Cash - District-Wide	\$ 7,872,387
Investments	4,533,021
Restricted Investments	<u>23,553,308</u>
	<u>\$ 35,958,716</u>

B. Receivables

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

	<u>General</u>	<u>Food Service Fund</u>	<u>Total</u>
Receivables			
Due from Other Governments	\$ 1,199,557	\$ 68,815	<u>\$ 1,268,372</u>

Amounts due from other governments include amounts due from federal, state, and local sources for various projects and programs.

Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

C. Accrued Salaries and Fringes

Accrued salaries and fringes reported by governmental funds at June 30, 2026, were as follows:

	<u>General Fund</u>	<u>Food Service Fund</u>	<u>Total Governmental Funds</u>
Salaries	\$ 1,210,616	\$ 0	\$ 1,210,616
Employee Benefits	935,111	5,614	940,725
Total accrued salaries and fringes	<u>\$ 2,145,727</u>	<u>\$ 5,614</u>	<u>\$ 2,151,341</u>

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D. Capital Assets

Capital assets activity for the year ended June 30, 2026, was as follows:

	Balance July 1, 2025	Additions	Deletions	Balance June 30, 2026
Capital Assets Not Being Depreciated				
Land	\$ 57,912	\$ 0	\$ 0	\$ 57,912
Construction in Progress	0	2,387,844	0	2,387,844
Total Capital Assets Not Being Depreciated	57,912	2,387,844	0	2,445,756
Capital Assets Being Depreciated				
Land Improvements	2,113,850	0	0	2,113,850
Buildings and Improvements	61,267,566	0	0	61,267,566
Vehicles	1,663,516	147,540	75,963	1,735,093
Furniture and Equipment	6,104,665	635,679	0	6,740,344
Subtotal	71,149,597	783,219	75,963	71,856,853
Less Accumulated Depreciation for:				
Land Improvements	2,112,086	1,511	0	2,113,597
Buildings and Improvements	15,173,743	1,205,133	0	16,378,876
Vehicles	1,154,327	136,302	75,963	1,214,666
Furniture and Equipment	4,436,640	279,219	0	4,715,859
Accumulated Depreciation	22,876,796	1,622,165	75,963	24,422,998
Net Capital Assets Being Depreciated	48,272,801	(838,946)	0	47,433,855
Total Capital Assets Net of Depreciation	\$ 48,330,713	\$ 1,548,898	\$ 0	\$ 49,879,611

Depreciation for the fiscal year ended June 30, 2026, amounted to \$1,622,165. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

E. Pension and Other Postemployment Benefits

Plan Description – The Michigan Public School Employees’ Retirement System (MPERS) (System) 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. MPERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

The System’s pension plan was established by the State to provide retirement, survivor, and disability benefits to the 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.

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

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the System resides. The State of Michigan Investment Board serves as the investment fiduciary and custodian for the System.

Benefits Provided- Overall

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPSERS is as follows:

<u>Plan Name</u>	<u>Plan Type</u>	<u>Plan Status</u>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

Benefits Provided – Pension

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. Retirement benefits for DB plan members are determined by final average compensation and years of service. 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.

Prior to pension reform of 2010 there were two plans commonly referred to as Basic and Member Investment Plan (MIP). Basic plan member's contributions range from 0% to 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990 or later, including Pension Plus plan members, contribute at various graduated permanently fixed contribution rates from 3.0% to 7.0%.

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010, is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010, and 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 pension. Any changes to a member's pension 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.

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Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below.

Option 1 – Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic plan members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 – Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 – Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

Option 4 – Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the ORS to a 457 account. They vest in employer contributions and related earnings in their 401(k)-account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 accounts. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012, and before February 1, 2018 choose between two retirement plans: the Pension Plus Plan and a Defined Contribution Plan that provides a 50% employer match (up to 3% of salary) on employee contributions.

Final Average Compensation (FAC) – Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected option 4, in which case the FAC is calculated at the transition date.

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Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus plan to newly hired employees as of February 1, 2018, and created a new, optional Pension Plus 2 plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

New employees hired between February 1, 2018 and June 30, 2024, are automatically enrolled as members in the Pension Plus 2 plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 plan and become a qualified participant to the DC plan; if no election is made they will default to the DC plan. If they elect to opt out of the Pension Plus 2 plan, their participation in the DC plan will be retroactive to their date of hire.

Pension Reform of 2023

On November 29, 2023, the Governor signed Public Act 250 of 2023 into law. New employees hired after June 30, 2024, are automatically enrolled as members in the Pension Plus 2 plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus 2 plan. If they elect to opt out of the Pension Plus 2 plan, their participation in the DC plan will be retroactive to their date of hire.

Benefits Provided – Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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.

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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 will be deposited into their 401(k) accounts.

Regular Retirement (no reduction factor for age)

Eligibility – A basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 school fiscal years immediately preceding the retirement effective date of credited service provided member worked through their 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount – The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

Depending on the plan selected, member contributions range from 0% to 7% for pension and 0% to 3% for other postemployment benefits. Plan members electing the defined contribution plan are not required to make additional contributions.

Employer Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree other postemployment benefits (OPEB). 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 normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2025, were determined as of the September 30, 2022, actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities (UAAL) as of September 30, 2022, are amortized over a 14-year period beginning October 1, 2024 and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

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	<u>Pension</u>	<u>Other Postemployment Benefit</u>
October 1, 2025 - September 30, 2026	15.21% - 26.08%	0.00% - 3.83%
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%

The District's pension contributions for the year ended June 30, 2026, were equal to the required contribution total. Total pension contributions were approximately \$3,776,000. Of the total pension contributions, approximately \$3,655,000 was contributed to fund the Defined Benefit Plan and approximately \$121,000 was contributed to fund the Defined Contribution Fund.

The District's OPEB contributions for the year ended June 30, 2026, were equal to the required contribution total. Total OPEB contributions were approximately \$298,000. Of the total OPEB contributions, approximately \$206,000 was contributed to fund the Defined Benefit Plan and approximately \$92,000 was contributed to fund the Defined Contribution Fund.

