

Regular Meeting of the Board of Education

Tuesday, October 28, 2025 6:30 PM

Winchester Elementary School, 16141 Winchester Dr, Northville, MI 48167

1. **Call to Order**

2. **Pledge of Allegiance**

3. **Roll Call**

4. **Adoption of Agenda**

5. **Consent Resolutions**

5.a) Minutes of the October 21, 2025 Board of Education Meeting

6. **Communications**

6.a) npsboe@northvilleschools.org communications

7. **Winchester Elementary Presentation**

8. **Superintendent's Report/Update**

8.a) Above and Beyond the Call of Duty Awards

9. **Public Comments**

10. **2024-2025 Audit Report**

Presenter: Ms. Melissa Stuart, Board Treasurer

11. **Added Agenda Items**

12. **Public Comments**

13. **Closed Session**

Presenter: Dr. Kim Campbell-Voytal, Vice President

14. **Adjournment**

Minutes of Regular Meeting of the Board of Education

The Board of Trustees Northville Public Schools

A Regular Meeting of the Board of Education of the Board of Trustees of Northville Public Schools was held Tuesday, October 21, 2025, beginning at 6:30 PM in the Old Village School, 405 W. Main St, Northville, MI 48167.

1. Call to Order

Meeting called to order by President McIntyre at 6:31 p.m.

2. Pledge of Allegiance

President McIntyre led the Board in the Pledge of Allegiance.

3. Roll Call

Ms. Lisa McIntyre, President	Dr. RJ Webber, Superintendent
Dr. Kim Campbell-Voytal, Vice President	Mr. Devin Kling, Asst. Supt. for Finance & Operations
Ms. Carin Meyer, Secretary	Ms. Rebecca Pek, Asst. Supt. for Communications, Development, and Equity
Ms. Melissa Stuart, Treasurer	
Mr. Ron Frazier, Trustee	Ms. Emily Pohlonski, Asst. Supt. For Instructional Services
Ms. Meredith Riggan Maurer, Trustee	Ms. Jadie Kieft, Exec. Dir. For Special Services
Ms. Jena Mabrey, Trustee	

4. Adoption of Agenda

Motion No. 25/26-041 by Vice President Campbell-Voytal, supported by Secretary Meyer, that the agenda be adopted as presented. Motion carried 7-0.

5. Consent Resolutions

Motion No. 25/26-042 by Vice President Campbell-Voytal, supported by Treasurer Stuart, that the Board accept the consent agenda items for approval as presented:

- a) Minutes of the October 7, 2025 Special Call Meeting of the Board of Education
- b) Schedule a Committee of the Whole meeting at 5:30 pm on October 28, 2025 at Winchester Elementary
- c) Overnight and/or Out of State Field Trip Requests
 - 1) NHS Baseball Spring Break training camp in Vero Beach, FL from March 29 - April 2, 2026
 - 2) NHS Choir tour in New York, NY from May 22-26, 2026
 - 3) NHS JV Hockey showcase in Marquette, MI from November 21-23, 2025
 - 4) NHS Orchestra trip to New York, NY from May 22-26, 2026
- d) Approval of Heather Hogg to the Wayne RESA Parent Advisory Committee
- e) Meads Mill Change Order totaling \$56,671
- f) AngelTrax school bus video equipment purchase and installation

Motion carried 7-0.

6. Communications

Secretary Meyer reported three communications:

- a) npsboe@northvilleschools.org communications
- b) Northville Youth Network Program Report - September 2025
- c) Wayne RESA Board Highlights - October 2025

7. Superintendent's Report/Update

- a) Mr. Banchemo provided a Bond 2023 Update: a recap of the completed projects for 2024 and 2025; Stadium and Playground Equipment Upgrades / Improvements; Amerman Addition and Renovation; Meads Mill Addition and Renovation; NHS Mechanical Upgrades; Bond Phase 2 Projects; NHS STEAM Addition and Renovations; Moraine STEAM Addition and Renovations; Moraine Secure Entrance Interior Renderings; Moraine Cafeteria Interior Renderings; Roofing; Technology; and Bond Phase 3 and 4 Projects.

The Board shared feedback on the presentation and had the opportunity to ask questions regarding the information shared.

b) NPS Academic Report

Ms. Pohlonski shared an Academic Report: Satellite View data; Map View data; Street View data; Spring Testing Data, Spring NWEA Data, Fall i-Ready Data; Spring Testing Data; Custom Peer Group; Peer Rankings; MSTEP Pivot Table – 4th Grade Math; MSTEP All Students – ELA; MSTEP All Student – Math; MSTEP All Students – Science; MSTEP All Students – Social Studies; MSTEP Students with Disabilities – ELA; MSTEP Students with Disabilities – Math; PSAT 8th Grade – ELA; PSAT 8th Grade – Math; SAT All Students – Reading/Writing; SAT All Students – Math; SAT All Students – Math 2015-2025; MSTEP Grade 3 Proficiency Levels – ELA; MSTEP Grade 3 Proficiency Levels – Math; Spring NWEA Data Grades K-7; NWEA Reading; NWEA Percentile – ELA; NWEA Math; NWEA Percentile – Math; Fall i-Ready Data Grades K-8; i-Ready Placement Level Descriptors; Understanding Placement Levels; Scale Scores; and Percentiles; How Do the District's

Placements Compare to the Benchmarks Math and Reading; The Rise of On- and Above-Grade Level Performance, K-5; How Does Domain-Level Performance Compare to National; Increase in % of Students Above the National Norm in Foundational Skills; Teachers have identified Vocabulary as an Area to Explore Further.

The Board asked questions regarding the data, provided feedback, and shared words of appreciation for the deep data dive.

8. Public Comments

Ms. Kane spoke regarding Hillside Middle School and concerns regarding grading policies.

Ms. Prescott spoke regarding the data/data presentation and policy service procurement.

Ms. Hogg thanked the Board for the SEPAC appointment and support and shared information on an upcoming event.

9. Human Resources: Thrun Policy Service Procurement

Motion No. 25/26-043 by Secretary Meyer, supported by Trustee Riggan Maurer, that the Board authorize the administration to purchase the Thrun Policy Subscription Service totaling \$14,000 along with annual updates totaling \$2,750 annually funded by the general fund as presented. Motion carried 7-0.

10. Added Agenda Items

None.

11. Public Comments

None.

12. Questions/Comments from Board Members

Secretary Meyer and President McIntyre attended the WCASB meeting last week and it was beneficial.

Vice President Campbell-Voytal noted three Board members will be attending the MASB Leadership Conference and reviewed the proposed By-Law changes.

The Audit Presentation will be held at the Committee of the Whole next week, 10/28/25 at 5:30 p.m. at Winchester.

13. Adjournment

There being no further business the meeting adjourned at 9:31 p.m.

Carin Meyer, Secretary



Winchester Elementary
Board of Education Meeting: October 28, 2025 @ 6:30 PM

Winchester Purpose Statement: Winchester is a Leader in Me school with a common purpose to inspire students to be critical thinkers and problem-solvers who demonstrate responsibility for themselves and respect for others.

Winchester Mission Statement: Learning Together, Leading Forever!

*Visitors will be greeted by Student Leaders and escorted to the Dragon's Den (MPR).

Greeters and Pledge Leaders:

Student Lighthouse Leaders: Vienna Aquino, Nicole Aviles, Fatima Beydoun, Jad Chaar, Imani Grover, Emmett Goerke, Delaney Ku, Lucia Nicastro, Gassia Scappaticci, Libby Tuckfield

Board Meeting Presentation: Dragon's Den/MPR

MCs/Student Leaders: Mila Bayles, Hannah Hughes, Ishan Jalpota, Melanie Licata, Teagan Mudge, Aryahi Sharma

- I. Welcome
- II. Winchester's Past, Present, and Future
- III. Closing: Students from Young 5s and Kindergarten
- IV. Questions
 - **Student Panel:** All students present

Learning Together, Leading Forever!

Northville Public Schools

**Financial Report
with Supplementary Information
June 30, 2025**

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Independent Auditor's Report

To the Board of Education
Northville Public 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 Northville Public Schools (the "School District") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise Northville Public 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 Northville Public Schools as of June 30, 2025 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.

To the Board of Education
Northville Public Schools

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, the budgetary comparison schedules, and the schedules of the School District's contributions and share of the net pension and OPEB liabilities (asset), as defined 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 Northville Public 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
Northville Public Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2025 on our consideration of Northville Public 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 Northville Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northville Public Schools' internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 21, 2025

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

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Northville Public 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, the Special Education Center Program Fund, and the 2023 Building and Site Bond Fund, with all other funds presented in one column as nonmajor funds. The School District's proprietary Internal Service Fund is reported separately from the governmental funds. The remaining statements, the statement of fiduciary net position and the statement of changes in fiduciary net position, present financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. 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 Comparison Schedule - General Fund

Budgetary Comparison Schedule - Major Special Revenue 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

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, early childhood development, 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 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 Services 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 Fund

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

Fiduciary Funds

The School District has certain fiduciary responsibility for its custodial funds. All of the School District's fiduciary activities are reported in the separate statement of fiduciary net position and statement of changes in fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Northville Public Schools

Management's Discussion and Analysis (Continued)

The School District as a Whole

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

	Governmental Activities	
	2025	2024
	(in millions)	
Assets		
Current and other assets	\$ 150.3	\$ 142.5
Capital assets	194.0	184.1
Total assets	344.3	326.6
Deferred Outflows of Resources	40.7	57.3
Liabilities		
Current liabilities	23.3	21.3
Noncurrent liabilities	149.1	155.9
Net pension liability	124.0	168.0
Total liabilities	296.4	345.2
Deferred Inflows of Resources	75.1	53.7
Net Position (Deficit)		
Net investment in capital assets	94.7	95.0
Restricted	27.8	7.8
Unrestricted	(109.0)	(117.8)
Total net position (deficit)	<u>\$ 13.5</u>	<u>\$ (15.0)</u>

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 \$13.5 million at June 30, 2025. Net investment in capital assets totaling \$94.7 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position, \$(109.0) million, was unrestricted.

The \$(109.0) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact of recording the School District's share of the net pension and OPEB liabilities (assets) from the state-managed retirement system. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund and the change in the net pension/OPEB liabilities (assets) will have a significant impact on the change in unrestricted net position from year to year.

Northville Public Schools

Management's Discussion and Analysis (Continued)

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

	Governmental Activities	
	2025	2024
(in millions)		
Revenue		
Program revenue:		
Charges for services	\$ 6.9	\$ 6.1
Operating grants	49.3	49.6
General revenue:		
Taxes	28.7	26.7
State aid not restricted to specific purposes	55.2	56.5
Other	9.7	9.9
Total revenue	149.8	148.8
Expenses		
Instruction	64.6	71.4
Support services	39.6	40.4
Athletics	1.2	1.1
Food services	4.3	4.4
Community services	4.3	4.8
Debt service	7.3	5.7
Total expenses	121.3	127.8
Change in Net Position	28.5	21.0
Net Position (Deficit) - Beginning of year	(15.0)	(36.0)
Net Position (Deficit) - End of year	\$ 13.5	\$ (15.0)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$121.3 million. Certain activities were partially funded from those who benefited from the programs (\$6.9 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$49.3 million). We paid for the remaining public benefit portion of our governmental activities with \$28.7 million in taxes, \$55.2 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$28.5 million, compared to an increase in net position of \$21.0 million in the previous year. On a year-over-year basis, total revenue increased by \$1.0 million. This was due to an increase in program revenue of \$0.5 million and an increase in general revenue of \$0.5 million. The increase in program revenue is attributed to various program fee increases. The increase in general revenue is attributed primarily to a \$2 million increase in tax revenue.

