Lake Orion Community Schools

Financial Report
with Supplementary Information
June 30, 2026

Lake Orion Community Schools

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Independent Auditor's Report

To the Board of Education
Lake Orion Community Schools

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Orion Community Schools (the "School District") as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise Lake Orion Community Schools' basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Orion Community Schools as of June 30, 2026 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

To the Board of Education
Lake Orion Community Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2026 on our consideration of Lake Orion Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Lake Orion Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lake Orion Community Schools' internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 26, 2026

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

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Lake Orion Community Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund and the 2019 Series 3B Capital Projects Fund, with all other funds presented in one column as nonmajor funds. This report is composed of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Information for Major Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

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

Schedule of OPEB Contributions

Notes to Required Supplementary Information

Supplementary Information

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

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

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

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

Reporting the School District's Most Significant Funds - Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services provided to other funds. The School District established a proprietary fund, specifically the Internal Service Fund, to finance specific services provided to other funds of the School District on a cost-reimbursement basis. The specific services represent the School District's reserve for dental self-insurance claims due in future years.

Overall Financial Summary

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2026 and 2025:

	Governmental Activities	
	2026	2025
	(in millions)	
Assets		
Current and other assets	$ 84.3	$ 75.9
Capital assets	255.2	252.5
Total assets	339.5	328.4
Deferred Outflows of Resources	31.7	43.2
Liabilities		
Current liabilities	17.0	22.2
Noncurrent liabilities	154.1	157.2
Net pension liability	99.4	124.0
Total liabilities	270.5	303.4
Deferred Inflows of Resources	68.8	72.0
Net Position (Deficit)		
Net investment in capital assets	119.9	114.7
Restricted	33.7	22.1
Unrestricted	(121.7)	(140.6)
Total net position (deficit)	**$ 31.9**	**$ (3.8)**

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was $31.9 million at June 30, 2026. Net investment in capital assets, totaling $119.9 million, compares the original cost, less depreciation and amortization of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position ($(121.7) million) was unrestricted.

The $(121.7) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from the adoption of GASB Statement No. 68 (recording the School District's state-allocated share of the net pension liability from the state-managed retirement system). The unrestricted net position balance, when available, enables the School District to meet working capital and cash flow requirements and provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2026 and 2025:

	Governmental Activities	
	2026	2025
	(in millions)	
Revenue		
Program revenue:		
Charges for services	$ 4.7	$ 4.8
Operating grants	43.2	51.0
General revenue:		
Taxes	39.3	37.3
State aid not restricted to specific purposes	55.0	53.3
Other	4.2	4.2
Total revenue	146.4	150.6
Expenses		
Instruction	48.4	53.3
Support services	38.2	38.2
Athletics	1.5	1.6
Food services	3.0	3.2
Community services	1.7	1.9
Debt service	4.8	4.8
Depreciation and amortization expense (unallocated)	13.1	10.5
Total expenses	110.7	113.5
Change in Net Position	35.7	37.1
Net Position (Deficit) - Beginning of year	(3.8)	(40.9)
Net Position (Deficit) - End of year	**$ 31.9**	**$ (3.8)**

As reported in the statement of activities, the cost of all of our governmental activities this year was $110.7 million. Certain activities were partially funded from those who benefited from the programs ($4.7 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($43.2 million). We paid for the remaining public benefit portion of our governmental activities with $39.3 million in taxes, $55.0 million in state foundation allowance, and $4.2 million in other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of $35.7 million. The change is composed of the net position invested in capital assets (net of related debt) increasing by $5.2 million, the net position of restricted assets increasing by $11.6 million, and the unrestricted net position (deficit) balance decreasing by $18.9 million. Additionally, total assets increased by $11.1 million, deferred outflows of resources decreased by $11.5 million, total liabilities decreased by $32.3 million, and deferred inflows of resources decreased by $3.8 million. The increase in net position was attributed to an increase in the Office of Retirement Services (ORS) net Other Post-Employment Benefits (OPEB) asset, a net increase in capitalized building improvements, furniture and equipment and a decrease in the ORS net pension liability.

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

Detailed Analyses - Financial Summary of Individual Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of $34.2 million, which is an increase of $3.8 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, fund balance increased from $11.8 million to $13.2 million. The increase was primarily the result of a planned operating surplus. This was accomplished by the combination of a $442 per student increase in state foundation allowance, a decrease of 88 students and intentional staff absorptions in correlation with a decrease of students.

The 2019 Series 3B Capital Projects Fund fund balance increased by $12.6 million due to the issuance of new debt.

The School District collected $5.5 million in voter-approved sinking fund millage. This millage is available to fund specific capital projects, as allowed by state law. The fund balance increased by $0.4 million.

Significant Capital Asset and Long-term Financing Activity

Capital Assets

As of June 30, 2026, the School District had $255.2 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, equipment, and lease assets. This amount represents a net increase (including additions, disposals, depreciation, and amortization) of approximately $2.7 million from last year.

	Governmental Activities	
	2026	2025
Land	$ 14,639,727	$ 14,779,919
Construction in progress	4,564,994	18,566,543
Buildings and improvements	210,978,113	197,682,419
Furniture and equipment	22,950,735	20,616,660
Buses and other vehicles	2,085,213	639,107
Leased buses	-	197,932
Total capital assets - Net of accumulated depreciation and amortization	**$ 255,218,782**	**$ 252,482,580**

This year's additions of $18.4 million included construction in progress, land, buildings, vehicles, furniture, and equipment. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had $132.7 million in bonds outstanding versus $135.0 million in the previous year. Those bonds consisted of the following:

	2026	2025
General obligation bonds	$ 132,715,000	$ 134,970,000

The School District's general obligation bond rating is A+ from Standard & Poor's. The State limits the amount of general obligation debt that schools can issue to 5 percent of the state equalized value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit.

In June 2026, the District issued $12.9 million of bonds. This was the fourth series of the voter approved bond proposal in 2018.

Other obligations include accrued vacation pay and sick leave. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Currently Known Facts, Decisions, or Conditions

Our elected board members and administration consider many factors when setting the School District's 2026-2027 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2026-2027 budget was adopted in June 2026 based on an estimate of students who will enroll in September 2026. Approximately 60 percent of total General Fund revenue is derived from the State's School Aid Fund. Under state law, the School District cannot access additional property tax revenue for general operations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The State periodically holds a revenue estimating conference, and the most recent results are sufficient to fund the appropriation.

The School District's recent budgetary history reflects how it has made every effort over the past decade to prepare for and excel programmatically, while meeting the challenges of the State's funding mechanism. As a result of our past decisions, the School District can continue to afford itself the opportunity to make measured, intentional, and systemic changes to its operations and resulting budget. We recognize and appreciate that, to remain fiscally responsible, we must continue to make operational changes to realign our expenditures with our revenue. This effort is even more important during the unprecedented times of the state not delivering an approved budget until after the October 1 deadline for the 2025-2026 school year. Despite the delay, it is the intention of the School District to provide premium programming within a balanced operating budget.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office at Lake Orion Community Schools, business office, 1335 Joslyn Road, Lake Orion, MI 48360.