These amounts, for both pension and OPEB, include contributions funded from State Revenue Section 147c restricted to fund MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

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

Pension Liabilities

At June 30, 2026, the District reported a liability of \$16,438,168 for its proportionate share of the 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 date of September 30, 2024, and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2025 and 2024, the District's proportion was 0.08205549% and 0.08312094%.

MPSERS (Plan) Non-University Employers Net Pension Liability

	<u>September 30, 2025</u>	<u>September 30, 2024</u>
Total Pension Liability	\$ 97,436,103,863	\$ 95,765,499,515
Fiduciary Net Position	(77,403,114,236)	(71,283,482,728)
Net Pension Liability	<u>\$ 20,032,989,627</u>	<u>\$ 24,482,016,787</u>
Fiduciary Net Position as a Percentage of Total Pension Liability	79.44%	74.44%
Net Pension Liability as a Percentage of Covered Payroll	181.01%	227.56%

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

For the year ended June 30, 2026, the District recognized total pension expense of \$815,853.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 636,697	\$ 146,413
Section 147c revenue related to District Pension contributions subsequent to measurement date	0	1,333,154
Changes of assumptions	590,013	868,797
Net difference between projected and actual pension plan investment earnings	0	3,928,370
Changes in proportion and differences between District contributions and proportionate share of contributions	59,052	413,813
District contributions subsequent to the measurement date	<u>3,318,100</u>	<u>0</u>
Total	<u>\$ 4,603,862</u>	<u>\$ 6,690,547</u>

\$3,318,100 reported as deferred outflows of resources and \$1,333,154 reported as deferred inflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2027	\$ (308,751)
2028	(1,895,061)
2029	(1,437,609)
2030	<u>(430,210)</u>
	<u>\$ (4,071,631)</u>

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

G. OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Liabilities (Assets)

At June 30, 2026, the District reported a liability (asset) of (\$4,735,709) for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of September 30, 2025, and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2024, and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability (asset) was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2025 and 2024, the District's proportion was 0.07790126% and 0.08161034%, respectively.

MPSERS (Plan) Non-University Employers Net OPEB Liability

	<u>September 30, 2025</u>	<u>September 30, 2024</u>
Total OPEB Liability	\$ 9,360,649,860	\$ 9,991,545,923
Fiduciary Net Position	(15,439,767,833)	(14,295,943,589)
OPEB Liability	<u>\$ (6,079,117,973)</u>	<u>\$ (4,304,397,666)</u>
Fiduciary Net Position as a Percentage		
of Total OPEB Liability	164.94%	143.08%
OPEB Liability as a Percentage		
of Covered Payroll	-54.93%	-40.01%

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

For the year ended June 30, 2026, the District recognized total OPEB benefit of \$1,473,060.

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 0	\$ 3,242,291
Changes of assumptions	632,031	50,226
Net difference between projected and actual OPEB plan investment earnings	0	665,470
Changes in proportion and differences between District contributions and proportionate share of contributions	42,473	59,369
District contributions subsequent to the measurement date	218,626	0
Total	<u>\$ 893,130</u>	<u>\$ 4,017,356</u>

\$218,626 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2027	\$ (867,388)
2028	(875,033)
2029	(816,509)
2030	(537,224)
2031	(189,263)
Thereafter	(57,435)
	<u>\$ (3,342,852)</u>

H. Actuarial Assumptions

Investment rate of return for Pension – 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, Pension Plus, and Pension Plus 2 plan groups.

Investment rate of return for OPEB – 6.00% a year, compounded annually net of investment and administrative expenses.

Salary increases - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

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NOTES TO FINANCIAL STATEMENTS
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Inflation – 3.0%

Mortality assumptions –

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.

Disabled Retirees: PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

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

The long-term expected rate of return on pension and other postemployment benefit plan investments - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan and Pension Plus 2 Plan) and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Cost of Living Pension Adjustments – 3.0% annual non-compounded for MIP members.

Healthcare cost trend rate for other postemployment benefit – Pre 65, 7.75% for year one and graded to 3.5% in year fifteen. Post 65, 6.50% for year one and graded to 3.5% in year fifteen.

Additional assumptions for other postemployment benefit only – Applies to individuals hired before September 4, 2012:

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 electing two-person coverage are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement – 75% of male and 60% of female future retirees who elected coverage are assumed to elect coverage for 1 or more dependents.

The target asset allocation at September 30, 2025, and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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JUNE 30, 2026

Investment Category	Target Allocation		Long-term Expected Real Rate of Return*
	Pension	OPEB	
Domestic Equity Pools	21.0%	16.0%	5.8%
International Equity Pools	14.0%	11.0%	5.6%
Private Equity Pools	16.0%	16.0%	9.3%
Real Estate and Infrastructure Pools	8.0%	5.0%	7.0%
Fixed Income Pools	15.0%	26.0%	2.5%
Absolute Return Pools	13.0%	15.0%	4.4%
Real Return/Opportunistic Pools	9.0%	7.0%	7.0%
Short Term Investment Pools	4.0%	4.0%	1.3%
	<u>100.0%</u>	<u>100.0%</u>	

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

Rate of return

For fiscal year ended September 30, 2025, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 9.81% and 9.24% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Discount Rate

A single discount rate of 6.00% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate was based on the assumption that in the future plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those 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.

OPEB Discount Rate

A single discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this single discount rate was based on the assumption that in the future plan member contributions will be made at the current contribution rate and that school districts 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.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

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

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

Pension		
1% Decrease	Discount Rate	1% Increase
\$ 25,940,335	\$ 16,438,168	\$ 8,524,078

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

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

OPEB		
1% Decrease	Discount Rate	1% Increase
\$ (4,080,113)	\$ (4,735,709)	\$ (5,309,498)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the District's proportionate share of the net other postemployment benefit liability (asset) calculated using the healthcare cost trend rate as well as what the District's proportionate share of the net other postemployment benefit liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

OPEB		
Healthcare Cost		
1% Decrease	Trend Rates	1% Increase
\$ (5,304,262)	\$ (4,735,709)	\$ (4,138,748)

I. Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2025 Annual Comprehensive Financial Report.