Total expenses decreased by \$6.5 million. This resulted mostly from a decrease in 147c(1) MPERS UAAL rate stabilization expenses.

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

The School District's Funds

As we noted earlier, the School District uses funds to help it control and manage money for 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.

Northville Public Schools

Management's Discussion and Analysis (Continued)

As the School District completed this year, the governmental funds reported a combined fund balance of \$99.4 million, which is a decrease of \$13.9 million from last year. The primary reasons for the decrease are as follows:

Bond and Debt Funds

The primary reason for the decrease in the combined governmental fund balance was the planned spenddown of the 2020 School Building and Site Bonds (\$81 thousand) and the planned spenddown of the 2023 School Building and Site Bonds (\$19 million).

The combined fund balance of our debt service funds increased by \$0.3 million. Debt service fund balances are reserved since they can only be used to pay debt service obligations. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue related debt service. The School District's debt levy of 3.40 mills in 2024-2025 remained unchanged from the prior year.

General Fund

In the General Fund, our principal operating fund, fund balance increased by \$0.2 million to \$33.3 million. General Fund revenue was \$99.3 million, down from \$101 million a year ago. This decrease of 1.7 million is explained by an increase in local revenue of \$1.6 million, combined with lower state revenue of \$1.0 million (due to the loss of 147c(1)), and lower federal funding (\$2.3 million).

General Fund expenditures were \$99.7 million, up from \$97.5 million last year. Personnel costs (wages, salaries, and benefits) increased by \$2.5 million due primarily to contractual wage and salary increases, increased bonus payments, and higher retirement costs. Purchased services increased by \$0.8 million due primarily to higher contracted pupil transportation costs and other contracted services. Supply costs decreased by \$0.6 million due to higher utility costs but lower classroom material and textbook costs. Capital expenditures decreased by \$0.6 million due to a decrease in expenditures related to a district-wide infrastructure projects. All other expenses increased by \$0.1 million.

Other financing sources, including transfers into the General Fund, were \$0.6 million, up from \$0.3 million in 2023-2024.

Special Education Center Program Fund

The Special Education Center Program Fund balance increased by \$1.2 million due to higher Act 18 funding received throughout the year.

All Other Funds

The year-end fund balance in the School District's Sinking Fund increased by \$3.3 million. The School District collected \$4.2 million in sinking fund revenue from a levy of 0.9396 mills and interest earnings on available sinking fund reserves. Sinking fund expenditures were \$0.9 million. Major sinking fund projects included district turf replacement, site improvements, and district-wide paving/drainage projects.

The fund balance in the School District's Public Improvement Fund remained unchanged at \$1.1 million.

The Food Services Fund and the Early Childhood Development Center Fund balances increased by approximately \$0.1 million and by \$40 thousand, respectively. The Student Activity Fund increased to \$1.9 million, with expenditures of \$3 million and revenue of \$3.1 million for the year.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted on June 24, 2025. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplementary information to these financial statements.

Northville Public Schools

Management's Discussion and Analysis (Continued)

The initial fiscal year 2025 budget was approved by the Board of Education in June 2024 and reflected an operating deficit of \$(4.4) million. Budgeted revenue, including net transfers, was \$98.8 million. The initial budget assumed an increase of \$240 per pupil, or 2.4 percent, in the state foundation allowance and a reduction of (90) budgeted full-time equivalent (FTE) students. Budgeted expenditures were \$103.1 million, of which 82 percent was allocated for staff salaries and benefits.

An interim budget amendment was approved in May 2025. This amendment included a revenue loss of \$(1.7) million due to no state aid foundation increase. These reductions, however, were more than offset by (1) MPSERS 147a(4) one-time funding of \$2.9 million, (2) higher property tax revenue of \$0.8 million, and (3) increased interest income of \$0.1 million. Overall, total revenue decreased by \$50 thousand. At the same time, budgeted expenditures decreased by \$2 million, primarily due to lower MPSERS UAAL rates (\$3.2 million), higher supply and utility costs (\$0.1 million), and increased purchased service costs (\$0.5 million). Although there were significant changes in both revenue and expenditures, on balance, the projected operating deficit included in the May amendment changed only slightly from the initial fiscal year 2025 budget to \$(2.4) million.

The final budget amendment was approved in June 2025 and reflected an operating deficit of \$(0.8) million. Budgeted revenue increased by \$1.7 million, due primarily to an additional \$2.1 million of state funding for MPSERS, a \$0.7 million decrease in local property tax revenue, increased payments of \$0.4 million from Wayne RESA for the enhancement millage and Act 18 building upgrades, and a \$0.1 million decrease in all other sources of revenue. Budgeted expenditures had little change.

Budget Performance

Operating revenue in 2024-2025 was \$99.3 million, or \$0.4 million lower than the final budget. Higher local revenue (\$0.9 million), lower state revenue of (\$1.3 million), contributed to this negative budget variance.

Operating expenditures in 2024-2025 were \$99.7 million, or \$1.5 million better than the final budget. Personnel-related costs were \$1.1 million higher than budget. Contributing factors include higher than budgeted retirement costs and higher leave and sick bank payouts. Nonpersonnel costs were \$2.6 million better than budget, reflecting primarily lower purchased service costs (\$1.3 million), lower supply costs (\$1 million), and lower capital outlay costs (\$0.1 million).

Operating transfers and other financing sources in 2024-2025 were \$0.5 million, or \$0.2 million lower than budget, bringing the total operating surplus to \$1.0 million, or \$1 million better than budget.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2025, the School District had \$194.0 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$(9.9) million, or 5.4 percent, from last year.

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Land	\$ 3,377,000	\$ 3,377,000
Construction in progress	17,696,233	6,404,741
Buildings and improvements	149,369,341	152,674,205
Furniture and equipment	21,723,744	19,303,504
Buses and other vehicles	1,850,909	2,314,684
	<u>\$ 194,017,227</u>	<u>\$ 184,074,134</u>
Total capital assets - Net of accumulated depreciation		

This year's additions of \$23.1 million include technology, furnishings, building renovations, and site improvements.

Northville Public Schools

Management's Discussion and Analysis (Continued)

Debt

At the end of this year, the School District had \$128.2 million in bonds outstanding versus \$135.8 million in the previous year, a change of (5.6) percent. Those bonds consisted of the following:

	2025	2024
General obligation bonds	\$ 128,200,000	\$ 135,775,000

In May 2023, Standard & Poors Global Ratings raised its long-term rating and underlying rating to AA from AA-. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. 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. The School District's outstanding qualified general obligation debt of \$128.2 million is significantly below the statutorily imposed limit.

Other obligations include compensated absences (i.e., accrued vacation pay and sick leave). We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The economic environment in 2024-2025 remained challenging, due primarily to higher prices for goods and services. Additionally, while the labor market for most teaching positions loosened in fiscal year 2025, shortages continued to be experienced for special education personnel and support staff positions.

During the 2024-2025 fiscal year, the School District and the teachers' union successfully negotiated a new two-year labor agreement covering the 2024-2025 and 2025-2026 school years. The agreement reflects a continued commitment to providing competitive compensation while maintaining long-term financial sustainability. Negotiations with other employee groups are ongoing, with the School District's focus remaining on reaching agreements that balance market competitiveness with fiscal responsibility.

A continued challenge in these negotiations has been the impact of recent contract settlements in neighboring southeast Michigan districts, some of which were supported by temporary pandemic-related funding. Recognizing that these federal relief funds expired in September 2024, the School District has remained cautious to avoid using one-time resources to support ongoing, structural expenditures.

State Revenue

In 2024-2025, approximately 68 percent of total General Fund revenue was generated from the per pupil foundation revenue from the State. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, school district funding is heavily dependent on the State's ability to fund local school operations.

Since the School District's revenue is heavily dependent on state funding and the overall health of the State's School Aid Fund, the actual revenue received is determined by the State's ability to generate sufficient tax collections to fund appropriations to local districts. The State conducts Consensus Revenue Estimating Conferences each January and May to project available resources, with the May conference providing the basis for the State's budget for the upcoming fiscal year.

The May 2025 conference reflected a more moderate economic outlook compared to the prior year, as inflation, slower consumer spending, and the expiration of federal pandemic relief funding placed pressure on state revenue. Despite these challenges, the State continued its investment in public education, increasing the foundation allowance from \$9,608 per pupil in 2024-2025 to \$10,050 per pupil in 2025-2026. In addition, the State maintained and expanded categorical funding for special education, student mental health and safety, and at-risk students, reflecting an ongoing commitment to supporting student needs while recognizing the limits of one-time funding sources.

Federal/State Stimulus Revenue

Through fiscal year 2023-2024, the School District expended approximately \$6.0 million of its Section 11t allocation, leaving \$0.9 million remaining to be obligated by September 30, 2024. The remaining expenditures are planned for the continuation of targeted academic recovery and student support initiatives designed to mitigate the lingering effects of the pandemic.

Including all federal and state one-time relief sources - such as ESSER funds, Section 11t allocations, and other smaller programs under Sections 11r(4), 23b, and 98c - the School District received a total of approximately \$12.2 million in one-time federal and state funding between fiscal years 2021-2022 and 2024-2025. These funds provided essential short-term relief but are not expected to recur, underscoring the importance of maintaining structural balance in the School District's ongoing operational budget.

Enrollment

Student enrollment is vital to the School District's operating revenue. As experienced in most districts throughout Michigan, enrollment has been impacted by a declining birth rate and a state population migration.

School district projections for 2025-2026 reflect an enrollment increase of 24 students, but early registration data indicates stable to increasing enrollment. One of the contributing factors to the improved enrollment outlook is the launch of a Young 5 program in 2024-2025, which will attract and retain young learners. Additionally, the School District has experienced some residential development in the northwest area of the School District, and, further, a large residential development (The Downs) began construction this year in the City of Northville that will serve to sustain enrollment.

Expenditures

In keeping with historical spending patterns, expenditures on wages, salaries, and benefits will consume approximately 80 percent of the General Fund operating budget in 2025-2026. One of the biggest challenges facing districts in many areas of the country is the availability of new staff, particularly in certain subject areas and special education. Additionally, the need for ancillary personnel (counselors, social workers, and psychologists) and certain support personnel (para-educators, food service, and pupil transportation) has expanded greatly since the pandemic, increasing the demand for those positions. These labor market considerations, along with the need to be competitive with recent salary increases negotiated in nearby school districts, has been a factor in the School District's current labor negotiations. The School District, however, remains committed to negotiating sustainable labor agreements.