Lake Orion Community Schools

Statement of Net Position

June 30, 2026

	Governmental Activities
Assets	
Cash and investments (Note 4)	$ 16,159,064
Receivables:	
Property taxes receivable	12,867
Leases receivable (Note 10)	1,870,966
Other receivables	835,809
Due from other governments	16,218,654
Inventory	29,091
Prepaid expenses and other assets	1,189,901
Restricted assets (Note 5)	16,747,860
Net OPEB asset (Note 12)	31,270,226
Capital assets: (Note 7)	
Assets not subject to depreciation	19,204,721
Assets subject to depreciation - Net	236,014,061
Total assets	339,553,220
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 9)	143,298
Deferred pension costs (Note 12)	25,803,559
Deferred OPEB costs (Note 12)	5,708,731
Total deferred outflows of resources	31,655,588
Liabilities	
Accounts payable	3,200,520
Due to other governmental units	2,200,365
Accrued liabilities and other:	
Accrued salaries and wages	6,744,433
Payroll taxes and withholdings	2,802,205
Accrued interest payable	910,272
Unearned revenue (Note 6)	1,137,869
Noncurrent liabilities:	
Due within one year (Note 9)	23,346,714
Due in more than one year (Note 9)	130,680,800
Net pension liability (Note 12)	99,443,366
Total liabilities	270,466,544
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date	7,992,684
Deferred pension cost reductions (Note 12)	32,599,895
Deferred OPEB cost reductions (Note 12)	26,412,291
Deferred leases (Note 10)	1,810,108
Total deferred inflows of resources	68,814,978
Net Position	
Net investment in capital assets	119,921,188
Restricted:	
Capital projects	668,330
Debt service	1,739,396
Net OPEB asset	31,270,226
Unrestricted	(121,671,854)
Total net position	**$ 31,927,286**

See notes to financial statements.

Lake Orion Community Schools

Statement of Activities

Year Ended June 30, 2026

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	$ 48,435,246	$ 804,185	$ 25,033,918	$ (22,597,143)
Support services	38,192,516	167,419	16,621,466	(21,403,631)
Athletics	1,462,315	535,167	-	(927,148)
Food services	3,033,374	357,555	1,560,475	(1,115,344)
Community services	1,688,854	2,883,961	-	1,195,107
Interest	4,427,966	-	-	(4,427,966)
Other debt costs	362,469	-	-	(362,469)
Depreciation and amortization expense (unallocated)	13,078,756	-	-	(13,078,756)
Total primary government	**$ 110,681,496**	**$ 4,748,287**	**$ 43,215,859**	(62,717,350)
General revenue:				
Taxes:				
Property taxes levied for general purposes				12,044,784
Property taxes levied for debt service				21,855,205
Property taxes levied for capital projects				5,417,750
State aid not restricted to specific purposes				54,999,323
Interest and investment income				1,232,175
Penalties, interest, and other taxes				81,207
Other:				
Other				569,856
Student activities				2,214,408
Total general revenue				98,414,708
Change in Net Position				35,697,358
Net Position (Deficit) - Beginning of year				(3,770,072)
Net Position - End of year				**$ 31,927,286**

See notes to financial statements.

Lake Orion Community Schools

Governmental Funds
Balance Sheet

June 30, 2026

	General Fund	2019 Series 3B Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 4)	$ 11,584,891	$ -	$ 4,574,173	$ 16,159,064
Receivables:				
Property taxes receivable	5,023	-	7,844	12,867
Leases receivable (Note 10)	1,870,966	-	-	1,870,966
Other receivables	820,006	-	15,803	835,809
Due from other governments	15,614,973	-	603,681	16,218,654
Due from other funds (Note 8)	5,725	31,990	922,920	960,635
Inventory	-	-	29,091	29,091
Prepaid expenses	1,092,276	-	-	1,092,276
Restricted assets (Note 5)	-	13,669,827	3,078,033	16,747,860
Total assets	**$ 30,993,860**	**$ 13,701,817**	**$ 9,231,545**	**$ 53,927,222**
Liabilities				
Accounts payable	$ 1,722,058	$ 1,105,371	$ 206,153	$ 3,033,582
Due to other governmental units	2,194,820	-	5,545	2,200,365
Due to other funds (Note 8)	1,280,881	-	5,725	1,286,606
Accrued liabilities and other	9,482,215	-	64,423	9,546,638
Unearned revenue (Note 6)	583,162	-	554,707	1,137,869
Total liabilities	15,263,136	1,105,371	836,553	17,205,060
Deferred Inflows of Resources				
Unavailable revenue (Note 6)	746,000	-	-	746,000
Deferred leases (Note 10)	1,810,108	-	-	1,810,108
Total deferred inflows of resources	2,556,108	-	-	2,556,108
Total liabilities and deferred inflows of resources	17,819,244	1,105,371	836,553	19,761,168
Fund Balances				
Nonspendable:				
Inventory	-	-	29,091	29,091
Prepaids	1,092,276	-	-	1,092,276
Restricted:				
Debt service	-	-	2,649,668	2,649,668
Capital projects	-	12,596,446	651,202	13,247,648
Food service	-	-	2,250,415	2,250,415
Committed:				
Community service	-	-	1,266,978	1,266,978
Student activities	-	-	1,448,156	1,448,156
Assigned:				
Capital projects	-	-	99,482	99,482
Compensated absences obligation	5,852,620	-	-	5,852,620
Unassigned	6,229,720	-	-	6,229,720
Total fund balances	13,174,616	12,596,446	8,394,992	34,166,054
Total liabilities, deferred inflows of resources, and fund balances	**$ 30,993,860**	**$ 13,701,817**	**$ 9,231,545**	**$ 53,927,222**

See notes to financial statements.

Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2026

Fund Balances Reported in Governmental Funds	$ 34,166,054
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets (including right-to-use assets) are not financial resources and are not reported in the funds:	
Cost of capital assets (including right-to-use assets)	399,408,101
Accumulated depreciation	(144,189,319)
Net capital assets (including right-to-use assets) used in governmental activities	255,218,782
Receivables that are not collected soon after year end are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.	746,000
Deferred outflows related to bond refundings are not reported in the funds	143,298
Bonds payable, direct borrowings, unamortized premium, and lease liabilities are not due and payable in the current period and are not reported in the funds	(148,024,894)
Accrued interest is not due and payable in the current period and is not reported in the funds	(910,272)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(5,852,620)
Net pension liability and related deferred inflows and outflows	(106,239,702)
Net OPEB asset and related deferred inflows and outflows	10,566,666
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(7,992,684)
Internal service funds are included as part of governmental activities	106,658
Net Position of Governmental Activities	**$ 31,927,286**