J. Payables to the Pension and OPEB Plan

As of June 30, 2026, the District is current on all required pension plan payments. As of June 30, 2026, the District reported payables in the amount of \$574,740 to the pension and OPEB plan. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due and funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

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K. Risk Management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees.

The District participates in a distinct pool of education institutions within the State of Michigan for various risks of loss, including general liability, property and casualty, employee health and accident insurance, and workers' disability compensation. The pool is considered a public entity risk pool. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited.

The District continues to carry commercial insurance for other risks of loss, including general liability, property and casualty and employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2026, or any of the prior three years.

L. Long-Term Obligations

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of the governmental long-term obligation transactions for the District for the year ended June 30, 2026:

		General Obligation Bonds					TOTAL
		2016	2020	2023	2025	2026	
Compensated Absences*		Bond Issue	Bond Issue	Bond Issue	Bond Issue	Bond Issue	
Balance, July 1, 2025	\$ 456,646	\$ 975,000	\$ 13,630,000	\$ 7,170,000	\$ 14,320,000	\$ 0	\$ 36,551,646
Additions	44,711	0	0	0	0	8,930,000	8,974,711
Deletions	0	(975,000)	(415,000)	(100,000)	0	0	(1,490,000)
Balance, June 30, 2026	501,357	0	13,215,000	7,070,000	14,320,000	8,930,000	44,036,357
Less current portion	(402,512)	0	(725,000)	(355,000)	(145,000)	(150,000)	(1,777,512)
Total due after one year	\$ 98,845	\$ 0	\$ 12,490,000	\$ 6,715,000	\$ 14,175,000	\$ 8,780,000	\$ 42,258,845

*The change in compensated absences liability is presented as a net change.

Annual debt service requirements are to maturity for the above obligations except for the compensated absences and net pension liability.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

At June 30, 2026, the District's debt obligations consisted of the following issues:

Sick Pay & Retirement Incentive and Net Pension Liability

Compensated Absences	\$ 501,357
Net Pension Liability	16,438,168

General Obligation Bonds

2026 Serial Bonds Due in Annual Installments of \$150,000 to \$1,000,000 through May 1, 2045, Interest at 5.00%	8,930,000
2025 Serial Bonds Due in Annual Installments of \$145,000 to \$2,335,000 through May 1, 2045, Interest at 5.00%	14,320,000
2023 Serial Bonds Due in Annual Installments of \$355,000 to \$540,000 through May 1, 2042, Interest at 4.00%	7,070,000
2020 Serial Bonds Due in Annual Installments of \$725,000 to \$1,195,000 through May 1, 2040, Interest at 4.00%	<u>13,215,000</u>
Total Long-Term Debt	<u><u>\$ 60,474,525</u></u>

The annual requirements to amortize all long-term obligations outstanding as of June 30, 2026, including interest payments of \$23,091,657 are as follows:

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS		
	PRINCIPAL	INTEREST	TOTAL
2027	\$ 1,375,000	\$ 1,915,607	\$ 3,290,607
2028	1,420,000	1,915,950	3,335,950
2029	1,615,000	1,856,100	3,471,100
2030	1,775,000	1,786,900	3,561,900
2031	1,625,000	1,710,200	3,335,200
2032-2036	10,205,000	7,380,500	17,585,500
2037-2041	12,915,000	4,923,050	17,838,050
2042-2045	12,605,000	1,603,350	14,208,350
	<u>\$ 43,535,000</u>	<u>\$ 23,091,657</u>	66,626,657
Net Pension Liability			16,438,168
Compensated Absences			501,357
			<u><u>\$ 83,566,182</u></u>

Interest expense for the year ended June 30, 2026 was approximately \$1,368,900.

The annual requirements to amortize the accrued compensated absences and the net pension liability are uncertain because it is unknown when the repayments will be made.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

Compensated absences and the net pension liability will be paid by the fund in which the employee worked, including the general fund and other governmental funds.

M. Interfund Receivables and Payables and Interfund Transfers

Interfund Receivables and Payables as shown in the individual fund financial statements at June 30, 2026, were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	2019 Debt Service Fund	\$ 162,434
General Fund	Food Service Fund	40,744
General Fund	2025 Capital Projects Fund	7,627
General Fund	2026 Capital Projects Fund	32,410
General Fund	Student Activity Fund	1,065
2019 Debt Service Fund	2020 Debt Service Fund	162,434
Student Activity Fund	General Fund	12,534
Food Service Fund	General Fund	91,305
Food Service Fund	Student Activity Fund	2,427
		<u>\$ 512,980</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) Interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All Interfund balances outstanding at June 30, 2026, are expected to be repaid within one year.

Interfund transfers as shown in the individual fund financial statements at June 30, 2026, were:

<u>Fund Transferred To</u>	<u>Funds Transferred From</u>	<u>Amount</u>
Capital Project Fund	General Fund	\$ 580,000
2019 Debt Service Fund	2020 Debt Service Fund	8,698
		<u>\$ 588,698</u>

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

N. Capital Projects Funds

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

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

The 2026 Capital Projects Fund includes capital project activities funded with bonds. For this capital project, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The fund is not yet considered substantially complete, and a subsequent year audit is expected.

O. Other Information

1. Commitments and Contingencies

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the District.

Prior to June 30, 2026, the District has committed \$18,889,439 for the completion of ongoing construction projects.

P. Statement No. 77 – Tax Abatement Disclosures

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by (cities, villages, and township, etc.) within the District. Industrial Facilities Exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2026, (tax year 2025) the District's property tax revenues were reduced by \$26,846 under these programs.

The District is considered to be an "in-formula" district. The taxes abated for the General Fund operating millage are considered by the State of Michigan when determining the District's section 22 funding of the State School Aid Act. The District received \$17,393 from the State of Michigan's determination.