Expenditures will also remain flat in 2025-2026 for student mental health and safety and security measures, which will be funded through state grants.

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.

June 30, 2025

	<u>Governmental Activities</u>
Assets	
Cash and investments (Note 4)	\$ 52,196,597
Receivables:	
Other receivables	82,664
Due from other governments	17,682,988
Inventory	43,648
Prepaid expenses	318,575
Restricted assets (Note 4)	58,397,959
Net OPEB asset (Note 10)	21,602,349
Capital assets: (Note 6)	
Assets not subject to depreciation	21,073,233
Assets subject to depreciation - Net	<u>172,943,994</u>
Total assets	344,342,007
Deferred Outflows of Resources	
Deferred pension costs (Note 10)	35,303,966
Deferred OPEB costs (Note 10)	<u>5,411,036</u>
Total deferred outflows of resources	40,715,002
Liabilities	
Accounts payable	5,433,026
Due to other governmental units	1,223,338
Accrued liabilities and other	12,408,241
Unearned revenue (Note 5)	4,264,173
Noncurrent liabilities:	
Due within one year (Note 8)	11,356,059
Due in more than one year (Note 8)	137,709,205
Net pension liability (Note 10)	<u>124,043,211</u>
Total liabilities	296,437,253
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 10)	6,725,335
Deferred pension cost reductions (Note 10)	39,845,148
Deferred OPEB cost reductions (Note 10)	<u>28,526,424</u>
Total deferred inflows of resources	<u>75,096,907</u>
Net Position	
Net investment in capital assets	94,681,487
Restricted:	
Debt service	1,124,582
Capital projects	5,082,388
Net OPEB asset	21,602,349
Unrestricted	<u>(108,967,957)</u>
Total net position	<u>\$ 13,522,849</u>

Northville Public Schools

Statement of Activities

Year Ended June 30, 2025

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 64,588,986	\$ 353,674	\$ 33,583,943	\$ (30,651,369)
Support services	39,631,827	-	14,458,520	(25,173,307)
Athletics	1,156,455	653,147	-	(503,308)
Food services	4,344,090	929,491	1,254,972	(2,159,627)
Community services	4,251,678	4,953,173	-	701,495
Interest	5,345,325	-	-	(5,345,325)
Other debt costs	1,998,386	-	-	(1,998,386)
Total primary government	\$ 121,316,747	\$ 6,889,485	\$ 49,297,435	(65,129,827)
General revenue:				
Taxes:				
Property taxes levied for general purposes				15,815,029
Property taxes levied for debt service				9,075,712
Property taxes levied for capital projects				3,817,291
State aid not restricted to specific purposes				55,184,934
Interest and investment earnings				5,286,689
Penalties, interest, and other taxes				14,543
Gain on sale of capital assets				90,750
Other				4,347,967
Total general revenue				93,632,915
Change in Net Position				28,503,088
Net Position (Deficit) - Beginning of year				(14,980,239)
Net Position - End of year				\$ 13,522,849

Northville Public Schools

Governmental Funds Balance Sheet

June 30, 2025

	General Fund	Special Education Center Program Fund	2023 Building and Site Bond Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	\$ 38,959,026	\$ 3,683,034	\$ -	\$ 7,716,433	\$ 50,358,493
Receivables:					
Other receivables	82,664	-	-	-	82,664
Due from other governments	16,862,123	793,848	-	27,017	17,682,988
Due from other funds (Note 7)	1,768,134	423,164	-	2,093,300	4,284,598
Inventory	-	-	-	43,648	43,648
Prepaid expenses	318,575	-	-	-	318,575
Restricted assets (Note 4)	-	-	47,010,961	11,386,998	58,397,959
Total assets	\$ 57,990,522	\$ 4,900,046	\$ 47,010,961	\$ 21,267,396	\$ 131,168,925
Liabilities					
Accounts payable	\$ 947,363	\$ 21,105	\$ 3,976,397	\$ 478,254	\$ 5,423,119
Due to other governmental units	1,223,338	-	-	-	1,223,338
Due to other funds (Note 7)	7,751,423	-	931,904	836,230	9,519,557
Accrued liabilities and other	11,388,650	-	-	-	11,388,650
Unearned revenue (Note 5)	3,329,309	823,731	-	111,133	4,264,173
Total liabilities	24,640,083	844,836	4,908,301	1,425,617	31,818,837
Fund Balances					
Nonspendable:					
Inventory	-	-	-	43,648	43,648
Prepays	318,575	-	-	-	318,575
Restricted:					
Debt service	-	-	-	1,850,552	1,850,552
Capital projects	-	-	42,102,660	9,734,471	51,837,131
Special education	-	4,055,210	-	-	4,055,210
Food service	-	-	-	1,680,143	1,680,143
Committed:					
Capital projects	-	-	-	1,061,545	1,061,545
Early childhood development	-	-	-	3,565,831	3,565,831
Student activities	-	-	-	1,905,589	1,905,589
Assigned - Subsequent year's budget	3,735,401	-	-	-	3,735,401
Unassigned	29,296,463	-	-	-	29,296,463
Total fund balances	33,350,439	4,055,210	42,102,660	19,841,779	99,350,088
Total liabilities and fund balances	\$ 57,990,522	\$ 4,900,046	\$ 47,010,961	\$ 21,267,396	\$ 131,168,925

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2025

Fund Balances Reported in Governmental Funds	\$ 99,350,088
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	327,484,264
Accumulated depreciation	<u>(133,467,037)</u>
Net capital assets used in governmental activities	194,017,227
Bonds payable, including premiums, are not due and payable in the current period and are not reported in the funds	(143,798,975)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,019,591)
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	(1,226,731)
Net pension liability and related deferred inflows and outflows	(128,584,393)
Net OPEB asset and related deferred inflows and outflows	(1,513,039)
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	(6,725,335)
Other long-term liabilities, consisting of arbitrage rebate liabilities, do not present a claim on current financial resources and are not reported as fund liabilities	(1,997,886)
Internal service funds are included as part of governmental activities	<u>5,021,484</u>
Net Position of Governmental Activities	<u><u>\$ 13,522,849</u></u>

Northville Public Schools

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2025

	General Fund	Special Education Center Program Fund	2023 Building and Site Bond Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 15,222,065	\$ 125,601	\$ 2,623,687	\$ 27,276,193	\$ 45,247,546
State sources	75,331,912	6,318,176	-	3,193,662	84,843,750
Federal sources	3,099,009	-	-	820,919	3,919,928
Interdistrict sources	5,660,797	6,813,326	-	-	12,474,123
Total revenue	99,313,783	13,257,103	2,623,687	31,290,774	146,485,347
Expenditures					
Current:					
Instruction	62,685,756	8,499,922	-	-	71,185,678
Support services:					
Pupil	7,341,385	2,253,805	-	-	9,595,190
Instructional staff	4,760,886	413,905	-	-	5,174,791
General administration	938,687	-	-	-	938,687
School administration	5,114,790	539,451	-	-	5,654,241
Business	1,059,913	-	-	87,496	1,147,409
Operations and maintenance	8,770,292	-	-	48,103	8,818,395
Pupil transportation services	3,640,997	-	-	-	3,640,997
Central	2,706,919	13,830	-	-	2,720,749
Other	-	-	-	2,999,212	2,999,212
Athletics	1,300,820	-	-	-	1,300,820
Food services	-	-	-	4,481,386	4,481,386
Community services	188,315	-	-	4,449,653	4,637,968
Debt service:					
Principal	-	-	-	7,575,000	7,575,000
Interest	-	-	-	6,442,899	6,442,899
Other debt costs	-	-	-	500	500
Capital outlay	1,150,019	41,551	21,814,741	1,149,622	24,155,933
Total expenditures	99,658,779	11,762,464	21,814,741	27,233,871	160,469,855
Excess of Revenue (Under) Over Expenditures	(344,996)	1,494,639	(19,191,054)	4,056,903	(13,984,508)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets (Note 6)	72,390	-	18,360	-	90,750
Transfers in (Note 7)	510,000	-	-	226,871	736,871
Transfers out (Note 7)	-	(250,000)	-	(486,871)	(736,871)
Total other financing sources (uses)	582,390	(250,000)	18,360	(260,000)	90,750
Net Change in Fund Balances	237,394	1,244,639	(19,172,694)	3,796,903	(13,893,758)
Fund Balances - Beginning of year	33,113,045	2,810,571	61,275,354	16,044,876	113,243,846
Fund Balances - End of year	\$ 33,350,439	\$ 4,055,210	\$ 42,102,660	\$ 19,841,779	\$ 99,350,088

Northville Public Schools

Governmental Funds

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

Year Ended June 30, 2025

Net Change in Fund Balances Reported in Governmental Funds	\$ (13,893,758)
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:	
Capitalized capital outlay	23,084,917
Depreciation expense	(13,141,824)
Revenue in support of pension contributions made subsequent to the measurement date	3,243,738
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premiums are not expenses in the governmental funds	8,619,387
Interest expense is recognized in the government-wide statements as it accrues	53,187
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	21,580,133
Arbitrage rebate costs that do not use current financial resources are not reported as expenditures in the governmental funds	(1,997,886)
Internal service funds are included as part of governmental activities	<u>955,194</u>
Change in Net Position of Governmental Activities	<u><u>\$ 28,503,088</u></u>

Northville Public Schools

**Proprietary Fund
Statement of Net Position**

June 30, 2025

Internal Service
Fund

Assets

Current assets:

Cash and investments (Note 4)

\$ 1,838,104

Due from other funds (Note 7)

5,225,052

Total assets

7,063,156

Liabilities - Current liabilities - Provisions for claims (Note 9)

2,041,672

Net Position - Unrestricted

\$ 5,021,484

Northville Public Schools

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

Year Ended June 30, 2025

	<u>Internal Service Fund</u>
Operating Revenue - Charges for services	\$ 11,168,872
Operating Expenses - Cost of insurance claims	<u>10,213,678</u>
Change in Net Position	955,194
Net Position - Beginning of year	<u>4,066,290</u>
Net Position - End of year	<u><u>\$ 5,021,484</u></u>

Northville Public Schools

Proprietary Fund Statement of Cash Flows

Year Ended June 30, 2025

	<u>Internal Service Fund</u>
Cash Flows from Operating Activities	
Receipts from other funds	\$ 10,017,678
Payments for services	<u>(10,246,175)</u>
Net Decrease in Cash and Investments - Net cash used in operating activities	(228,497)
Cash and Investments - Beginning of year	<u>2,066,601</u>
Cash and Investments - End of year	<u>\$ 1,838,104</u>
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	\$ 955,194
Adjustments to reconcile operating income to net cash from operating activities:	
Changes in assets and liabilities:	
Due to and from other funds	(1,151,194)
Accrued liabilities and other	<u>(32,497)</u>
Total adjustments	<u>(1,183,691)</u>
Net cash used in operating activities	<u>\$ (228,497)</u>

Northville Public Schools

Fiduciary Funds Statement of Fiduciary Net Position

June 30, 2025

Private Purpose
Trust Funds

Assets

Cash and investments (Note 4)

\$ 445,892

Due from other funds (Note 7)

9,907

Total assets

455,799

Liabilities

-

Net Position - Restricted for scholarships

\$ 455,799

Northville Public Schools

**Fiduciary Funds
Statement of Changes in Fiduciary Net Position**

Year Ended June 30, 2025

	<u>Private Purpose Trust Funds</u>
Additions - Investment income - Interest and dividends	\$ 47,497
Deductions - Scholarships awarded	<u>3,450</u>
Change in Net Position	44,047
Net Position - Beginning of year	<u>411,752</u>
Net Position - End of year	<u><u>\$ 455,799</u></u>

Note 1 - Nature of Business

Northville Public 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. 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. Exceptions to this general rule occur when there are charges between the School District's business-type activities and various other functions of the School District.