Lake Orion Community Schools

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2026

	General Fund	Formerly Major - 2019 Series 3A Capital Projects Fund	2019 Series 3B Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	$ 14,541,976	$ -	$ 17,128	$ 33,604,568	$ 48,163,672
State sources	82,189,567	-	-	4,563,205	86,752,772
Federal sources	2,216,550	-	-	1,283,296	3,499,846
Interdistrict sources	8,369,898	-	-	-	8,369,898
Total revenue	107,317,991	-	17,128	39,451,069	146,786,188
Expenditures					
Current:					
Instruction	63,113,029	-	-	2,489,659	65,602,688
Support services	40,582,479	-	-	2,483,016	43,065,495
Athletics	1,716,568	-	-	-	1,716,568
Food services	-	-	-	3,623,493	3,623,493
Community services	237,103	-	-	1,921,405	2,158,508
Debt service:					
Principal	211,896	-	-	15,607,529	15,819,425
Interest	8,120	-	-	5,780,375	5,788,495
Other debt costs	-	-	163,815	198,654	362,469
Capital outlay	555,599	-	1,308,412	17,201,499	19,065,510
Total expenditures	106,424,794	-	1,472,227	49,305,630	157,202,651
Excess of Revenue Over (Under) Expenditures	893,197	-	(1,455,099)	(9,854,561)	(10,416,463)
Other Financing Sources (Uses)					
Face value of debt issued	-	-	12,880,000	-	12,880,000
Proceeds from sale of capital assets	197,772	-	-	-	197,772
Premium on debt issued	-	-	1,171,545	-	1,171,545
School Loan Revolving Fund proceeds	-	-	-	4,685	4,685
Transfers in (Note 8)	270,000	-	-	-	270,000
Transfers out (Note 8)	-	-	-	(270,000)	(270,000)
Total other financing sources (uses)	467,772	-	14,051,545	(265,315)	14,254,002
Net Change in Fund Balances	1,360,969	-	12,596,446	(10,119,876)	3,837,539
Fund Balances - Beginning of year, as previously reported	11,813,647	12,780,330	-	5,734,538	30,328,515
Change within Financial Reporting Entity (Note 2)	-	(12,780,330)	-	12,780,330	-
Fund Balances - Beginning of year, as adjusted	11,813,647	-	-	18,514,868	30,328,515
Fund Balances - End of year	**$ 13,174,616**	**$ -**	**$ 12,596,446**	**$ 8,394,992**	**$ 34,166,054**

See notes to financial statements.

Lake Orion Community Schools

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

Year Ended June 30, 2026

Net Change in Fund Balances Reported in Governmental Funds	$	3,837,539
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation or amortization:		
Capitalized capital outlay		18,355,484
Depreciation and amortization expense		(13,078,756)
Net book value of assets disposed of		(2,540,526)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available		746,000
Revenue in support of pension contributions made subsequent to the measurement date		(1,153,334)
Issuing debt net of premiums and discounts provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position		(14,056,230)
Repayment of bond principal and lease liabilities is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt and lease liabilities); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds		17,200,095
Interest expense is recognized in the government-wide statements as it accrues		(20,141)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		26,481,261
Internal service funds are included as part of governmental activities		(74,034)
Change in Net Position of Governmental Activities	**$**	**35,697,358**

Lake Orion Community Schools

Proprietary Fund - Internal Service Fund
Statement of Net Position

June 30, 2026

	Governmental Activities Internal Service Fund
Assets	
Current assets:	
Due from other funds (Note 8)	$ 325,971
Prepaid expenses and other assets	97,625
Total assets	423,596
Liabilities	
Current liabilities:	
Accounts payable	166,938
Self-insurance claims - Dental incurred but not reported (Note 11)	150,000
Total liabilities	316,938
Net Position - Unrestricted	**$ 106,658**

See notes to financial statements.

Lake Orion Community Schools

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

Year Ended June 30, 2026

	Governmental Activities Internal Service Fund
Operating Revenue - Charges for services	$ 895,438
Operating Expenses - Cost of claims	969,472
Change in Fund Net Position - Operating loss	(74,034)
Net Position - Beginning of year	180,692
Net Position - End of year	**$ 106,658**

See notes to financial statements.

Lake Orion Community Schools

Proprietary Fund - Internal Service Fund
Statement of Cash Flows

Year Ended June 30, 2026

	Governmental Activities Internal Service Fund
Cash Flows from Operating Activities	
Receipts from interfund services and reimbursements	$ 949,077
Payments to suppliers	(949,077)
Net Change in Cash and Cash Equivalents - Net cash and cash equivalents provided by (used in) operating activities	-
Cash and Cash Equivalents - Beginning of year	-
Cash and Cash Equivalents - End of year	**$ -**
Reconciliation of Operating Loss to Net Cash from Operating Activities	
Operating loss	$ (74,034)
Adjustments to reconcile operating loss to net cash from operating activities -	
Changes in assets and liabilities:	
Due from General Fund	32,365
Prepaids and other assets	21,274
Accounts payable	20,395
Total adjustments	74,034
Net cash and cash equivalents provided by (used in) operating activities	**$ -**

Note 1 - Nature of Business

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

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

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

Reporting Entity

The School District is governed by an elected seven-member Board of Education. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Report Presentation

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

Note 2 - Significant Accounting Policies (Continued)

Fund Accounting

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

Governmental Funds

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

- General Fund - The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- 2019 Series 3B Capital Projects Fund - The 2019 Series 3B Capital Projects Fund is used to record the bond proceeds and other revenue, along with capital projects activities funded with proceeds from the School District's 2019 Series 3B bond issuance.

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

- Special revenue funds - Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's special revenue funds include the Food Service, Community Services, and Student Activities funds. The Food Service Fund is used by the School District to account for the proceeds of sales to customers and dedicated grants from state and federal sources. The Community Services Fund is used by the School District to account for the fees charged to participants. Revenue sources for the Student Activities Fund include fundraising revenue and donations earned by student groups. Any operating deficit generated by these activities is the responsibility of the General Fund.
- Capital projects funds - Capital projects funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, and technology upgrades and for remodeling and repairs. The funds operate until the purpose for which they were created is accomplished. Capital projects funds also include the Sinking Fund, which records capital projects activities funded with sinking fund millage.
- Debt service funds - Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Proprietary Fund

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the School District). The School District reports the following fund as a major enterprise fund:

Internal Service Fund - The School District’s Internal Service Fund is a proprietary fund that was established to finance services provided to other funds on a cost-reimbursement basis. The Internal Service Fund is authorized to account for self-insurance claims, unemployment, terminal leave, compensated absences, and other similar obligations. It is currently being used to record the dental self-insurance activity.

Note 2 - Significant Accounting Policies (Continued)

Interfund Activity

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

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

Basis of Accounting

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

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

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

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

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments with an original maturity of greater than one year are stated at fair value, net acquisition value, or amortized cost depending on the nature of the investment. Pooled investment income from each of the School District's funds is generally allocated to each fund using a weighted average of balance for the principal.

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Inventories are recorded as expenditures when purchased. Inventories accounted for using the purchase method are recorded as expenditures when purchased and include all inventories of governmental funds other than commodities within the Food Service Fund. Inventories accounted for using the consumption method are recorded as expenditures when consumed rather than when purchased and include commodities within the Food Service Fund. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Note 2 - Significant Accounting Policies (Continued)

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the bonded capital projects funds required to be set aside for construction or other allowable bond purchases
- Unspent property taxes levied held in the debt service funds required to be set aside for future bond principal and interest payments
- Unspent property taxes levied and held in the Sinking Fund required to be set aside for construction or allowable purchases

Capital Assets

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

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

	Depreciable Life - Years
Buildings and improvements	20-40
Furniture and other equipment	5-20
Buses and other vehicles	5-10
Lease assets - Buses	2

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses during the current period. Issuance costs are reported as debt service expenditures.

Leases

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

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

Note 2 - Significant Accounting Policies (Continued)

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

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

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

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

The School District is a lessor for two noncancelable leases for cell towers to a third party. The School District recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements and fund financial statements.