There are no significant abatements made by the District.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2026, the District implemented the following GASB standards:

GASB Statement No. 103, *Financial Reporting Model Improvements*. The Standard addressed the following areas:

- a. Management's discussion and analysis (MD&A);
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;

BOYNE CITY PUBLIC SCHOOLS
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2026

- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

NOTE 4 – UPCOMING ACCOUNTING PRONOUNCEMENTS

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026-2027 fiscal year.

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REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2026

	GENERAL FUND					FOOD SERVICE FUND				
	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE WITH ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET AND ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE WITH ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET AND ACTUAL
<u>REVENUES</u>										
Local Sources	\$ 9,720,531	\$ 10,033,546	\$ 313,015	\$ 9,975,325	\$ (58,221)	\$ 125,670	\$ 165,500	\$ 39,830	\$ 125,224	\$ (40,276)
State Sources	7,871,546	7,942,103	70,557	7,972,649	30,546	434,130	404,130	(30,000)	427,689	23,559
Federal Sources	180,826	184,572	3,746	211,900	27,328	450,000	485,000	35,000	354,969	(130,031)
Other Transactions	2,671,285	2,601,035	(70,250)	2,488,102	(112,933)	0	0	0	0	0
Total Revenues	20,444,188	20,761,256	317,068	20,647,976	(113,280)	1,009,800	1,054,630	44,830	907,882	(146,748)
<u>EXPENDITURES</u>										
Instruction										
Basic Programs	10,423,814	10,794,164	370,350	10,692,975	(101,189)	0	0	0	0	0
Added Needs	2,561,170	2,642,609	81,439	2,574,488	(68,121)	0	0	0	0	0
Supporting Services										
Pupil	782,473	751,634	(30,839)	730,496	(21,138)	0	0	0	0	0
Instructional Staff	617,294	623,507	6,213	594,363	(29,144)	0	0	0	0	0
General Administration	545,163	532,946	(12,217)	496,322	(36,624)	0	0	0	0	0
School Administration	1,012,841	1,006,270	(6,571)	986,021	(20,249)	0	0	0	0	0
Business	471,731	474,741	3,010	449,260	(25,481)	0	0	0	0	0
Operation and Maintenance	2,368,795	2,350,174	(18,621)	2,260,431	(89,743)	0	0	0	0	0
Pupil Transportation Services	836,294	873,625	37,331	844,465	(29,160)	0	0	0	0	0
Food Service	0	0	0	0	0	984,800	999,022	14,222	917,338	(81,684)
Other	899,174	837,064	(62,110)	787,478	(49,586)	0	0	0	0	0
Community Services										
Community Activities	800	500	(300)	285	(215)	0	0	0	0	0
Other Community Services	18,200	18,200	0	16,275	(1,925)	0	0	0	0	0
Total Expenditures	20,537,749	20,905,434	367,685	20,432,859	(472,575)	984,800	999,022	14,222	917,338	(81,684)
Excess (Deficiency) of Revenues Over Expenditures	(93,561)	(144,178)	(50,617)	215,117	359,295	25,000	55,608	30,608	(9,456)	(65,064)
<u>OTHER FINANCING SOURCES (USES)</u>										
Transfers In / (Out)	(400,000)	(580,000)	(180,000)	(580,000)	0	(25,000)	0	25,000	0	0
Net Change in Fund Balance	(493,561)	(724,178)	(230,617)	(364,883)	359,295	0	55,608	55,608	(9,456)	(65,064)
<u>FUND BALANCE - Beginning of Year</u>	7,973,326	7,973,326	0	7,973,326	0	315,301	315,301	0	245,188	(70,113)
<u>FUND BALANCE - End of Year</u>	\$ 7,479,765	\$ 7,249,148	\$ (230,617)	\$ 7,608,443	\$ 359,295	\$ 315,301	\$ 370,909	\$ 55,608	\$ 235,732	\$ (135,177)

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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2026

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of net pension liability (%)	0.0820555%	0.0831209%	0.0837268%	0.0838367%	0.0818871%	0.0802340%	0.0794240%	0.0777849%	0.0747463%	0.07309158%
District's proportionate share of net pension liability	\$ 16,438,168	\$ 20,349,682	\$ 27,099,062	\$ 31,529,898	\$ 19,387,097	\$ 27,561,235	\$ 26,302,565	\$ 23,383,539	\$ 19,369,952	\$ 18,235,751
District's covered payroll	9,025,273	8,674,251	8,594,530	8,227,935	7,474,073	7,165,832	6,918,077	6,754,015	6,333,376	6,124,865
District's proportionate share of net pension liability as a percentage of its covered payroll	182.13%	234.60%	315.31%	383.21%	259.39%	384.62%	380.20%	346.22%	305.84%	297.73%
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%

BOYNE CITY PUBLIC SCHOOLS

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REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PENSION CONTRIBUTIONS

MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)

JUNE 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contributions	\$ 3,655,175	\$ 3,250,535	\$ 3,449,249	\$ 3,018,891	\$ 2,808,929	\$ 2,467,048	\$ 2,201,988	\$ 2,139,816	\$ 1,984,647	\$ 1,777,357
Contributions in relation to statutorily required contributions	3,655,175	3,250,535	3,449,249	3,018,891	2,808,929	2,467,048	2,201,988	2,139,816	1,984,647	1,777,357
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 9,718,751	\$ 8,950,641	\$ 8,594,530	\$ 7,729,060	\$ 7,670,384	\$ 7,402,720	\$ 7,121,861	\$ 6,872,496	\$ 6,696,546	\$ 6,480,619
Contributions as a percentage of covered payroll	37.61%	36.32%	40.13%	39.06%	36.62%	33.33%	30.92%	31.14%	29.64%	27.43%