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 three broad fund types:

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The Special Education Center Program Fund is used to record special education millage revenue from Wayne County, Michigan (the "County"); state revenue related to special education; and disbursements associated with special education center programs administered by the School District on behalf of the County.
- The 2023 Building and Site Bond Fund is used to record bond proceeds or other revenue and disbursements of invoices specifically designated for erecting, furnishing, and equipping facilities; installing technology; purchasing buses; and improving playgrounds, athletic fields, and facilities. The fund operates until the purpose for which it was created is accomplished.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.
- Capital project funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology upgrades; and remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.
- The Public Improvement Fund, a capital project fund established under the requirements of Michigan Public Act 177 of 1943, is used for the purpose of appropriating, providing for, setting aside, and accumulating money, as determined by action of the Board of Education, to be used for acquiring, constructing, extending, altering, repairing, or equipping public school improvements or buildings.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Proprietary Funds

The proprietary fund is an internal service fund that provides goods or services to other funds of the School District.

The School District's Internal Service Fund is used to account for health care-related services provided to other governmental funds of the School District on a cost-reimbursement basis.

Note 2 - Significant Accounting Policies (Continued)

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the School District's programs. The Private Purpose Trust Funds are used to account for funds entrusted to the School District for scholarship award programs and various school-related purposes.

Interfund Activity

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

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

Basis of Accounting

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

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

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

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

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for investments in external investment pools, which are valued at amortized cost. Pooled investment income from the School District's funds is generally allocated to each fund using a weighted average of balance for the principal.

Note 2 - Significant Accounting Policies (Continued)

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. 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 Services Fund. Inventories accounted for using the consumption method are recorded as expenditures when consumed rather than when purchased and include commodities within the Food Services 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.

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the bonded capital project funds required to be set aside for construction or other allowable bond purchases
- Unspent property taxes levied and 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 are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

	Depreciable Life - Years
Buildings and improvements	20 to 50
Furniture and equipment	5 to 10
Buses and other vehicles	5 to 10

Long-term Obligations

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

Note 2 - Significant Accounting Policies (Continued)

Net Position

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

Net Position Flow Assumption

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, 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 committed, the limitation imposed by the Board of Education resolution remains in place until a similar action is taken to remove or revise the limitation.

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 assistant superintendent for finance and operations 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.

Note 2 - Significant Accounting Policies (Continued)

The fund balance policy prescribes the minimum fund balance as 11 percent of school district General Fund annual operating expenditures in the General Fund and special revenue funds. 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.

Property Tax Revenue

Properties 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 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Tax collections are forwarded to the School District as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. Any delinquent taxes collected by the County are remitted to the School District by June 30. 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 and net OPEB liabilities/assets, 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 the 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)

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for leave that is more likely than not to be used for time off in a future period or otherwise paid or settled based on historical usage and employment patterns. Vacation pay is accrued when incurred. Both of these are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

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.

Note 2 - Significant Accounting Policies (Continued)

Accounting Changes

Adoption of New Accounting Pronouncement

During the current year, the School District adopted GASB No. 101, *Compensated Absences*. The new accounting standard impacted the measurement of the compensated absences liability that is included in the statement of net position. The standard was required to be adopted retroactively. There was no significant impact to the School District from the adoption of this statement.

Upcoming Accounting Pronouncements

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

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

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, non-bonded capital project funds, and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. In accordance with generally accepted accounting principles, the School District reports capital outlay separately in the statement of revenue, expenditures, and changes in the fund balances for all funds. However, the School District budgets and reports capital outlay expenditures within the related function in the budgetary comparison schedule - Special Education Center Program Fund. 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.

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. As a result, fund balance has not been committed or assigned.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Capital Projects Fund Compliance

The 2023 Building and Site Bond capital project fund includes capital project activities funded with bonds issued after May 1, 1994. For this capital project fund, the School District has complied with the applicable provisions of §1351a of the State of Michigan’s School Code. The fund is not yet considered substantially complete and a subsequent year audit is expected.

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

The 2020 Building and Site Bond capital projects fund includes capital projects activities funded with bonds issued after May 1, 1994. For this fund, the projects for which the bonds were issued were considered complete in a prior period, and the School District has completed the required reporting to the Michigan Department of Treasury.

The Sinking Fund and the Sinking Fund (2022) record capital project activities funded with the sinking fund millage. For these funds, authorized prior to March 29, 2017, 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 three banks for the deposit of its funds.

The investment policy adopted by the board in accordance with state statutes has authorized investment in bonds and securities of the United States government and bank accounts, CDs, and all other investments, as noted by the state statutory authority listed above.

The School District's investments in the Michigan Liquid Asset Fund Plus - MAX Class fund may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State. Redemptions made prior to the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed. There are no limitations or restrictions on participant withdrawals for the School District's investment in the Comerica J Fund that are recorded at amortized cost.

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 totaling \$20,476,127 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

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. The School District does not have investments with custodial credit risk.

Note 4 - Deposits and Investments (Continued)

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 policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

At year end, the School District had the following investments:

Investment	Carrying Value	Weighted-average Maturity (Years)
Bank investment pool - Michigan CLASS	\$ 35,025,130	0.20

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
Bank investment pool - Michigan CLASS	\$ 35,025,130	AAAm	S&P
Bank investment pool - MILAF MAX Class*	58,397,959	AAAm	S&P
Bank investment pool - Comerica J Fund*	41,580	Not rated	
Total	<u>\$ 93,464,669</u>		

*Investments are valued at amortized cost rather than fair value.

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer.

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 policy prohibit investments in foreign currency.

Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The School District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 4 - Deposits and Investments (Continued)

The School District has the following recurring fair value measurements as of June 30, 2025:

- Mutual funds held by the Private Purpose Trust Funds totaling \$404,311 are valued using significant other observable inputs (Level 2 inputs).

The securities classified as Level 2 are valued using broker investment statements.

Investments in Entities that Calculate Net Asset Value per Share

The School District holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At June 30, 2025, the School District invested \$35,025,130 in the Michigan CLASS pool.

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

Note 5 - Unavailable/Unearned Revenue

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

At June 30, 2025, the School District had no unavailable revenue and approximately \$4,264,000 of unearned revenue, primarily related to categorical aid and federal assistance payments received prior to meeting all eligibility requirements.

Note 6 - Capital Assets

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

Governmental Activities

	Balance July 1, 2024	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2025
Capital assets not being depreciated:					
Land	\$ 3,377,000	\$ -	\$ -	\$ -	\$ 3,377,000
Construction in progress	6,404,741	(4,426,769)	15,718,261	-	17,696,233
Subtotal	9,781,741	(4,426,769)	15,718,261	-	21,073,233
Capital assets being depreciated:					
Buildings and improvements	249,524,460	4,426,769	1,075,842	-	255,027,071
Furniture and equipment	43,164,919	-	6,290,814	(2,358,206)	47,097,527
Buses and other vehicles	4,645,986	-	-	(359,553)	4,286,433
Subtotal	297,335,365	4,426,769	7,366,656	(2,717,759)	306,411,031
Accumulated depreciation:					
Buildings and improvements	96,850,255	-	8,807,475	-	105,657,730
Furniture and equipment	23,861,415	-	3,870,574	(2,358,206)	25,373,783
Buses and other vehicles	2,331,302	-	463,775	(359,553)	2,435,524
Subtotal	123,042,972	-	13,141,824	(2,717,759)	133,467,037
Net capital assets being depreciated	174,292,393	4,426,769	(5,775,168)	-	172,943,994
Net governmental activities capital assets	<u>\$ 184,074,134</u>	<u>\$ -</u>	<u>\$ 9,943,093</u>	<u>\$ -</u>	<u>\$ 194,017,227</u>

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

Governmental activities:	
Instruction	\$ 8,538,243
Support services	3,761,190
Community services	557,213
Food services	285,178
Total governmental activities	<u>\$ 13,141,824</u>

Note 6 - Capital Assets (Continued)

Construction Commitments

The School District has active construction projects at year end. As of June 30, 2025, the School District had approximately \$29.2 million in outstanding commitments with contractors.

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Primary Government			
	Fund Due From			Total
	General Fund	2023 Building and Site Bond Fund	Nonmajor Funds	
General Fund	\$ -	\$ 931,904	\$ 836,230	\$ 1,768,134
Special Education Center Program Fund	423,164	-	-	423,164
Nonmajor governmental funds	2,093,300	-	-	2,093,300
Internal Service Fund	5,225,052	-	-	5,225,052
Private Purpose Trust Funds	9,907	-	-	9,907
Total	\$ 7,751,423	\$ 931,904	\$ 836,230	\$ 9,519,557

Interfund balances represent routine and temporary cash flow assistance from the General Fund until amounts are transferred from fund bank accounts. Interfund balances between the General Fund and the Internal Service Fund are for amounts owed to the Internal Service Fund for its share of certain employee benefit costs.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Special Education Center Program Fund	General Fund	\$ 250,000
Nonmajor governmental funds	General Fund	260,000
Nonmajor governmental funds	Nonmajor governmental funds	226,871
	Total	\$ 736,871

Transfers to the General Fund from the Special Education Center Program Fund provide excess resources, capped by regulatory requirements where applicable, to supplement General Fund operations. Transfers to the General Fund from the nonmajor governmental funds relate to the transfer of indirect costs of the Food Services Fund.

Note 8 - Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligation	\$ 135,775,000	\$ -	\$ (7,575,000)	\$ 128,200,000	\$ 8,140,000
Unamortized bond premiums	16,643,362	-	(1,044,387)	15,598,975	1,044,387
Total bonds payable	152,418,362	-	(8,619,387)	143,798,975	9,184,387
Compensated absences	1,377,674	-	(150,943)	1,226,731	130,000
Self-insurance	2,074,169	10,213,678	(10,246,175)	2,041,672	2,041,672
Arbitrage liability	-	1,997,886	-	1,997,886	-
Total governmental activities long-term debt	<u>\$ 155,870,205</u>	<u>\$ 12,211,564</u>	<u>\$ (19,016,505)</u>	<u>\$ 149,065,264</u>	<u>\$ 11,356,059</u>

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

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 both 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. General obligations outstanding at June 30, 2025 are as follows:

Purpose	Remaining Annual Installments	Interest Rate(s) (Percent)	Maturing May 1	Outstanding
\$26,940,000 qualified general obligation serial and term bonds (2020)	\$1,060,000 - \$1,075,000	4.00% - 5.00%	2043	\$ 19,170,000
\$52,740,000 qualified general obligation serial and term bonds (2019)	\$1,955,000-\$2,910,000	4.00% - 5.00%	2043	44,820,000
\$11,910,000 qualified general obligation serial and term bonds (2018)	\$2,550,000	5.00%	2027	5,100,000
\$61,900,000 qualified general obligation serial and term bonds (2023)	\$1,175,000-\$4,185,000	4.00% - 5.00%	2045	<u>59,110,000</u>
Total governmental activities				<u>\$ 128,200,000</u>

Other Long-term Liabilities

The arbitrage liability attributable to the governmental activities will be liquidated from the applicable capital project funds when payable to the Internal Revenue Service.