At the commencement of a lease, the School District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the School District determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts. The School District uses the actual rate charged to lessees as the discount rate for leases.

The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

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

Deferred Outflows/Inflows of Resources

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

The School District reports deferred outflows related to deferred charges relating to bond refundings and pension and OPEB plan costs.

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

Note 2 - Significant Accounting Policies (Continued)

The governmental funds report unavailable revenue from a land contract and other sources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The School District also reports deferred inflows related to leases, revenue in support of pension contributions made subsequent to the measurement date, and deferred pension and OPEB plan cost reductions.

Net Position

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

Note 2 - Significant Accounting Policies (Continued)

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

The fund balance policy prescribes the minimum fund balance as 10 percent of operating expenditures in the General Fund. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year. If the School District falls below 10 percent, per the policy, a plan will be developed to restore the established minimum surplus.

Property Tax Revenue

Property taxes are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed, and the total obligation is added to the county tax rolls. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Pension and Other Postemployment Benefit (OPEB) Plans

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

Compensated Absences (Vacation and Sick Leave)

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

Note 2 - Significant Accounting Policies (Continued)

Proprietary Funds Operating and Nonoperating Classification

Proprietary funds distinguish operating revenue and expenses from noncapital subsidies and other nonoperating revenue and expenses. Nonoperating revenue and expenses include contributions to permanent and term endowments, finance related revenue and expenses, gains and losses from disposals of capital assets and inventory, investment income and expenses, and subsidies received and provided. A subsidy represents amounts received from or provided to another party or fund of the School District. Amounts received from another party or fund are considered a subsidy if it is unrelated to the services provided by the proprietary fund and keeps the fees charged at the same amount or lower if the subsidy was not received. Amounts provided to the other party or fund are considered a subsidy if it is unrelated to the goods or services provided by those parties and will generally result in the proprietary charging higher fees in the future. All revenue and expenses not meeting the definitions of nonoperating revenue and expenses are reported as operating revenue and expenses.

Use of Estimates

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

Upcoming Accounting Pronouncement

In December 2025, the Governmental Accounting Standards Board issued Statement No. 105, *Subsequent Events*, which improves financial reporting requirements for subsequent events by clarifying the subsequent events time frame and the distinction between recognized and nonrecognized events. This statement also establishes specific note disclosure requirements and requires disclosure of the date through which subsequent events have been evaluated. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2027.

Accounting Changes

Adoption of New Accounting Pronouncement

During the current year, the School District adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. The implementation of this standard established new accounting and financial reporting requirements or modified existing requirements related to management's discussion and analysis and the budgetary comparison schedules reported as required supplementary information. The adoption of the new standard did not have a material impact on the School District's financial statements.

Changes to or within the Financial Reporting Entity

Change in Major Funds

The 2019 Series 3A Capital Projects Fund was previously reported as a major fund but is now reported as a nonmajor fund for fiscal year 2026. The effects of this change in major funds is shown in the table that follows.

Note 2 - Significant Accounting Policies (Continued)

Adjustments to Beginning Balances

During fiscal year 2026, the changes noted above resulted in adjustments to beginning net position and fund net position as follows:

	June 30, 2025 As Previously Reported	Change within the Financial Reporting Entity	June 30, 2025 As Adjusted
Government-wide:			
General Fund	$ 11,813,647	$ -	$ 11,813,647
Formerly major - 2019 Series 3A Capital Projects Fund	12,780,330	(12,780,330)	-
Nonmajor funds	5,734,538	12,780,330	18,514,868
Total primary government	$ 30,328,515	$ -	$ 30,328,515

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

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

The required supplementary information budgetary schedules are presented on the same basis of accounting used to prepare the budget, which includes certain items having classifications that differ from the statement of revenue, expenditures, and changes in fund balance, including capital outlay expenditures being reported in other expenditure categories. In addition, the School District budgets and reports principal and interest on leased assets within the related function in the budgetary comparison schedule. Principal and interest are presented separately on the statement of revenue, expenditures, and changes in fund balances.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the School District did not have significant expenditure budget variances in the General Fund.

Capital Projects Fund Compliance

Beginning with the year of bond issuance, the School District has reported the annual construction activity in the 2019 Series 3A Capital Projects Fund. The School District has complied with the applicable provisions of §1351a of the State of Michigan's Revised School Code. The 2019 Series 3A Capital Projects Fund was considered complete on June 30, 2026, and the School District has completed the required reporting to the Michigan Department of Treasury.

Note 3 - Stewardship, Compliance, and Accountability (Continued)

The 2019 Series 3B Capital Projects Fund includes capital project activities funded with bonds. For this capital project, the School District has complied with the applicable provisions of §1351a of the State of Michigan's Revised School Code. The fund is not yet considered substantially complete, and a subsequent year audit is expected.

The School District's Sinking Fund records capital project activities funded with sinking fund millage. For this fund, the School District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code.

Note 4 - Deposits and Investments

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

The School District has designated two banks for the deposit of its funds.

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

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District had bank deposits of $26,939,788 (checking accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. At June 30, 2026, the School District does not have investments with custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by requiring the structuring of 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 School District's cash requirements. At June 30, 2026, there were no such investments held.

Note 4 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices. As of year end, the credit quality ratings of debt securities are as follows:

Investment	Value	Rating	Rating Organization
Primary Government			
Michigan Liquid Asset Fund - Cash Management Class*	$ 978	AAAm	S&P
Michigan Liquid Asset Fund - MAX Class*	6,942,634	AAAm	S&P
Total	$ 6,943,612		

*Investment value reported at amortized cost

Concentration of Credit Risk

The School District's policy minimizes concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. At June 30, 2026, the School District had no investments in issuers that were greater than 5 percent of total investments.

Foreign Currency Risk

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

Note 5 - Restricted Assets

At June 30, 2026, restricted assets are composed of the following:

Description	Governmental Activities
Unspent property taxes levied in the Sinking Fund	$ 433,919
Unspent property taxes levied in the debt service funds	2,644,114
Capital projects funds	13,669,827
Total	$ 16,747,860

Note 6 - Unavailable/Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. Governmental funds report unavailable revenue in connection with resources that have not been received but have been earned.