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY (ASSET)
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (%)		0.07790126%	0.08161034%	0.08328300%	0.08327670%	0.08252330%	0.08069303%	0.07902312%	0.07969710%	0.07453050%
District's proportionate share of net OPEB liability (asset)		\$ (4,735,709)	\$ (3,512,834)	\$ (471,131)	\$ 1,763,853	\$ 1,259,617	\$ 4,322,941	\$ 5,672,080	\$ 6,335,083	\$ 6,600,027
District's covered payroll		9,025,273	8,674,251	8,352,746	7,729,060	7,474,073	7,165,832	6,918,077	6,754,015	6,333,376
District's proportionate share of net OPEB liability as a percentage of its covered payroll		-52.47%	-40.50%	-5.64%	22.82%	16.85%	60.33%	81.99%	93.80%	104.21%
Plan fiduciary net position as a percentage of total OPEB liability		164.94%	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

BOYNE CITY PUBLIC SCHOOLS

BOYNE CITY, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS

MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)

JUNE 30, 2026

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions		\$ 205,428	\$ 223,137	\$ 642,872	\$ 619,261	\$ 597,813	\$ 586,623	\$ 549,674	\$ 556,172	\$ 487,864
Contributions in relation to statutorily required contributions		205,428	223,137	642,872	619,261	597,813	586,623	549,674	556,172	487,864
Contribution deficiency (excess)		\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll		\$ 9,718,751	\$ 8,950,641	\$ 8,594,530	\$ 8,227,935	\$ 7,670,384	\$ 7,402,720	\$ 7,121,861	\$ 6,872,496	\$ 6,696,546
Contributions as a percentage of covered payroll		2.11%	2.49%	7.48%	7.53%	7.79%	7.92%	7.72%	8.09%	7.29%

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2026

NOTE 1 - Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds.

The District's approved budgets were adopted at the function level for the General and Special Revenue Funds. These are the legal enacted levels under the State Uniform Budgeting and Accounting Act and the level of budgetary control adopted by the Board (the level at which expenditures may not legally exceed appropriations).

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation is utilized in the governmental funds. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. In June, the superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
- b. A public hearing is conducted during June to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act. The Act requires that the budget be amended prior to the end of the fiscal year, when necessary, to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.
- d. The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
- e. For purposes of meeting emergency needs of the District, transfer of appropriations may be made by the authorization of the superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.
- f. During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
- g. Budgeted amounts are as originally adopted on June 23, 2025, or as amended by the School Board of Education throughout the year.

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2026

NOTE 2 – Budgetary Comparison

Significant variances between the original budget and final budget

The following are deemed significant variances between the General Fund's and Food Service Fund's original and final budgets:

	<u>Variance</u>	<u>Explanation</u>
GENERAL FUND		
REVENUES		
Local Sources	\$ 313,015	The taxable value increased by approximately 6% and the District amended its budget accordingly.
EXPENDITURES		
Instruction - Basic Programs	370,350	The amended budget reflects the 1.5% increase in salaries after contracts were settled.
OTHER FINANCING SOURCES (USES)		
Transfers Out	180,000	The District amended its budget to reflect the additional transfer to the capital projects fund for the purchase of new technology, a bus, and furniture.
FOOD SERVICE FUND		
REVENUES		
Local Sources	39,830	The District amended its budget due to the anticipation of higher catering income.
Federal Sources	35,000	The District amended its budget due to the anticipation of more servings for meals due to an increase in pupil count.

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2026

Significant variances between final budget and actual

	<u>Variance</u>	<u>Explanation</u>
GENERAL FUND		
REVENUES		
Other Transactions	\$ (112,933)	The variance is a result of the District not spending as much of the vocational education millage received from the ISD as anticipated in the final budget.
FOOD SERVICE FUND		
REVENUE		
Local Sources	(40,276)	The variance is a result of the District receiving less in catering income than anticipated.
Federal Sources	(130,031)	The variance is a result of the District receiving less in federal meal claim reimbursements due to fewer servings than anticipated.
EXPENDITURES		
Food Service	(81,684)	The variance is a result of the District having to pay less for food for meals than anticipated due to fewer servings.

NOTE 3 – Pension Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30.

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

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2026

OPEB Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30.

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

- 2025 - The health care cost trend rate used in the September 30, 2024, actuarial valuation increased by 0.50 percentage points for members under 65. This increased the plan's total OPEB liability by \$267 million in 2025.
- 2024 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage point for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2022 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

BOYNE CITY PUBLIC SCHOOLS

BOYNE CITY, MICHIGAN

GENERAL FUND

COMPARATIVE STATEMENT OF REVENUES

YEAR ENDED JUNE 30,

	2026	2025
<u>REVENUES</u>		
Local Sources		
Property Taxes	\$ 9,329,465	\$ 8,951,037
Tuition	0	7,609
Penalties and Interest on Taxes	2,350	1,989
Earnings on Investments	249,260	312,446
Other Local Revenue	394,250	489,626
Total Local Sources	9,975,325	9,762,707
State Sources		
Grants - Unrestricted:		
State Aid	6,238,814	6,153,521
Grants - Restricted		
At Risk	832,088	639,029
Received through ISD		
Other Grants	901,747	843,865
Total State Sources	7,972,649	7,636,415
Federal Sources		
Grants - Restricted		
Received through State		
Title I, Part A	142,695	135,505
Title II, Part A	24,062	23,989
Title VI	10,270	14,338
Title IV	10,000	10,000
Filter First	14,320	0
ESSERS	0	21,367
Received through ISD		
Title IV	653	754
Medicaid/Administration Outreach	9,900	8,074
Total Federal Sources	211,900	214,027
Other Transactions		
Other	2,488,102	2,493,734
TOTAL REVENUES	\$ 20,647,976	\$ 20,106,883

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN
GENERAL FUND
COMPARATIVE STATEMENT OF EXPENDITURES
YEAR ENDED JUNE 30,