The self-insurance liability will generally be liquidated through the School District's Internal Service Fund. The fund will finance the payment of those claims by charging the General Fund based on management's assessment of the relative insurance risk that should be assumed by individual funds.

Note 8 - 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		Total
	Principal	Interest	
2026	\$ 8,140,000	\$ 6,093,250	\$ 14,233,250
2027	6,750,000	5,722,600	12,472,600
2028	5,035,000	5,407,450	10,442,450
2029	5,255,000	5,186,400	10,441,400
2030	5,485,000	4,956,550	10,441,550
2031-2035	30,275,000	20,892,250	51,167,250
2036-2040	35,095,000	13,064,750	48,159,750
2041-2045	32,165,000	4,215,550	36,380,550
Total	<u>\$ 128,200,000</u>	<u>\$ 65,538,800</u>	<u>\$ 193,738,800</u>

Note 9 - 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 participates in the Metropolitan Association for Improved School Legislation (MAISL) shared-risk program for claims relating to workers' compensation and the SET SEG risk pool for claims related to property loss, torts, and errors and omissions. The School District is partially insured for health and dental claims.

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 health and dental claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported. These estimates are recorded in the Internal Service Fund, as well as the government-wide statements. Changes in the estimated liability for the past two fiscal years were as follows:

	2025	2024
Estimated liability - Beginning of year	\$ 2,074,169	\$ 1,690,457
Estimated claims incurred, including changes in estimates	10,213,678	10,592,968
Claim payments	<u>(10,246,175)</u>	<u>(10,209,256)</u>
Estimated liability - End of year	<u>\$ 2,041,672</u>	<u>\$ 2,074,169</u>

Note 10 - 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.

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

Benefits Provided

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

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

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

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

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.

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

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

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2025 were \$22,526,902, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2025, the School District's required and actual pension contributions include an allocation of \$5,479,763 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate as well as \$1,245,572 of a one-time state payment received and remitted to the System for the purpose of contributing additional assets to the System.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2025 were \$1,982,981, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2025, the School District reported a liability of \$124,043,211 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated liability to September 30, 2024. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the School District's proportion was approximately 0.506671 and 0.519086 percent, representing a change of (2.39) percent.

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Net OPEB Asset

At June 30, 2025, the School District reported an asset of \$21,602,349 for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2025 was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2023, which used update procedures to roll forward the estimated asset to September 30, 2024. The School District's proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the School District's proportion was approximately 0.501867 and 0.506528 percent, representing a change of (0.92) percent.

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

For 2025, the School District recognized pension expense of \$8,500,863, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,365,380	\$ (1,347,746)
Changes in assumptions	12,932,240	(9,088,444)
Net difference between projected and actual earnings on pension plan investments	-	(23,672,703)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	126,492	(5,736,255)
The School District's contributions to the plan subsequent to the measurement date	<u>18,879,854</u>	<u>-</u>
Total	<u>\$ 35,303,966</u>	<u>\$ (39,845,148)</u>

The \$6,725,335 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2026	\$ (5,654,705)
2027	(1,051,921)
2028	(10,116,885)
2029	<u>(6,597,525)</u>
Total	<u>\$ (23,421,036)</u>

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

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

For the year ended June 30, 2025, the School District recognized OPEB recovery of \$7,942,693.

June 30, 2025

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (22,891,893)
Changes in assumptions	4,718,264	(542,325)
Net difference between projected and actual earnings on OPEB plan investments	-	(4,089,572)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	198,818	(1,002,634)
Employer contributions to the plan subsequent to the measurement date	493,954	-
Total	<u>\$ 5,411,036</u>	<u>\$ (28,526,424)</u>

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

Years Ending	Amount
2026	\$ (7,527,694)
2027	(4,705,194)
2028	(4,551,720)
2029	(4,140,515)
2030	(2,267,178)
Thereafter	<u>(417,041)</u>
Total	<u>\$ (23,609,342)</u>

Actuarial Assumptions

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

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

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

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

Discount Rate

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

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

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

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

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

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

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

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	\$ 181,848,680	\$ 124,043,211	\$ 75,909,036

Note 10 - 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	\$ 16,694,473	\$ 21,602,349	\$ 25,845,726

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 (5.00%)	Current Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB asset of the School District	\$ 25,845,772	\$ 21,602,349	\$ 17,051,301

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2025, the School District reported a payable of \$3,952,923 and \$110,929 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2025.

Note 11 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) 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; brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2025, the School District's property tax revenue was reduced by approximately \$1,214,900 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 \$1,214,900 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the Sinking Fund or debt service millages. There are no abatements made by the School District.

Required Supplementary Information

Northville Public Schools

Required Supplementary Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 13,759,300	\$ 14,363,474	\$ 15,222,065	\$ 858,591
State sources	76,554,868	76,658,559	75,331,912	(1,326,647)
Federal sources	2,590,989	3,038,513	3,099,009	60,496
Interdistrict sources	5,143,804	5,642,546	5,660,797	18,251
Total revenue	98,048,961	99,703,092	99,313,783	(389,309)
Expenditures				
Current:				
Instruction:				
Basic programs	54,134,037	51,763,785	52,268,138	504,353
Added needs	10,657,036	10,533,767	10,417,618	(116,149)
Support services:				
Pupil	7,363,750	7,543,189	7,341,385	(201,804)
Instructional staff	4,716,058	5,018,000	4,760,886	(257,114)
General administration	1,180,193	1,058,430	938,687	(119,743)
School administration	5,203,894	4,985,257	5,114,790	129,533
Business	1,429,415	1,155,465	1,059,913	(95,552)
Operations and maintenance	9,814,266	10,135,247	8,770,292	(1,364,955)
Transportation	3,401,196	3,533,674	3,640,997	107,323
Central staff	3,021,969	3,094,781	2,706,919	(387,862)
Athletics	1,325,728	1,439,768	1,300,820	(138,948)
Community services	271,812	281,208	188,315	(92,893)
Capital outlay	619,525	619,525	1,150,019	530,494
Total expenditures	103,138,879	101,162,096	99,658,779	(1,503,317)
Excess of Expenditures Over Revenue	(5,089,918)	(1,459,004)	(344,996)	1,114,008
Other Financing Sources				
Proceeds from sale of capital assets	-	-	72,390	72,390
Transfers in	705,000	705,000	510,000	(195,000)
Total other financing sources	705,000	705,000	582,390	(122,610)
Net Change in Fund Balance	(4,384,918)	(754,004)	237,394	991,398
Fund Balance - Beginning of year	33,113,045	33,113,045	33,113,045	-
Fund Balance - End of year	<u>\$ 28,728,127</u>	<u>\$ 32,359,041</u>	<u>\$ 33,350,439</u>	<u>\$ 991,398</u>

Northville Public Schools

Required Supplementary Information
 Budgetary Comparison Schedule - Major Special Revenue Fund
 Special Education Center Program Fund

Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 120,000	\$ 148,000	\$ 125,601	\$ (22,399)
State sources	5,905,787	5,761,743	6,318,176	556,433
Interdistrict sources	4,500,000	4,386,000	6,813,326	2,427,326
Total revenue	10,525,787	10,295,743	13,257,103	2,961,360
Expenditures				
Current:				
Instruction - Added needs	7,976,800	7,770,000	8,541,473	771,473
Support services:				
Pupil	2,463,679	2,368,922	2,253,805	(115,117)
Instructional staff	365,040	351,000	413,905	62,905
School administration	499,200	480,000	539,451	59,451
Central	-	-	13,830	13,830
Total expenditures	11,304,719	10,969,922	11,762,464	792,542
Excess of Revenue (Under) Over Expenditures	(778,932)	(674,179)	1,494,639	2,168,818
Other Financing Uses - Transfers out	(580,000)	(580,000)	(250,000)	330,000
Net Change in Fund Balance	(1,358,932)	(1,254,179)	1,244,639	2,498,818
Fund Balance - Beginning of year	2,810,571	2,810,571	2,810,571	-
Fund Balance - End of year	<u>\$ 1,451,639</u>	<u>\$ 1,556,392</u>	<u>\$ 4,055,210</u>	<u>\$ 2,498,818</u>

Northville Public Schools

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

	Last Ten Plan Years									
	Plan Years Ended September 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	0.50667 %	0.51909 %	0.53253 %	0.53128 %	0.53219 %	0.52629 %	0.52492 %	0.51747 %	0.50164 %	0.50648 %
School District's proportionate share of the net pension liability	\$ 124,043,211	\$ 168,007,761	\$ 200,276,543	\$ 125,783,818	\$ 182,814,394	\$ 174,289,239	\$ 157,801,775	\$ 134,097,910	\$ 125,153,950	\$ 123,707,385
School District's covered payroll	\$ 52,603,612	\$ 50,388,758	\$ 51,174,400	\$ 47,512,124	\$ 47,299,210	\$ 45,902,521	\$ 44,858,466	\$ 44,027,362	\$ 42,108,609	\$ 41,932,118
School District's proportionate share of the net pension liability as a percentage of its covered payroll	235.81 %	333.42 %	391.36 %	264.74 %	386.51 %	379.69 %	351.78 %	304.58 %	297.22 %	295.02 %
Plan fiduciary net position as a percentage of total pension liability	74.44 %	65.91 %	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %

Northville Public Schools

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

	Last Eight Plan Years							
	Plan Years Ended September 30							
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB (asset) liability	0.50187 %	0.50653 %	0.52884 %	0.52733 %	0.53450 %	0.52556 %	0.52703 %	0.51610 %
School District's proportionate share of the net OPEB (asset) liability	\$ (21,602,349)	\$ (2,865,419)	\$ 11,201,143	\$ 8,048,986	\$ 28,634,768	\$ 37,723,096	\$ 41,893,369	\$ 45,703,456
School District's covered payroll	\$ 52,603,612	\$ 50,388,758	\$ 51,174,400	\$ 47,512,124	\$ 47,299,210	\$ 45,902,521	\$ 44,858,466	\$ 44,027,362
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(41.07)%	(5.69)%	21.89 %	16.94 %	60.54 %	82.18 %	93.39 %	103.81 %
Plan fiduciary net position as a percentage of total OPEB liability	143.08 %	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