At June 30, 2026, the various components of unearned and unavailable revenue were as follows:

	Deferred Inflow - Unavailable	Liability - Unearned
Food service prepaid revenue	$ -	$ 135,762
Grant receivables unavailable for use in the current period	116,000	-
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	1,002,107
Land contract	630,000	-
Total	$ 746,000	$ 1,137,869

Note 7 - Capital Assets

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

Governmental Activities

	Balance July 1, 2025	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2026
Capital assets not being depreciated or amortized:					
Land	$ 14,779,919	$ -	$ 164,882	$ (305,074)	$ 14,639,727
Construction in progress	18,566,543	(18,396,703)	4,514,639	(119,485)	4,564,994
Subtotal	33,346,462	(18,396,703)	4,679,521	(424,559)	19,204,721
Capital assets being depreciated or amortized:					
Buildings and improvements	316,067,264	14,768,399	9,447,272	(6,734,194)	333,548,741
Furniture and equipment	36,508,211	3,628,304	2,315,421	(330,023)	42,121,913
Buses and other vehicles	2,619,456	-	1,913,270	-	4,532,726
Lease assets - Buses	593,795	-	-	(593,795)	-
Subtotal	355,788,726	18,396,703	13,675,963	(7,658,012)	380,203,380
Accumulated depreciation and amortization:					
Buildings and improvements	118,384,845	-	8,816,567	(4,630,784)	122,570,628
Furniture and equipment	15,891,551	-	3,597,093	(317,466)	19,171,178
Buses and other vehicles	1,980,349	-	467,164	-	2,447,513
Accumulated amortization - Lease assets - Buses	395,863	-	197,932	(593,795)	-
Subtotal	136,652,608	-	13,078,756	(5,542,045)	144,189,319
Net capital assets being depreciated	219,136,118	18,396,703	597,207	(2,115,967)	236,014,061
Net governmental activities capital assets	$ 252,482,580	$ -	$ 5,276,728	$ (2,540,526)	$ 255,218,782

Depreciation expense was not charged to activities, as the School District's assets benefit multiple activities, and allocation is not practical.

Note 7 - Capital Assets (Continued)

Construction Commitments

The School District has active construction projects at year end. The outstanding commitments as of June 30, 2026 were $9,002,224 for the 2019 Series 3B Capital Projects Fund.

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

	Fund Due From		
Fund Due To	General Fund	Nonmajor Governmental Funds	Total
General Fund	$ -	$ 5,725	$ 5,725
2019 Series 3B Capital Projects Fund	31,990	-	31,990
Nonmajor governmental funds	922,920	-	922,920
Internal Service Fund	325,971	-	325,971
Total	$ 1,280,881	$ 5,725	$ 1,286,606

Interfund balances represent routine and temporary cash flow assistance from the General Fund until amounts are transferred from fund accounts. Interfund balances owed to other funds represent reimbursement for allocated expenditures.

Interfund Transfers

The Food Service Fund transferred $215,000 and the Community Services Fund transferred $55,000 to the General Fund for indirect cost recovery.

Note 9 - Long-term Debt

Long-term debt activity for the year ended June 30, 2026 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and notes payable:					
Direct borrowings and direct placements - School Loan Revolving Fund	$ 475,482	$ 4,685	$ (480,167)	$ -	$ -
Other debt - General obligation bonds payable	134,970,000	12,880,000	(15,135,000)	132,715,000	15,680,000
Unamortized bond premiums	15,770,600	1,171,545	(1,632,251)	15,309,894	1,664,094
Total bonds and notes payable	151,216,082	14,056,230	(17,247,418)	148,024,894	17,344,094
Leases	211,896	-	(211,896)	-	-
Compensated absences - Net	5,421,359	431,261	-	5,852,620	5,852,620
Self-insurance	150,000	876,174	(876,174)	150,000	150,000
Arbitrage liability	277,780	-	(277,780)	-	-
Total governmental activities long-term debt	$ 157,277,117	$ 15,363,665	$ (18,613,268)	$ 154,027,514	$ 23,346,714

The table above discloses the net change in the compensated absences liability of the School District.

Note 9 - Long-term Debt (Continued)

The School District had deferred outflows of $143,298 related to deferred charges on bond refundings at June 30, 2026.

General Obligation Bonds and Contracts

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

The School District issued the 2024 Limited Tax General Obligation Bonds to fund the Orion Center project at the School District, the proceeds of which were deposited into the 2024 Capital Projects Fund. The bonds bear interest at 5 percent and are payable through May 2032.

General obligations outstanding at June 30, 2026 are as follows:

Bonds	Remaining Annual Installments	Interest Rates	Maturing	Outstanding
$38,505,000 - Qualified 2016 refunding bonds	$835,000	5.00%	2027	$ 835,000
$62,670,000 - Qualified 2019 Series 1 bonds	$3,100,000 - $5,225,000	5.00%	2038	49,200,000
$16,055,000 - Qualified 2019 refunding bonds	$5,200,000 - $5,855,000	2.51% - 2.56%	2028	11,055,000
$45,855,000 - Qualified 2019 Series 2 bonds	$2,525,000 - $3,100,000	4.00%	2040	39,800,000
$3,250,000 - 2024 Orion Center - Limited Tax General Obligation bonds	$420,000 - $535,000	5.00%	2032	2,850,000
$18,595,000 - Qualified 2019 Series 3A bonds	$500,000 - $1,665,000	5.00%	2040	16,095,000
$12,880,000 - Qualified 2019 Series 3B bonds	$400,000 - $3,600,000	5.00%	2040	12,880,000
Total bonded debt				$ 132,715,000

Other Long-term Liabilities

The self insurance liability will generally be liquidated through the School District's Internal Service Fund. That fund will finance the payment of those claims by charging the other funds based on management's assessment of the relative insurance risk that should be assumed by individual funds. The net pension liability will be liquidated from the funds from which the individual employee's salaries are paid, generally the General Fund.

Note 9 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities — Other Debt — Principal	Interest	Total
2027	$ 15,680,000	$ 5,895,089	$ 21,575,089
2028	12,620,000	5,335,845	17,955,845
2029	7,910,000	4,873,750	12,783,750
2030	8,280,000	4,504,500	12,784,500
2031	8,670,000	4,117,250	12,787,250
2032-2036	46,795,000	14,299,500	61,094,500
2037-2040	32,760,000	3,312,250	36,072,250
Total	$ 132,715,000	$ 42,338,184	$ 175,053,184

Note 10 - Leases

The School District leases cell towers to third parties. Payments on the lease are fixed monthly.

Future principal and interest payment requirements related to the School District's lease receivable at June 30, 2026 are as follows:

Years Ending	Principal	Interest	Total
2027	$ -	$ 65,808	$ 65,808
2028	-	66,502	66,502
2029	-	67,172	67,172
2030	-	67,814	67,814
2031	-	68,427	68,427
2032-2036	-	350,106	350,106
2037-2041	-	359,318	359,318
2042-2046	-	361,106	361,106
2047-2051	-	352,587	352,587
2052-2056	83,587	330,113	413,700
2057-2061	299,291	289,057	588,348
2062-2066	458,404	223,596	682,000
2067-2071	664,168	126,427	790,595
2072-2074	365,516	14,703	380,219
Total	$ 1,870,966	$ 2,742,736	$ 4,613,702

The lease resulted in deferred inflows of $1,810,108 at June 30, 2026.

Note 11 - Risk Management

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

Note 11 - Risk Management (Continued)

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

The School District estimates the liability for dental claims that have been incurred through the end of each fiscal year, including claims that have been reported and those that have not yet been reported. The School District accounts for dental estimates in the Internal Service Fund.

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

	Dental	
	2026	2025
Estimated liability - Beginning of year	$ 150,000	$ 135,000
Estimated claims incurred, including changes in estimates	876,174	904,017
Claim payments	(876,174)	(889,017)
Estimated liability - End of year	$ 150,000	$ 150,000

Note 12 - Michigan Public School Employees' Retirement System

Plan Description

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

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

Benefits Provided

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

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

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

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

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

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

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

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

Contributions

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

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

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

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

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%
October 1, 2025 - September 30, 2026	15.21% - 26.08%	0.00% - 3.83%

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

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2026 were $21,602,519, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2026, the School District's required and actual pension contributions include an allocation of $7,992,684 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2026 were $1,636,492, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2026, the School District reported a liability of $99,443,366 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 as of September 30, 2024, which used update procedures to roll forward the estimated liability to September 30, 2025. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2025 and 2024, the School District's proportion was 0.50 percent and 0.51 percent, respectively, representing a change of (1.97) percent.