	<u>2026</u>	<u>2025</u>
<u>INSTRUCTION</u>		
<u>Basic Programs</u>		
<u>Elementary</u>		
Salaries	\$ 1,858,428	\$ 1,809,057
Employee Benefits	1,420,639	1,409,871
Purchased Service	106,793	83,606
Supplies and Materials	86,262	128,857
Other Expenditures	795	982
Total Elementary	<u>3,472,917</u>	<u>3,432,373</u>
<u>Middle School</u>		
Salaries	1,482,863	1,422,132
Employee Benefits	1,112,223	1,112,596
Purchased Services	92,991	54,815
Supplies and Materials	136,098	34,450
Other Expenditures	538	500
Total Middle School	<u>2,824,713</u>	<u>2,624,493</u>
<u>High School</u>		
Salaries	1,605,796	1,487,302
Employee Benefits	1,246,586	1,205,756
Purchased Services	346,543	302,207
Supplies and Materials	44,081	33,412
Other Expenditures	100	225
Total High School	<u>3,243,106</u>	<u>3,028,902</u>
<u>Pre School</u>		
Salaries	455,590	412,169
Employee Benefits	246,414	255,083
Purchased Services	363,449	324,569
Supplies and Materials	64,051	44,735
Other Expenditures	1,285	2,390
Total Pre School	<u>1,130,789</u>	<u>1,038,946</u>
<u>Summer School</u>		
Salaries	15,567	15,940
Employee Benefits	5,883	5,947
Total Summer School	<u>21,450</u>	<u>21,887</u>
TOTAL BASIC PROGRAMS	<u>10,692,975</u>	<u>10,146,601</u>

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN
GENERAL FUND
COMPARATIVE STATEMENT OF EXPENDITURES
YEAR ENDED JUNE 30,

	2026	2025
<u>Added Needs</u>		
<u>Special Education</u>		
Salaries	829,962	736,713
Employee Benefits	562,914	551,029
Purchased Services	41,534	55,586
Supplies and Materials	2,993	1,966
Total Special Education	<u>1,437,403</u>	<u>1,345,294</u>
<u>Compensatory Education</u>		
Salaries	118,109	111,006
Employee Benefits	58,648	58,488
Purchased Services	65,709	60,111
Total Compensatory Education	<u>242,466</u>	<u>229,605</u>
<u>Vocational Education</u>		
Salaries	324,707	302,981
Employee Benefits	249,374	218,881
Purchased Services	139,375	122,225
Supplies and Materials	142,597	152,546
Capital Outlay	38,566	3,920
Total Vocational Education	<u>894,619</u>	<u>800,553</u>
TOTAL ADDED NEEDS	<u>2,574,488</u>	<u>2,375,452</u>
TOTAL INSTRUCTION	<u>13,267,463</u>	<u>12,522,053</u>
<u>SUPPORTING SERVICES</u>		
<u>Pupil Services</u>		
<u>Guidance</u>		
Salaries	344,527	321,091
Employee Benefits	204,326	208,178
Purchased Services	1,444	0
Total Guidance	<u>550,297</u>	<u>529,269</u>
<u>Health Services</u>		
Supplies and Materials	0	124
Total Health Services	<u>0</u>	<u>124</u>
<u>Social Work Services</u>		
Purchased Services	23,223	58,035
Supplies and Materials	223	490
Total Social Work Services	<u>23,446</u>	<u>58,525</u>

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN
GENERAL FUND
COMPARATIVE STATEMENT OF EXPENDITURES
YEAR ENDED JUNE 30,

	2026	2025
<u>Other Pupil Services</u>		
Salaries	80,567	52,433
Employee Benefits	23,736	17,573
Purchased Services	24,675	46,384
Supplies and Materials	347	173
Other Expenditures	27,428	22,815
Total Other Pupil Services	156,753	139,378
 TOTAL PUPIL SERVICES	 730,496	 727,296
<u>Instructional Staff</u>		
<u>Improvement of Instruction</u>		
Salaries	67,929	54,873
Employee Benefits	44,415	34,585
Purchased Services	93,389	41,613
Total Improvement of Instruction	205,733	131,071
 <u>Library</u>		
Salaries	53,888	46,662
Employee Benefits	40,727	37,444
Purchased Services	1,991	1,905
Supplies and Materials	8,717	6,266
Total Library	105,323	92,277
 <u>Supervision and Direction</u>		
Salaries	167,036	118,470
Employee Benefits	100,027	88,328
Purchased Services	1,234	26,722
Supplies and Materials	187	477
Total Supervision and Direction	268,484	233,997
 <u>Academic Student Testing</u>		
Purchased Services	1,541	1,550
Supplies and Materials	13,282	15,528
Total Academic Student Testing	14,823	17,078
 TOTAL INSTRUCTIONAL STAFF	 594,363	 474,423

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN

GENERAL FUND
COMPARATIVE STATEMENT OF EXPENDITURES

YEAR ENDED JUNE 30,

	2026	2025
<u>General Administrative Services</u>		
<u>Board of Education</u>		
Salaries	3,395	3,885
Employee Benefits	260	838
Purchased Services	62,015	94,938
Supplies and Materials	5,998	4,970
Other Expenditures	499	5,298
Total Board of Education	<u>72,167</u>	<u>109,929</u>
<u>Executive Administration</u>		
Salaries	231,569	251,880
Employee Benefits	167,898	173,713
Purchased Services	13,869	16,941
Supplies and Materials	4,789	7,078
Other Expenditures	6,030	3,519
Total Executive Administration	<u>424,155</u>	<u>453,131</u>
TOTAL GENERAL ADMINISTRATION	<u>496,322</u>	<u>563,060</u>
<u>School Administration</u>		
<u>Office of the Principal</u>		
Salaries	571,314	523,547
Employee Benefits	392,849	411,310
Purchased Services	5,110	8,016
Supplies and Materials	8,034	5,912
Other Expenditures	1,113	1,805
Total Office of the Principal	<u>978,420</u>	<u>950,590</u>
<u>Other School Administration</u>		
Other Expenses	7,601	6,555
Total Other School Administration	<u>7,601</u>	<u>6,555</u>
TOTAL SCHOOL ADMINISTRATION	<u>986,021</u>	<u>957,145</u>
<u>Business</u>		
<u>Fiscal Services</u>		
Salaries	207,216	194,948
Employee Benefits	159,918	157,925
Purchased Services	9,795	37,933
Supplies and Materials	449	3,957
Other Expenditures	0	2,559
Total Fiscal Services	<u>377,378</u>	<u>397,322</u>