Northville Public Schools

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

	Last Ten Fiscal Years Years Ended June 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 21,970,014	\$ 21,498,014	\$ 24,283,806	\$ 18,053,891	\$ 16,140,731	\$ 14,743,318	\$ 14,050,456	\$ 13,492,816	\$ 12,072,827	\$ 11,839,042
Contributions in relation to the statutorily required contribution	21,970,014	21,498,014	24,283,806	18,053,891	16,140,731	14,743,318	14,050,456	13,492,816	12,072,827	11,839,042
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 54,317,928	\$ 52,264,112	\$ 49,840,374	\$ 49,151,302	\$ 47,200,208	\$ 47,280,480	\$ 45,671,978	\$ 44,747,710	\$ 43,652,996	\$ 42,369,666
Contributions as a Percentage of Covered Payroll	40.45 %	41.13 %	48.72 %	36.73 %	34.20 %	31.18 %	30.76 %	30.15 %	27.66 %	27.94 %

Northville Public Schools

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

	Last Eight Fiscal Years Years Ended June 30							
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 1,617,316	\$ 4,293,719	\$ 4,011,751	\$ 4,005,438	\$ 3,927,883	\$ 3,799,270	\$ 3,587,545	\$ 3,232,004
Contributions in relation to the statutorily required contribution	<u>1,617,316</u>	<u>4,293,719</u>	<u>4,011,751</u>	<u>4,005,438</u>	<u>3,927,883</u>	<u>3,799,270</u>	<u>3,587,545</u>	<u>3,232,004</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 54,317,928	\$ 52,264,112	\$ 49,840,374	\$ 49,151,302	\$ 47,200,208	\$ 47,280,480	\$ 45,671,978	\$ 44,747,710
Contributions as a Percentage of Covered Payroll	2.98 %	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

June 30, 2025

Pension Information

The required contributions for the year ended June 30, 2025 include a one-time contribution of \$1,245,572, referred to as 147c(2), related to funding received from the State and remitted to the System for the purpose of contributing additional assets to the System.

Benefit Changes

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

Changes in Assumptions

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

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

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

- 2024 - The health care cost trend rate used in the September 30, 2024 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage 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, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.

June 30, 2025

- 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 cost was 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 cost 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 the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost 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 the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Supplementary Information

Northville Public Schools

	Special Revenue Funds			Debt Service Funds			
	Food Services Fund	Early Childhood Development Center Fund	Student Activity Fund	2018 Debt Fund	2019 Debt Fund	2020 Debt Fund	2023 Debt Fund
Assets							
Cash and investments	\$ 1,463,785	\$ 4,027,408	\$ 2,225,240	\$ -	\$ -	\$ -	\$ -
Receivables - Other receivables	27,017	-	-	-	-	-	-
Due from other funds	302,208	-	-	41,761	53,927	36,991	65,833
Inventory	43,648	-	-	-	-	-	-
Restricted assets	-	-	-	527,894	580,308	468,907	373,141
Total assets	\$ 1,836,658	\$ 4,027,408	\$ 2,225,240	\$ 569,655	\$ 634,235	\$ 505,898	\$ 438,974
Liabilities							
Accounts payable	\$ 1,734	\$ 15,894	\$ 2,039	\$ 4,589	\$ -	\$ -	\$ -
Due to other funds	-	445,683	317,612	-	-	-	-
Unearned revenue	111,133	-	-	-	-	-	-
Total liabilities	112,867	461,577	319,651	4,589	-	-	-
Fund Balances							
Nonspendable	43,648	-	-	-	-	-	-
Restricted:							
Debt service	-	-	-	565,066	634,235	505,898	145,353
Capital projects	-	-	-	-	-	-	293,621
Food service	1,680,143	-	-	-	-	-	-
Committed:							
Student activities	-	-	-	-	-	-	-
Early childhood development	-	3,565,831	-	-	-	-	-
Student activities	-	-	1,905,589	-	-	-	-
Total fund balances	1,723,791	3,565,831	1,905,589	565,066	634,235	505,898	438,974
Total liabilities and fund balances	\$ 1,836,658	\$ 4,027,408	\$ 2,225,240	\$ 569,655	\$ 634,235	\$ 505,898	\$ 438,974

Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2025

Capital Project Funds			
Sinking Fund (2022)	Public Improvement Fund	2020 Building and Site Bonds Fund	Total
\$ -	\$ -	\$ -	\$ 7,716,433
-	-	-	27,017
531,035	1,061,545	-	2,093,300
-	-	-	43,648
9,276,317	-	160,431	11,386,998
\$ 9,807,352	\$ 1,061,545	\$ 160,431	\$ 21,267,396
\$ 366,502	\$ -	\$ 87,496	\$ 478,254
-	-	72,935	836,230
-	-	-	111,133
366,502	-	160,431	1,425,617
-	-	-	43,648
-	-	-	1,850,552
9,440,850	-	-	9,734,471
-	-	-	1,680,143
-	1,061,545	-	1,061,545
-	-	-	3,565,831
-	-	-	1,905,589
9,440,850	1,061,545	-	19,841,779
\$ 9,807,352	\$ 1,061,545	\$ 160,431	\$ 21,267,396

Northville Public Schools

	Special Revenue Funds			Debt Service Funds			
	Food Services Fund	Early Childhood Development Center Fund	Student Activity Fund	2018 Debt Fund	2019 Debt Fund	2020 Debt Fund	2022 Debt Refunding Fund
Revenue							
Local sources	\$ 929,491	\$ 4,761,217	\$ 3,144,171	\$ 2,953,018	\$ 4,192,954	\$ 2,099,049	\$ -
State sources	3,134,699	5,332	-	53,631	-	-	-
Federal sources	820,919	-	-	-	-	-	-
Total revenue	4,885,109	4,766,549	3,144,171	3,006,649	4,192,954	2,099,049	-
Expenditures							
Current:							
Support services - Central	-	-	2,999,212	-	-	-	-
Food services	4,481,386	-	-	-	-	-	-
Community services	-	4,449,653	-	-	-	-	-
Debt service:							
Principal	-	-	-	2,575,000	1,940,000	1,060,000	-
Interest	-	-	-	384,249	2,338,500	862,700	-
Other debt costs	-	-	-	-	-	-	-
Capital outlay	63,359	246,639	-	-	-	-	-
Total expenditures	4,544,745	4,696,292	2,999,212	2,959,249	4,278,500	1,922,700	-
Excess of Revenue Over (Under) Expenditures	340,364	70,257	144,959	47,400	(85,546)	176,349	-
Other Financing Sources (Uses)							
Transfers in	-	-	-	226,871	-	-	-
Transfers out	(230,000)	(30,000)	-	-	-	-	(226,871)
Total other financing (uses) sources	(230,000)	(30,000)	-	226,871	-	-	(226,871)
Net Change in Fund Balances	110,364	40,257	144,959	274,271	(85,546)	176,349	(226,871)
Fund Balances - Beginning of year	1,613,427	3,525,574	1,760,630	290,795	719,781	329,549	226,871
Fund Balances - End of year	\$ 1,723,791	\$ 3,565,831	\$ 1,905,589	\$ 565,066	\$ 634,235	\$ 505,898	\$ -

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

Year Ended June 30, 2025

Debt Service Funds	Capital Project Funds			
2023 Debt Fund	Sinking Fund (2022)	Public Improvement Fund	2020 Building and Site Fund	Total
\$ 5,003,303	\$ 4,177,799	\$ -	\$ 15,191	\$ 27,276,193
-	-	-	-	3,193,662
-	-	-	-	820,919
5,003,303	4,177,799	-	15,191	31,290,774
-	48,103	-	87,496	3,134,811
-	-	-	-	4,481,386
-	-	-	-	4,449,653
2,000,000	-	-	-	7,575,000
2,857,450	-	-	-	6,442,899
500	-	-	-	500
-	830,165	-	9,459	1,149,622
4,857,950	878,268	-	96,955	27,233,871
145,353	3,299,531	-	(81,764)	4,056,903
-	-	-	-	226,871
-	-	-	-	(486,871)
-	-	-	-	(260,000)
145,353	3,299,531	-	(81,764)	3,796,903
293,621	6,141,319	1,061,545	81,764	16,044,876
\$ 438,974	\$ 9,440,850	\$ 1,061,545	\$ -	\$ 19,841,779

Northville Public Schools

Supplementary Information Schedule of Bonded Indebtedness

June 30, 2025

Years Ending June 30	2018 Building and Site Bonds	2019 Building and Site Bonds, Series II	2020 Building and Site Bonds, Series III	2023 Building and Site Bond Fund
	Principal	Principal	Principal	Principal
2026	\$ 2,550,000	\$ 1,955,000	\$ 1,060,000	\$ 2,575,000
2027	2,550,000	1,965,000	1,060,000	1,175,000
2028	-	1,965,000	1,060,000	2,010,000
2029	-	1,965,000	1,060,000	2,230,000
2030	-	2,060,000	1,060,000	2,365,000
2031	-	2,165,000	1,060,000	2,400,000
2032	-	2,270,000	1,060,000	2,450,000
2033	-	2,385,000	1,060,000	2,600,000
2034	-	2,505,000	1,060,000	2,745,000
2035	-	2,630,000	1,060,000	2,825,000
2036	-	2,730,000	1,070,000	2,840,000
2037	-	2,840,000	1,070,000	3,050,000
2038	-	2,875,000	1,070,000	3,095,000
2039	-	2,890,000	1,070,000	3,095,000
2040	-	2,900,000	1,070,000	3,430,000
2041	-	2,900,000	1,070,000	3,790,000
2042	-	2,910,000	1,075,000	3,945,000
2043	-	2,910,000	1,075,000	4,120,000
2044	-	-	-	4,185,000
2045	-	-	-	4,185,000
Total remaining payments	\$ 5,100,000	\$ 44,820,000	\$ 19,170,000	\$ 59,110,000
Principal payments due	May 1	May 1	May 1	May 1
Interest rate	5.00%	4.00% to 5.00%	4.00% to 5.00%	4.00% to 5.00%
Original issue	\$ 11,910,000	\$ 52,740,000	\$ 26,940,000	\$ 61,900,000

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

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

Independent Auditor's Report

To Management and the Board of Education
Northville Public Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northville Public Schools (the "School District") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 21, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

To Management and the Board of Education
Northville Public Schools

Purpose of this Report

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

Plante & Moran, PLLC

October 21, 2025

Northville Public Schools

Report to the Board of Education

June 30, 2025

To the Board of Education
Northville Public Schools

We have recently completed our audit of the basic financial statements of Northville Public Schools (the "School District") as of and for the year ended June 30, 2025. In addition to our audit report, we are providing the following results of the audit and informational items that impact the School District:

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We are grateful for the opportunity to be of service to Northville Public Schools. We would also like to extend our thanks to Mr. Devin Kling, Ms. Deb Converse, and the entire business office for their assistance and preparedness during the audit. We recognize that preparing for the audit is carried out in addition to your staff's normal daily activities. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

October 21, 2025

Results of the Audit

October 21, 2025

To the Board of Education
Northville Public Schools

We have audited the financial statements of Northville Public Schools (the "School District") as of and for the year ended June 30, 2025 and have issued our report thereon dated October 21, 2025. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 27, 2025, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the School District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the School District's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the School District, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated October 21, 2025 regarding our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 27, 2025.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the School District are described in Note 2 to the financial statements.