Net OPEB Asset

At June 30, 2026, the School District reported an asset of $31,270,226 for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2026 was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2024, which used update procedures to roll forward the estimated liability to September 30, 2025. The School District’s proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2025 and 2024, the School District’s proportion was 0.51 and 0.51 percent, respectively, representing a change of 1.35 percent.

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

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

For 2026, the School District recognized pension expense of $4,227,506 inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2026, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,851,727	$ (885,734)
Changes in assumptions	3,569,307	(5,255,821)
Net difference between projected and actual earnings on pension plan investments	-	(23,764,835)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	1,179,160	(2,693,505)
The School District's contributions to the plan subsequent to the measurement date	17,203,365	-
Total	$ 25,803,559	$ (32,599,895)

The $7,992,684 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2027. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2027	$ (1,773,050)
2028	(10,960,764)
2029	(8,555,770)
2030	(2,710,117)
Total	$ (23,999,701)

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

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

For the year ended June 30, 2026, the School District recognized OPEB recovery of $10,057,236.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (21,409,079)
Changes in assumptions	4,173,347	(331,648)
Net difference between projected and actual earnings on OPEB plan investments	-	(4,394,149)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	453,223	(277,415)
Employer contributions to the plan subsequent to the measurement date	1,082,161	-
Total	$ 5,708,731	$ (26,412,291)

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

Years Ending	Amount
2027	$ (5,779,721)
2028	(5,745,112)
2029	(5,258,724)
2030	(3,415,849)
2031	(1,212,266)
Thereafter	(374,049)
Total	$ (21,785,721)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2025 are based on the results of an actuarial valuation as of September 30, 2024 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75% for 2019 and 3.50% for 2018
Health care cost trend rate - OPEB	6.50% - 7.75%	Year 1 graded to 3.5 percent in year 15
Mortality basis		PubT-2010 Male and Female Employee Annuitant Mortality tables, scaled 100 percent (retirees: 116 percent for males and 116 percent for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

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

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

Significant assumption changes since the prior measurement date, September 30, 2024, for pension and OPEB include an increase in the health care cost trend rate of 0.50 percentage points for members under 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2024.

Discount Rate

The discount rate used to measure the total pension and OPEB liabilities was 6.00 percent as of September 30, 2025. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

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

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

Asset Class	Target Allocation (Pension)	Target Allocation (OPEB)	Long-term Expected Real Rate of Return
Domestic equity pools	21.00 %	16.00 %	5.80 %
Private equity pools	16.00	16.00	8.30
International equity pools	14.00	11.00	5.60
Fixed-income pools	15.00	26.00	2.50
Real estate and infrastructure pools	8.00	5.00	7.00
Absolute return pools	13.00	15.00	4.40
Real return/opportunistic pools	9.00	7.00	7.00
Short-term investment pools	4.00	4.00	1.30
Total	100.00 %	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.4 percent.

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	$ 156,927,116	$ 99,443,366	$ 51,566,760

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

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB asset of the School District	$ (26,941,278)	$ (31,270,226)	$ (35,058,993)

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

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

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB asset of the School District	$ (35,024,420)	$ (31,270,226)	$ (27,328,445)

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2026, the School District reported a payable of $3,594,590 and $251,513 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2026.

Note 13 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974), property tax exemption (PA 328 of 1998), payments in lieu of taxes (PILOT), and brownfield redevelopment agreements granted by cities, villages, and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities, property tax exemptions are intended to promote the purchase of assets, PILOTs are intended to reduce costs for tax-exempt entities, and brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2026, the School District’s property tax revenue was reduced by approximately $2,562,000 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the school aid formula. The School District received approximately $1,750,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the sinking fund or debt service millages.

Required Supplementary Information

Lake Orion Community Schools

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget - Over (Under) Final Budget	Actual	Variance with Final Budget - Over (Under) Actual Amounts
Revenue					
Local sources	$ 14,187,760	$ 14,452,374	$ 264,614	$ 14,541,976	$ 89,602
State sources	78,120,371	81,953,418	3,833,047	82,189,567	236,149
Federal sources	2,076,311	2,371,211	294,900	2,216,550	(154,661)
Interdistrict sources	8,493,890	8,434,581	(59,309)	8,369,898	(64,683)
Total revenue	102,878,332	107,211,584	4,333,252	107,317,991	106,407
Expenditures					
Current:					
Instruction:					
Basic programs	47,519,493	47,759,985	240,492	47,918,294	158,309
Added needs	14,710,223	15,666,632	956,409	15,199,460	(467,172)
Support services:					
Pupil	9,230,438	9,811,035	580,597	9,848,183	37,148
Instructional staff	4,895,294	5,535,997	640,703	5,592,822	56,825
General administration	1,617,740	1,647,881	30,141	1,647,857	(24)
School administration	5,084,988	5,063,639	(21,349)	5,058,862	(4,777)
Business	1,485,488	1,555,036	69,548	1,593,093	38,057
Operations and maintenance	7,388,344	8,245,287	856,943	8,449,301	204,014
Pupil transportation services	5,520,627	5,538,198	17,571	5,388,553	(149,645)
Central	3,984,732	3,783,510	(201,222)	3,774,478	(9,032)
Athletics	1,738,502	1,731,679	(6,823)	1,716,788	(14,891)
Community services	246,635	272,331	25,696	237,103	(35,228)
Total expenditures	103,422,504	106,611,210	3,188,706	106,424,794	(186,416)
Excess of Revenue (Under) Over Expenditures	(544,172)	600,374	1,144,546	893,197	292,823
Other Financing Sources					
Proceeds from sale of capital assets	-	-	-	197,772	197,772
Transfers in	565,000	305,000	(260,000)	270,000	(35,000)
Total other financing sources	565,000	305,000	(260,000)	467,772	162,772
Net Change in Fund Balance	20,828	905,374	884,546	1,360,969	455,595
Fund Balance - Beginning of year	11,813,647	11,813,647	-	11,813,647	-
Fund Balance - End of year	**$ 11,834,475**	**$ 12,719,021**	**$ 884,546**	**$ 13,174,616**	**$ 455,595**

See notes to required supplementary information.

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

Last Ten Plan Years

Plan Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
School District's proportion of the net pension liability	0.49640 %	0.50637 %	0.49930 %	0.50245 %	0.50356 %	0.50465 %	0.50424 %	0.50029 %	0.50685 %	0.51800 %
School District's proportionate share of the net pension liability	$ 99,443,366	$ 123,969,018	$ 161,603,141	$ 188,963,393	$ 119,220,236	$ 173,352,785	$ 166,987,123	$ 150,395,171	$ 131,345,117	$ 129,236,467
School District's covered payroll	$ 54,090,185	$ 53,482,218	$ 50,069,075	$ 47,803,222	$ 45,284,087	$ 44,168,567	$ 44,231,684	$ 42,321,611	$ 41,585,316	$ 44,339,139
School District's proportionate share of the net pension liability as a percentage of its covered payroll	183.85 %	231.79 %	322.76 %	395.29 %	263.27 %	392.48 %	377.53 %	355.36 %	315.84 %	291.47 %
Plan fiduciary net position as a percentage of total pension liability	79.44 %	74.44 %	65.91 %	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %

See notes to required supplementary information.