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN
GENERAL FUND
COMPARATIVE STATEMENT OF EXPENDITURES
YEAR ENDED JUNE 30,

	2026	2025
<u>Other Business Services</u>		
Other Expenditures	71,882	43,610
Total Other Business Services	71,882	43,610
 TOTAL BUSINESS	 449,260	 440,932
<u>Operation and Maintenance</u>		
<u>Operating Buildings Services</u>		
Salaries	612,411	575,102
Employee Benefits	469,459	469,619
Purchased Services	408,915	446,203
Supplies and Materials	648,446	592,940
Capital Outlay	22,740	111,127
Other Expenditures	1,241	1,641
Total Operating Building Services	2,163,212	2,196,632
<u>Security Services</u>		
Purchased Services	45,827	58,125
Supplies and Materials	51,392	0
Capital Outlay	0	66,128
Total Security Services	97,219	124,253
 TOTAL OPERATION AND MAINTENANCE	 2,260,431	 2,320,885
<u>Transportation</u>		
Salaries	419,706	371,653
Employee Benefits	275,316	277,489
Purchased Services	61,265	22,623
Supplies and Materials	86,855	88,580
Other Expenditures	1,323	1,317
Total Transportation	844,465	761,662
<u>Information Management Services</u>		
Salaries	25,000	37,031
Employee Benefits	17,079	23,543
Purchased Services	145,500	152,260
Supplies and Materials	0	12,531
Other Expenditures	583	1,267
Total Information Management Services	188,162	226,632

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN
GENERAL FUND
COMPARATIVE STATEMENT OF EXPENDITURES
YEAR ENDED JUNE 30,

	2026	2025
<u>Athletic Activities</u>		
Salaries	225,302	198,372
Employee Benefits	113,474	115,586
Purchased Services	211,734	201,968
Supplies and Materials	43,628	51,679
Other Expenditures	5,178	1,739
Total Athletic Activities	599,316	569,344
TOTAL SUPPORTING SERVICES	7,148,836	7,041,379
<u>Community Services</u>		
Community Activities		
Supplies and Materials	285	6,548
Total Community Activities	285	6,548
Other Community Services		
Salaries	11,966	11,966
Employee Benefits	4,309	4,619
Total Community Services	16,275	16,585
TOTAL COMMUNITY SERVICES	16,560	23,133
<u>Facilities Acquisition, Construction & Improvements</u>		
Architecture and Engineering Services		
Purchased Services	0	437,897
Total Architecture and Engineering Services	0	437,897
Building Improvements Services		
Purchased Services	0	58,814
Capital Outlay	0	503,282
Total Facilities Acquisition, Construction & Improvements	0	562,096
TOTAL FACILITIES ACQUISITION, CONSTRUCTION & IMPROVEMENTS	0	999,993
TOTAL OPERATING EXPENDITURES	\$ 20,432,859	\$ 20,586,558

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN

SCHEDULE OF BONDED INDEBTEDNESS
JUNE 30, 2026

2020 BOND ISSUE

DATE OF ISSUE June 29, 2020

AMOUNT OF ISSUE \$ 15,480,000

PURPOSE Acquiring and installing educational technology improvements; purchasing buses; and partially remodeling, refurnishing and re-equipping School District buildings.

TYPE OF ISSUE Serial bonds issued in denominations of \$5,000. Interest is due semi-annually on November 1st and May 1st, with annual principal redemptions on May 1st.

Interest Rate	Fiscal Year	Semi-Annual Interest Payment November 1	Semi-Annual Interest Payment May 1	Annual Maturity May 1	Total Fiscal Year Requirements
4.00%	2026-27	\$ 264,300	\$ 264,300	\$ 725,000	\$ 1,253,600
4.00%	2027-28	249,800	249,800	750,000	1,249,600
4.00%	2028-29	234,800	234,800	780,000	1,249,600
4.00%	2029-30	219,200	219,200	815,000	1,253,400
4.00%	2030-31	202,900	202,900	845,000	1,250,800
4.00%	2031-32	186,000	186,000	880,000	1,252,000
4.00%	2032-33	168,400	168,400	915,000	1,251,800
4.00%	2033-34	150,100	150,100	950,000	1,250,200
4.00%	2034-35	131,100	131,100	990,000	1,252,200
4.00%	2035-36	111,300	111,300	1,030,000	1,252,600
4.00%	2036-37	90,700	90,700	1,070,000	1,251,400
4.00%	2037-38	69,300	69,300	1,115,000	1,253,600
4.00%	2038-39	47,000	47,000	1,155,000	1,249,000
4.00%	2039-40	23,900	23,900	1,195,000	1,242,800
		<u>\$ 2,148,800</u>	<u>\$ 2,148,800</u>	<u>\$ 13,215,000</u>	<u>\$ 17,512,600</u>

BOYNE CITY PUBLIC SCHOOLS
BOYNE CITY, MICHIGAN

SCHEDULE OF BONDED INDEBTEDNESS
JUNE 30, 2026

2023 BOND ISSUE

DATE OF ISSUE January 31, 2023

AMOUNT OF ISSUE \$ 7,925,000

PURPOSE Acquiring and installing educational technology improvements; purchasing buses; partially remodeling, refurnishing and re-equipping School District buildings; and improving and equipping playgrounds, athletic fields and facilities.

TYPE OF ISSUE Serial bonds issued in denominations of \$5,000. Interest is due semi-annually on November 1st and May 1st, with annual principal redemptions on May 1st.