No new accounting policies were adopted, and the application of existing policies was not changed during 2025, except for the adoption of GASB 101, *Compensated Absences*. The adoption of the standard did not have a significant impact on the financial statements.

We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements are as follows:

- The School District's share of the MPSERS net liability for the pension and net asset for the other postemployment benefit (OPEB) plans recorded on the government-wide statements related to GASB Statement Nos. 68 and 75, respectively. The School District's estimates as of June 30, 2025 were \$124 million and \$22 million for the pension and OPEB plans, respectively, based on data received from the Office of Retirement Services. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.
- Employee medical benefit estimates for known and unknown claim reserves are based on currently known facts and historical trends. We evaluated the key factors and assumptions used to develop the self-insurance liabilities in determining that they are reasonable in relation to the financial statements taken as a whole.

During our audit, we identified and designed audit procedures to respond to certain significant risks. Because management is in a unique position to perpetrate fraud due to its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively, generally accepted auditing standards require that we always consider this to be a significant risk. We identified the following significant risk of misstatement:

- Revenue recognition fraud risk

In response to these identified significant risks, we performed the following:

- Testing of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements
- We audited the School District's supporting documentation in order to verify that only funds meeting the criteria of having been earned are reported as revenue. Any amounts received but not yet earned should be reported as unearned revenue (liability).

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the School District, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the School District's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 21, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

To our knowledge, there were no such consultations with other accountants.

This information is intended solely for the use of the Board of Education and management of the School District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC



Jennifer L. Chambers, CPA
Partner

Informational Items

Managing the Changing Landscape

As fiscal year 2025/2026 kicked off, school districts were immediately faced with uncertainty, as the State did not deliver on its self-imposed deadline to complete the school aid budget by July 1. This left districts in the dark regarding expected funding levels and open to making their best guess as to what the per pupil funding will be when adopting initial budgets for fiscal year 2025/2026. While the May 2025 Consensus Revenue Estimating Conference resulted in upward revisions to the short- and long-term revenue growth projections for both the General Fund and School Aid Fund, there was also a cautionary undertone related to the potential impacts of macroeconomic events, such as the impact of the evolving federal trade policies on the Michigan economy. The revenue projections were further cast into doubt once the federal One Big Beautiful Bill Act was signed on July 4, 2025. It is estimated that the act will significantly reduce the amount of revenue the State takes in due to the impact the bill will have on tax revenue. The bill also makes changes to Medicaid, which may negatively impact the State's budget.

There are also many changes occurring at the federal level. The U.S. Department of Education is undergoing major changes in 2025 following an executive order to dismantle it, with its responsibilities being reassigned to other federal agencies. In addition, billions of dollars in education funding were initially frozen by executive order, affecting several federal programs that school districts annually receive, primarily related to Title I. Congress has not yet approved the fiscal year 2026 budget for the U.S. Department of Education; however, the president's budget proposal eliminates funding for programs such as Title 1-C, Title III, Title II, and Title IV-A. School districts that are accustomed to receiving revenue under these specific federal programs now have increased uncertainty as to their ability to fund programs that have already been put into place.

For many school districts, this is a level of uncertainty that has not been experienced since the start of the COVID-19 pandemic.

We understand the unique challenges school districts face within the changing funding landscape. We continue to work closely with state and federal decision-makers to both understand the changes and provide insight into potential implications. As a strategic partner and advocate for public education, we continue to meet with decision-makers before actions are finalized so that these groups can be well informed of the implications their actions will have on the students, your business office, and your financial statements. Our work continues with federal and state agencies as new or revised accounting and compliance guidance is developed so we can help school districts be better equipped to manage the new rules and requirements. As guidance is updated and opportunities are identified, we will continue to provide updates to aid the School District in managing changes and navigating complexities. We understand that the last several years have required substantial extra effort by the Board of Education, administration, teachers, and support staff to bring the School District through one of the most extraordinary times in education. We also understand that the work is not done, and we appreciate the opportunity to work side by side with your team during this next chapter.

School Funding - School Aid in Depth

2024/2025 School Funding

As fiscal year 2024/2025 began, many school districts were entering their first year, since the start of the pandemic, with little or no COVID-19 grant dollars remaining. For many school districts, this resulted in the budgeted use of fund balance to balance the budget as school districts began to grapple with the reality of needing funding to support additional programming and staff resources that had been added during the ESSER funding era of the past several years. From a state budget perspective, at the May 2024 Consensus Revenue Estimating Conference, it was predicted that there would be sufficient resources for current programs but suggested that the revenue growth in the School Aid Fund would continue at a slower pace than the previous two years. As a practical matter, the conference conclusions suggest the funding growth will mirror more closely the prepandemic growth levels. As schools entered the 2024/2025 fiscal year, the School Aid Bill was completed and signed into law. The bill provided for some funding increases and resources to fund new initiatives agreed to by the governor and Legislature. It also reduced the allocation for some one-time categoricals. It increased resources provided for retirement, and it did not provide a foundation allowance increase. Instead, changes were made to how categoricals related to the MPSERS, with the intent of providing approximately \$400 per pupil for each district to spend on operations. Based on the mechanics of the School Aid Bill, not every district realized a full \$400 benefit. Some key highlights of the School Aid Bill include the following:

- **Foundation Allowance:** The target foundation allowance stayed at \$9,608 per pupil for public schools. Public school academies received a 3.9 percent increase in their target foundation, estimated at \$9,983. The increase was due to the fact that most academies do not participate in the MPSERS and are funded using a separate categorical. While there was no increase in the foundation allowance, net state funding per pupil increased; however, it was primarily through changes related to MPSERS categoricals, as subsequently explained.
- **Pupil Count:** Continued the traditional blended pupil count methodology, with 90 percent weighting for the October 2024 count and 10 percent weighting for the February 2024 count. For declining enrollment districts, a provision continues to use a two-year blended count to slow the impact of the decline on current year revenue. A district qualified if its 2024 final membership count was lower than the 2023 final membership count. In this case, a school district received additional state funding through Section 29.
- **MPSERS Cost for 2024/2025:** There were several key changes related to existing and new MPSERS cost support provided to school districts as follows:
 - **Section 147a(4)** - The MPSERS OPEB and pension funding has been the focus of School Aid Fund discussions for many budget cycles. For years, the OPEB and pension plans have been underfunded and have had a large net liability (referred to as the "UAAL"). However, the OPEB plan is now considered fully funded, meaning that the plan now has sufficient assets to cover accrued health benefits for current and former employees' past services. State funding has historically provided a contribution to districts to cover the OPEB UAAL costs, which was about \$669 million, statewide. The 2024/2025 School Aid Bill redirected about \$598 million of the savings back to school districts. This was funded through a categorical, 147a(4), and represented approximately 5.75 percent of the School District's 2024 MPSERS-related payroll. For fiscal year 2024/2025, the total amount of 147a(4) funding the School District received was \$2,979,407, which equates to approximately \$423.07 on a per pupil basis.
 - **Section 147c(2)** - For only the second time, similar to 2023, the budget appropriated \$250 million in additional, one-time payments to be made to the retirement system. Ultimately, there is no impact to fund balance of the School District. An allocation was made to the School District; however, the School District was then invoiced by the retirement system for the same amount that was received for this state aid categorical.

- **Section 147g** - This funding was new in 2024/2025 and was for reimbursing employees for their 3 percent employer contribution to the OPEB plan. School districts received this funding and were required to use it to reimburse employees; therefore, this funding did not provide additional resources to the School District for general operating purposes.
- **GSRP**: GSRP received an increase in funding and provided for more families to be eligible for free preschool. Now, families who are less than four times the federal poverty level will be eligible for free service.
- **At-Risk**: At-risk funding is now over \$1 billion. Revisions to the program include new flexibility provisions to reduce teacher-student ratio and support retention and recruitment efforts.
- Categoricals continuing without substantive change include, but are not limited to, the following: Transportation, Future Educator Fellowship, Student Teacher Stipend, and ISD Operations support.
- Many smaller categoricals were eliminated or had reduced funding. However, the most significant funding reduction was for mental health and school safety, Section 31aa, which was reduced from \$328 million to initially only \$26.5 million. Additionally, school districts had to opt in to receive this funding; it was not automatically distributed. During the year, a supplemental bill was enacted that increased funding by \$125 million. However, school districts had to be cautious in how this funding was utilized. Any payroll costs covered by this funding in 2024/2025 would need to be funded from general school district resources in future years.

2025/2026 School Funding

The 2026 budget cycle was highly unusual because of significant delays and political impasses. Michigan's Legislature - split between a Republican-led House and a Democratic-led Senate - missed its July 1 statutory budget deadline for the first time in years. Months of negotiations stretched past the July 1, 2025 start of the 2026 fiscal year for schools in Michigan and even past the start of the State's fiscal year, October 1, 2025, forcing lawmakers to pass an emergency one-week stopgap measure to avert a partial government shutdown. Political disagreements centered on spending priorities (notably road funding) contributed to the gridlock. Economic conditions also made this cycle unique. A May 2025 revenue conference had initially projected healthy growth, but officials grew cautious due to inflationary pressures and other macroeconomic uncertainties. Furthermore, federal influences complicated the picture. A new federal tax package (nicknamed the "One Big Beautiful Bill Act") was signed in July 2025 and was expected to shrink Michigan's 2026 revenue by roughly \$677 million if the State adopted the changes to the federal tax rules for Michigan tax filers. At the same time, potential federal budget cuts (such as proposals to scale back U.S. Department of Education programs and changes to Medicaid) added extra uncertainty for state budget planners. These factors combined to make fiscal year 2026's budget process one of the most delayed and challenging in recent memory.

Fiscal Year 2026 Budget – K-12 Education Impacts

Education and public safety remained top priorities alongside infrastructure - reflecting a bipartisan consensus to protect key services even as other areas saw belt-tightening. The school aid (education) budget is \$21.3 billion - about \$0.5 billion higher than last year - and includes record funding levels for K-12 schools. While schools will see record funding this year, it should also be noted that this budget continues to shift significant funding from the School Aid Fund (approximately \$1.3 billion in 2026) to colleges and universities, a trend that continues from previous budget cycles. Below is a summary of the key budget provisions affecting K-12 schools:

- **Per Pupil Foundation Allowance Increase**: The base funding for each student rises to \$10,050, up from \$9,608 - approximately a 4.6 percent increase per pupil, reaching the highest level ever in Michigan.