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

Last Ten Fiscal Years

Years Ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	$ 20,885,243	$ 22,120,421	$ 21,468,572	$ 23,625,351	$ 17,254,457	$ 15,180,531	$ 14,001,470	$ 13,415,890	$ 12,676,174	$ 11,828,203
Contributions in relation to the statutorily required contribution	20,885,243	22,120,421	21,468,572	23,625,351	17,254,457	15,180,531	14,001,470	13,415,890	12,676,174	11,828,203
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	$ -
School District's Covered Payroll	$ 53,818,784	$ 54,447,593	$ 52,440,850	$ 51,324,134	$ 47,100,387	$ 44,622,073	$ 44,476,177	$ 43,978,196	$ 41,901,405	$ 41,686,256
Contributions as a Percentage of Covered Payroll	38.81 %	40.63 %	40.94 %	46.03 %	36.63 %	34.02 %	31.48 %	30.51 %	30.25 %	28.37 %

See notes to required supplementary information.

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

Last Nine Plan Years

Plan Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB (asset) liability	0.51439 %	0.50753 %	0.50250 %	0.49451 %	0.50414 %	0.49998 %	0.50734 %	0.49793 %	0.50750 %
School District's proportionate share of the net OPEB (asset) liability	$ (31,270,226)	$ (21,846,154)	$ (2,842,656)	$ 10,474,015	$ 7,695,045	$ 26,785,360	$ 36,415,862	$ 39,580,344	$ 44,941,076
School District's covered payroll	$ 54,090,185	$ 53,482,218	$ 50,069,075	$ 47,803,222	$ 45,284,087	$ 44,168,567	$ 44,231,684	$ 42,321,611	$ 41,585,316
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(57.81)%	(40.85)%	(5.68)%	21.91 %	16.99 %	60.64 %	82.33 %	93.52 %	108.07 %
Plan fiduciary net position as a percentage of total OPEB liability	164.94 %	143.08 %	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

See notes to required supplementary information.

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

Last Nine Fiscal Years

Years Ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 1,199,890	$ 1,621,177	$ 4,308,239	$ 4,131,182	$ 3,838,305	$ 3,713,337	$ 3,573,928	$ 3,454,498	$ 3,026,423
Contributions in relation to the statutorily required contribution	1,199,890	1,621,177	4,308,239	4,131,182	3,838,305	3,713,337	3,573,928	3,454,498	3,026,423
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's Covered Payroll	$ 53,818,784	$ 54,447,593	$ 52,440,850	$ 51,324,134	$ 47,100,387	$ 44,622,073	$ 44,476,177	$ 43,978,196	$ 41,901,405
Contributions as a Percentage of Covered Payroll	2.23 %	2.98 %	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

See notes to required supplementary information.

Significant variances between original and amended budget - During the year, there were significant variances between the School District's original and amended budget as follows:

-State Sources Revenue: Increase of approximately $3.8M from original to final budget. This was reflective of an increase of 89 students and an additional $50 per pupil from the original budget proposal, along with an increase in restricted grants (with offsetting expenditures) totaling approximately $2.1 million. The restricted grants included educator compensation, at risk, literacy, professional development, and career and technical grants.

-Added Needs Instruction: Increase of approximately $956,000 from original to final budget. This was reflective of updating the budget to match our actual special education staffing salaries and benefits which were a projection in the original budget. Additionally, there were adjustments to state categorical and federal grants because the amounts were not known at the time of the original budget development.

-Pupil Support Services: Increase of approximately $581,000 from original to final budget. This was reflective of social worker salaries and benefits, and nursing contracted costs not included in the original budget.

-Instructional Staff Support Services: Increase of approximately $641,000 from original to final budget. This was reflective mainly of adjustments to state categorical and federal grants because the amounts were not known at the time of the original budget development. Additionally, a supervisor position was added to the budget that was unfilled during the original budget development, along with changes to employee insurances and retirement costs.

-Operations and Maintenance Support Services: Increase of approximately $857,000 from original to final budget. This was reflective of the Filter First grant which added approximately $430,000 in related expenses for clean drinking water. Additionally an increase in the budget was necessary for an increase in maintenance and insurance repairs, natural gas, electricity and hardware costs.

The School District did not have any significant variances between the amended budget and the actual results.

Pension Information

Benefit Changes

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

Changes in Assumptions

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

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate used in the September 30, 2022 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.

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

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

Supplementary Information

Lake Orion Community Schools

Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2026

	Special Revenue Funds			Debt Service Funds					Capital Project Funds				
	Food Service Fund	Community Services Fund	Student Activities Fund	2019 Debt Fund	2015 Debt Fund	2016 Debt Fund	2019 Bond Refunding Fund	2022 Debt Fund	Operating Capital Projects Fund	Sinking Fund	2019 Series 3A Capital Projects Fund	2024 Capital Projects Fund	Total
Assets													
Cash and investments	$ 2,090,253	$ 909,404	$ 1,573,664	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 852	$ -	$ 4,574,173
Receivables:													
Property taxes receivable	-	-	-	1,786	1,076	297	1,748	1,365	-	1,572	-	-	7,844
Other receivables	200	15,603	-	-	-	-	-	-	-	-	-	-	15,803
Due from other governments	261,123	342,558	-	-	-	-	-	-	-	-	-	-	603,681
Due from other funds	52,074	515,190	-	-	-	-	-	-	99,482	256,174	-	-	922,920
Inventory	29,091	-	-	-	-	-	-	-	-	-	-	-	29,091
Restricted assets	-	-	-	703,537	394,262	361,875	628,718	555,722	-	433,919	-	-	3,078,033
Total assets	**$ 2,432,741**	**$ 1,782,755**	**$ 1,573,664**	**$ 705,323**	**$ 395,338**	**$ 362,172**	**$ 630,466**	**$ 557,087**	**$ 99,482**	**$ 691,665**	**$ 852**	**$ -**	**$ 9,231,545**
Liabilities													
Accounts payable	$ 583	$ 43,754	$ 120,635	$ 205	$ 123	$ 34	$ 200	$ 156	$ -	$ 40,463	$ -	$ -	$ 206,153
Due to other governmental units	1,716	3,829	-	-	-	-	-	-	-	-	-	-	5,545
Due to other funds	-	-	4,873	-	-	-	-	-	-	-	852	-	5,725
Accrued liabilities and other	15,174	49,249	-	-	-	-	-	-	-	-	-	-	64,423
Unearned revenue	135,762	418,945	-	-	-	-	-	-	-	-	-	-	554,707
Total liabilities	153,235	515,777	125,508	205	123	34	200	156	-	40,463	852	-	836,553
Fund Balances													
Nonspendable	29,091	-	-	-	-	-	-	-	-	-	-	-	29,091
Restricted:													
Debt service	-	-	-	705,118	395,215	362,138	630,266	556,931	-	-	-	-	2,649,668
Capital projects	-	-	-	-	-	-	-	-	-	651,202	-	-	651,202
Food service	2,250,415	-	-	-	-	-	-	-	-	-	-	-	2,250,415
Committed:													
Community service	-	1,266,978	-	-	-	-	-	-	-	-	-	-	1,266,978
Student activities	-	-	1,448,156	-	-	-	-	-	-	-	-	-	1,448,156
Assigned - Capital projects	-	-	-	-	-	-	-	-	99,482	-	-	-	99,482
Total fund balances	2,279,506	1,266,978	1,448,156	705,118	395,215	362,138	630,266	556,931	99,482	651,202	-	-	8,394,992
Total liabilities and fund balances	**$ 2,432,741**	**$ 1,782,755**	**$ 1,573,664**	**$ 705,323**	**$ 395,338**	**$ 362,172**	**$ 630,466**	**$ 557,087**	**$ 99,482**	**$ 691,665**	**$ 852**	**$ -**	**$ 9,231,545**