Interest Rate	Fiscal Year	Semi-Annual Interest Payment November 1	Semi-Annual Interest Payment May 1	Annual Maturity May 1	Total Fiscal Year Requirements
4.00%	2026-27	\$ 141,400	\$ 141,400	\$ 355,000	\$ 637,800
4.00%	2027-28	134,300	134,300	365,000	633,600
4.00%	2028-29	127,000	127,000	375,000	629,000
4.00%	2029-30	119,500	119,500	390,000	629,000
4.00%	2030-31	111,700	111,700	395,000	618,400
4.00%	2031-32	103,800	103,800	395,000	602,600
4.00%	2032-33	95,900	95,900	405,000	596,800
4.00%	2033-34	87,800	87,800	420,000	595,600
4.00%	2034-35	79,400	79,400	435,000	593,800
4.00%	2035-36	70,700	70,700	455,000	596,400
4.00%	2036-37	61,600	61,600	470,000	593,200
4.00%	2037-38	52,200	52,200	490,000	594,400
4.00%	2038-39	42,400	42,400	510,000	594,800
4.00%	2039-40	32,200	32,200	530,000	594,400
4.00%	2040-41	21,600	21,600	540,000	583,200
4.00%	2041-42	10,800	10,800	540,000	561,600
		<u>\$ 1,292,300</u>	<u>\$ 1,292,300</u>	<u>\$ 7,070,000</u>	<u>\$ 9,654,600</u>

BOYNE CITY PUBLIC SCHOOLS

BOYNE CITY, MICHIGAN

SCHEDULE OF BONDED INDEBTEDNESS

JUNE 30, 2026

2025 BOND ISSUE

DATE OF ISSUE June 27, 2025

AMOUNT OF ISSUE \$ 14,320,000

PURPOSE Erecting, Furnishing and equipping additions to school buildings. Remodeling, furnishing and refurnishing and equipping and re-equipping school buildings. Acquiring installing, equipping and re-equipping school buildings for instructional technology. Erecting furnishing and equipping structures; purchasing school buses. Preparing, developing, improving, and equipping playgrounds, athletic fields and facilities and sites.

TYPE OF ISSUE Serial bonds issued in denominations of \$5,000. Interest is due semi-annually on November 1st and May 1st, with annual principal redemptions on May 1st.

Interest Rate	Fiscal Year	Semi-Annual Interest Payment November 1	Semi-Annual Interest Payment May 1	Annual Maturity May 1	Total Fiscal Year Requirements
5.00%	2026-27	\$ 358,000	\$ 358,000	\$ 145,000	\$ 861,000
5.00%	2027-28	354,375	354,375	145,000	853,750
5.00%	2028-29	350,750	350,750	160,000	861,500
5.00%	2029-30	346,750	346,750	185,000	878,500
5.00%	2030-31	342,125	342,125	185,000	869,250
5.00%	2031-32	337,500	337,500	295,000	970,000
5.00%	2032-33	330,125	330,125	370,000	1,030,250
5.00%	2033-34	320,875	320,875	385,000	1,026,750
5.00%	2034-35	311,250	311,250	415,000	1,037,500
5.00%	2035-36	300,875	300,875	430,000	1,031,750
5.00%	2036-37	290,125	290,125	460,000	1,040,250
5.00%	2037-38	278,625	278,625	480,000	1,037,250
5.00%	2038-39	266,625	266,625	505,000	1,038,250
5.00%	2039-40	254,000	254,000	535,000	1,043,000
5.00%	2040-41	240,625	240,625	1,405,000	1,886,250
5.00%	2041-42	205,500	205,500	1,500,000	1,911,000
5.00%	2042-43	168,000	168,000	2,135,000	2,471,000
5.00%	2043-44	114,625	114,625	2,250,000	2,479,250
5.00%	2044-45	58,375	58,375	2,335,000	2,451,750
		\$ 5,229,125	\$ 5,229,125	\$ 14,320,000	\$ 24,778,250

BOYNE CITY PUBLIC SCHOOLS

BOYNE CITY, MICHIGAN

SCHEDULE OF BONDED INDEBTEDNESS

JUNE 30, 2026

2026 BOND ISSUE

DATE OF ISSUE June 18, 2026

AMOUNT OF ISSUE \$ 8,930,000

PURPOSE Erecting, Furnishing and equipping additions to school buildings. Remodeling, furnishing and refurnishing and equipping and re-equipping school buildings. Acquiring installing, equipping and re-equipping school buildings for instructional technology. Erecting furnishing and equipping structures; purchasing school buses. Preparing, developing, improving, and equipping playgrounds, athletic fields and facilities and sites.

TYPE OF ISSUE Serial bonds issued in denominations of \$5,000. Interest is due semi-annually on November 1st and May 1st, with annual principal redemptions on May 1st.

Interest Rate	Fiscal Year	Semi-Annual Interest Payment November 1	Semi-Annual Interest Payment May 1	Annual Maturity May 1	Total Fiscal Year Requirements
5.00%	2026-27	\$ 164,957	\$ 223,250	\$ 150,000	\$ 538,207
5.00%	2027-28	219,500	219,500	160,000	599,000
5.00%	2028-29	215,500	215,500	300,000	731,000
5.00%	2029-30	208,000	208,000	385,000	801,000
5.00%	2030-31	198,375	198,375	200,000	596,750
5.00%	2031-32	193,375	193,375	200,000	586,750
5.00%	2032-33	188,375	188,375	230,000	606,750
5.00%	2033-34	182,625	182,625	325,000	690,250
5.00%	2034-35	174,500	174,500	330,000	679,000
5.00%	2035-36	166,250	166,250	350,000	682,500
5.00%	2036-37	157,500	157,500	370,000	685,000
5.00%	2037-38	148,250	148,250	385,000	681,500
5.00%	2038-39	138,625	138,625	405,000	682,250
5.00%	2039-40	128,500	128,500	430,000	687,000
5.00%	2040-41	117,750	117,750	865,000	1,100,500
5.00%	2041-42	96,125	96,125	905,000	1,097,250
5.00%	2042-43	73,500	73,500	950,000	1,097,000
5.00%	2043-44	49,750	49,750	990,000	1,089,500
5.00%	2044-45	25,000	25,000	1,000,000	1,050,000
		\$ 2,846,457	\$ 2,904,750	\$ 8,930,000	\$ 14,681,207