Lake Orion Community Schools

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

Year Ended June 30, 2026

	Special Revenue Funds			Debt Service Funds					Capital Project Funds				
	Food Service Fund	Community Services Fund	Student Activities Fund	2019 Debt Fund	2015 Debt Fund	2016 Debt Fund	2019 Bond Refunding Fund	2022 Debt Fund	Operating Capital Projects Fund	Sinking Fund	2019 Series 3A Capital Projects Fund	2024 Capital Projects Fund	Total
Revenue													
Local sources	$ 407,459	$ 2,925,581	$ 2,154,239	$ 6,345,501	$ 3,821,920	$ 1,059,089	$ 6,210,418	$ 4,852,003	$ 110,568	$ 5,461,012	$ 253,955	$ 2,823	$ 33,604,568
State sources	2,451,431	2,030,051	6,392	-	-	60,244	-	-	-	15,087	-	-	4,563,205
Federal sources	1,264,147	19,149	-	-	-	-	-	-	-	-	-	-	1,283,296
Total revenue	4,123,037	4,974,781	2,160,631	6,345,501	3,821,920	1,119,333	6,210,418	4,852,003	110,568	5,476,099	253,955	2,823	39,451,069
Expenditures													
Current:													
Instruction	-	2,441,136	48,523	-	-	-	-	-	-	-	-	-	2,489,659
Support services	-	480,057	1,913,325	-	-	-	52	41,017	47,925	640	-	-	2,483,016
Food services	3,623,493	-	-	-	-	-	-	-	-	-	-	-	3,623,493
Community services	-	1,921,405	-	-	-	-	-	-	-	-	-	-	1,921,405
Debt service:													
Principal	-	-	-	3,084,530	2,581,038	852,400	5,131,691	2,627,870	-	1,330,000	-	-	15,607,529
Interest	-	-	-	2,611,008	813,062	83,834	404,989	1,695,682	-	171,800	-	-	5,780,375
Other debt costs	-	-	-	54,256	33,408	10,021	52,505	500	-	47,964	-	-	198,654
Capital outlay	191,746	-	-	-	-	-	-	-	34,400	3,539,720	13,034,285	401,348	17,201,499
Total expenditures	3,815,239	4,842,598	1,961,848	5,749,794	3,427,508	946,255	5,589,237	4,365,069	82,325	5,090,124	13,034,285	401,348	49,305,630
Excess of Revenue Over (Under) Expenditures	307,798	132,183	198,783	595,707	394,412	173,078	621,181	486,934	28,243	385,975	(12,780,330)	(398,525)	(9,854,561)
Other Financing Sources (Uses)													
School Loan Revolving Fund proceeds	-	-	-	1,334	803	222	1,306	1,020	-	-	-	-	4,685
Transfers out	(215,000)	(55,000)	-	-	-	-	-	-	-	-	-	-	(270,000)
Total other financing (uses) sources	(215,000)	(55,000)	-	1,334	803	222	1,306	1,020	-	-	-	-	(265,315)
Net Change in Fund Balances	92,798	77,183	198,783	597,041	395,215	173,300	622,487	487,954	28,243	385,975	(12,780,330)	(398,525)	(10,119,876)
Fund Balances - Beginning of year, as previously reported	2,186,708	1,189,795	1,249,373	108,077	-	188,838	7,779	68,977	71,239	265,227	-	398,525	5,734,538
Change within Financial Reporting Entity	-	-	-	-	-	-	-	-	-	-	12,780,330	-	12,780,330
Fund Balances - Beginning of year, as adjusted	2,186,708	1,189,795	1,249,373	108,077	-	188,838	7,779	68,977	71,239	265,227	12,780,330	398,525	18,514,868
Fund Balances - End of year	**$ 2,279,506**	**$ 1,266,978**	**$ 1,448,156**	**$ 705,118**	**$ 395,215**	**$ 362,138**	**$ 630,266**	**$ 556,931**	**$ 99,482**	**$ 651,202**	**$ -**	**$ -**	**$ 8,394,992**

Supplementary Information
Schedule of Bonded Indebtedness

June 30, 2026

Years Ending June 30	2016 Refunding Bonds Principal	2019 Series 1 Bonds Principal	2019 Refunding Bonds Principal	2019 Series 2 Bonds Principal	2024 Orion Center Bonds Principal	2019 Series 3A Capital Projects Bonds Principal	2019 Series 3B Capital Projects Bonds Principal	Total
2027	$ 835,000	$ 3,100,000	$ 5,200,000	$ 2,525,000	$ 420,000	$ -	$ 3,600,000	$ 15,680,000
2028	-	3,250,000	5,855,000	2,575,000	440,000	500,000	-	12,620,000
2029	-	3,425,000	-	2,625,000	460,000	1,000,000	400,000	7,910,000
2030	-	3,575,000	-	2,675,000	485,000	1,000,000	545,000	8,280,000
2031	-	3,775,000	-	2,725,000	510,000	1,075,000	585,000	8,670,000
2032	-	3,950,000	-	2,775,000	535,000	1,140,000	625,000	9,025,000
2033	-	4,150,000	-	2,825,000	-	1,195,000	670,000	8,840,000
2034	-	4,350,000	-	2,875,000	-	1,255,000	765,000	9,245,000
2035	-	4,575,000	-	2,925,000	-	1,320,000	830,000	9,650,000
2036	-	4,800,000	-	2,975,000	-	1,385,000	875,000	10,035,000
2037	-	5,025,000	-	3,025,000	-	1,450,000	920,000	10,420,000
2038	-	5,225,000	-	3,075,000	-	1,520,000	1,000,000	10,820,000
2039	-	-	-	3,100,000	-	1,590,000	1,030,000	5,720,000
2040	-	-	-	3,100,000	-	1,665,000	1,035,000	5,800,000
Total remaining payments	**$ 835,000**	**$ 49,200,000**	**$ 11,055,000**	**$ 39,800,000**	**$ 2,850,000**	**$ 16,095,000**	**$ 12,880,000**	**$ 132,715,000**
Interest rate	5.00%	5.00%	2.51% - 2.56%	4.00%	5.00%	5.00%	5.00%	
Original issue	**$ 38,505,000**	**$ 62,670,000**	**$ 16,055,000**	**$ 45,855,000**	**$ 3,250,000**	**$ 18,595,000**	**$ 12,880,000**	

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

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