- **MPSERS Cost Offset (147a(1)) - Eliminated:** This was essentially a supplemental payment to help schools pay for retirement expenses. In an unanticipated change, this \$100 million offset was removed from the budget, which equated to approximately \$75 per student, on average across the State, that school districts will no longer receive.
- **MPSERS Cost Offset - Reduced UAAL Cap (147a(4)):** As expected, this line item was completely removed as compared to the 2025 budget, which equated to \$598 million or approximately \$400 per student. This funding was removed given the fiscal year 2026 statutory reduction in the MPSERS UAAL required contribution from 20.96 percent to 15.21 percent of covered payroll.
- **Universal Free School Meals (30d):** The budget continues to provide free breakfast and lunch for all K-12 students, dedicating about \$200 million to fund the Michigan School Meals program for another year. This ensures every student has access to meals at school at no charge, regardless of family income.
- **Expanded Support for At-Risk and ELL Students:** Funding for at-risk students (Section 31a), which supports low-income and academically vulnerable children, was increased by 25 percent, adding roughly \$258 million to help districts improve outcomes for disadvantaged students. However, there is a new requirement that districts must provide a report to parents how the funding was used and allow parents to provide feedback. Likewise, English Language Learner grants (Section 41) received a 25 percent boost (to approximately \$62.7 million) to better support students for whom English is a second language.
- **Special Education (51e):** Funding saw a more modest uptick. Foundational special education grants grew by about 4 percent (an increase of roughly \$25 million statewide) to help serve students with disabilities.
- **New Class Size Reduction Initiative:** Lawmakers set aside \$65 million in one-time funds to help early elementary grades. This money is earmarked to reduce class sizes in grades kindergarten through third grade, particularly in high-poverty schools, by hiring more teachers or aides. The goal is to improve learning conditions for young students by ensuring smaller teacher-to-student ratios in critical early learning years.
- **Student Mental Health and Safety (31aa):** The budget maintains and increases support for student wellness. It provides over \$169 million for per pupil mental health and school safety grants - funding that schools can use for counselors, mental health programs, and security measures. This is a significant investment (an increase from roughly \$151.5 million allocated last year when including supplemental funds) and continues Michigan's postpandemic focus on mental health initiatives in schools. However, some of these dollars remain categorized as one-time funding, meaning the Legislature will need to revisit them in future budgets to ensure these services continue.
- **Infrastructure Grants:** Allocates \$100 million in one-time funding for districts to apply for competitive grants related to infrastructure needs.

Looking Forward to 2026 and Beyond

The State's budget for 2026 is approximately \$81 billion. The budget represents a shift in priorities. Lawmakers made a major investment in infrastructure, boosting road and bridge funding by approximately \$1.1 billion per year. To achieve this, the plan introduces a new 24 percent wholesale tax on marijuana, a \$420 million revenue source that became the linchpin of the roads deal. In addition, the Legislature agreed to reroute the 6 percent sales tax on gasoline into road funding by replacing it with a 20 cents per gallon fuel tax increase. These moves direct money away from other areas (like the School Aid Fund and local revenue sharing) toward Michigan's long-neglected transportation network, aligning with Governor Gretchen Whitmer's "fix the roads" campaign promise. To help fund these budget initiatives, the State has also decided to forego adopting many of the tax breaks introduced by the federal One Big Beautiful Bill Act of 2025. Opponents of this measure argue that this will drive business away from Michigan as companies look to invest in states that have adopted these tax savings measures. Eventually, the new tax measures and tax shifts are expected to generate over \$1.5 billion per year for infrastructure once fully implemented. The primary question for K-12 education is, "What further pressures will be placed on the School Aid Fund if these changes in revenue streams do not produce the future level of revenue that the State is anticipating?"

The May 2025 Consensus Revenue Estimating Conference provided a look into 2026 and 2027. Revenue estimates for the School Aid Fund were adjusted upward slightly from the previous January 2025 and May 2024 estimates. However, previous revenue estimates did not include any of the impacts that were introduced with the passing of the 2026 budget, and school districts will need to pay close attention to the January 2026 conference to see what impact these changes are projected to have on the School Aid Fund for future years.

School districts will also need to continue to monitor developments at the federal level, as efforts continue by the executive branch to dismantle the Department of Education. There is also continued scrutiny by the federal government regarding funding for certain programs that are provided by school districts, which has resulted in paused or delayed funding. The federal government is currently at an impasse with its budget and is currently in a shutdown, as it missed the October 1 deadline to pass a 2026 budget. What cuts will be made that impact education once a budget is finally passed? This adds a level of uncertainty for school districts for which it is difficult to plan.

Student enrollment also impacts the level of funding the School District receives. During the pandemic, most public schools across Michigan experienced a decline in enrollment. Statewide enrollment has historically been slightly under 1.5 million students. Prior to the pandemic, annual enrollment figures were declining annually by about 10,000 students per year. However, during the pandemic, statewide enrollment decreased in excess of 50,000 students. As part of the Consensus Revenue Estimating Conference process, total enrollment is tracked and estimated. A key consideration in the projections continues to be to what extent the 50,000 student reduction will recover. Current data suggests that some portion returned as the rate of decline slowed, but enrollment will not recover to prepandemic levels. While this data is important statewide, it is very important at the local district level. Since the foundation allowance is computed on a per pupil basis, a stable and predictable enrollment will have a substantial impact on the financial picture. As a practical example, on average, it takes about 10 students to fully fund a teacher position. As districts continue to operate in the postpandemic period, continued focus on recruiting and retaining students and families will be essential to improving student enrollment.

In turn, school districts will be required to adjust to changes in funding priorities and ultimately how resources will be used for local district operations. Some of those challenges include the following:

- The impact of a recession on school funding if it were to occur
- Continued uncertainty regarding the Department of Education and the impact on school districts if it is dismantled
- Federal trade policy and global, geopolitical conflicts

- Continued efforts at attracting and retaining students to the School District
- Pupil count trends and projections for school districts and school buildings to better plan staffing, infrastructure, and operational needs
- Assessing food service operations as entering the third year of the new state-funded free breakfast and lunch program
- Potential staffing cost increases, including fringe benefits such as health care
- Operating cost increases resulting from inflation
- Technology cost increases and access to technology learning tools
- Cost trends for the retirement system and the extent to which state support is used from the School Aid Fund

The next Consensus Revenue Estimating Conference will occur in January 2026. As districts move into the 2025/2026 school year, they will need to carefully plan for how best to use current resources as well as begin to plan for potential adjustments going forward.

Michigan School Meals

Since the launch of Michigan's state-funded free breakfast and lunch initiative in the 2023/2024 school year, the program has aimed to provide all students, regardless of income, with nutritious meals at no cost. Originating from amendments to the State Aid Act in 2023/2024, the initiative was designed to supplement the federal National School Lunch and National School Breakfast programs, delivering meals to students who would otherwise be ineligible for federally funded free meals. For the 2023/2024 and 2024/2025 school years, participating districts received state funding through Section 30d, which was allocated to the Food Services Fund. This support replaced previous revenue from student-paid meals, allowing districts to offer universal access to breakfast and lunch.

For 2024/2025, the School District received \$2,541,941.85 in state funding under Section 30d for this program. Some key observations include the following:

- Participation is not automatic. Districts apply using the Coordinated Application in the State's NexSys system.
- For a district to be eligible to participate, it had to do the following:
 - Be a public school, charter school, or intermediate school district
 - Participate in the National School Lunch Program
 - Serve breakfast and lunch
 - Serve all meals at no cost to pre-K through 12th grade students
 - Adopt Community Eligibility Provision (CEP) to maximize federal reimbursement. Note that not all schools qualify for this provision under the federal program. If a district qualifies, the meals will be funded using that federal program, and the state program is not needed.
 - Collect relevant family income information
 - Write off all outstanding student negative balances
- The program works alongside and supplements the current federal National School Lunch and National School Breakfast programs and does not replace them.

- Districts will need to track and claim meals served similar to what is done for the federal programs.
- As noted above, districts must eliminate negative student account balances. In doing so, the Food Services Fund is not allowed to absorb the write-off. That removal requires funding from sources outside the Food Services Fund. The MDE provides guidance for how this should be accomplished.
- Many school districts are experiencing an increase in fund balance in the Food Services Fund beyond the state limitations for this fund. School districts will need to monitor and ensure that there is a spenddown plan that strategizes utilizing the fund balance for allowable costs.

With this approach to access to school meals, the potential for continued high participation rates is likely. Many districts saw increased demand on food service operations, including staffing levels, timing of meals, cafeteria seating, menu planning, and food orders through 2024/2025. Although there have been efforts to make the school meals program a permanent part of state law, its authorization and funding are still determined annually through the State's School Aid Fund budget.

Funding for this program was continued in the 2026 state budget; however, additional provisions were added that allow the MDE to withhold 5 percent of the School District's state aid payments if the following provisions are not adhered to:

- Adherence to federal school meal rules
- Mandatory completion of the federal free and reduced-price meal application by all students

Food Services Fund - Fund Balance

We noted that the fund balance of the Food Services Fund continues to exceed the U.S. Department of Agriculture's maximum allowance of three months' worth of operating expenditures. The School District should continue to monitor its spenddown plan, entered into with the Michigan Department of Education, for reducing the balance to an acceptable level.

Michigan Public School Employees' Retirement System (MPSERS) - Update on the Plans' Net Pension Liability and OPEB Asset

Similar to the State of Michigan, the MPSERS plan has a September 30 year end. With the adoption of GASB Statement Nos. 68 and 75 several years ago, school districts have been reporting their share of the MPSERS plan funded status in the government-wide financial statements.

At September 30, 2024, the pension portion of the MPSERS plan for the State of Michigan had a net pension liability of approximately \$24.5 billion. This is a decrease of approximately 24 percent from the reported amount of \$32.4 billion on September 30, 2023. One of the primary reasons for the decrease in the net liability was the net investment returns. The pension plan's annual investment rate of return was 15.5 percent for the year ended September 30, 2024, compared to 8.3 percent for the year ended September 30, 2023.

At September 30, 2024, the retiree health care portion (OPEB) of the MPSERS plan had a net OPEB asset of approximately \$4.3 billion compared to the net OPEB asset of \$566 million at September 30, 2023. This is an increase of approximately 660 percent. One of the reasons for the increase in the net asset was the net investment returns as well as favorable differences between expected and actual experience. The pension plan's annual investment rate of return was 15.5 percent for the year ended September 30, 2024, compared to 8.3 percent for the year ended September 30, 2023.

Fund Balance

Fund balance, particularly in the General Fund, is critically important to ensuring the financial health and stability of the School District. Having adequate fund balance allows the School District to navigate through and respond to unexpected losses or revenue shortfalls, such as emergency repairs or decline in funding. It ensures the School District can continue its operations smoothly without disruptions, even in times of financial uncertainty. A healthy fund balance can also improve the School District's credit rating, making it easier and less expensive to borrow money when needed. Overall, having a healthy fund balance allows for better long-term financial planning and budget flexibility to ensure the School District's resources are being utilized in the most effective manner possible. Given the changing landscape in state and federal funding over the past few years, fund balance will continue to garner more attention among board members and key stakeholders.

During the 2024/2025 school year, the School District's General Fund expenditures exceeded revenue by approximately \$344,996. This resulted in reducing the General Fund fund balance to approximately \$33,350,000 at June 30, 2025. Fund balance goals are often stated in terms of a percentage of total expenditures. As a point of reference, the statewide average for school districts at June 30, 2024 was approximately 24.7 percent of operating expenditures (excluding transfers). The School District's fund balance percentage is 33.5 percent.

Upcoming Accounting Pronouncements

There are several upcoming accounting pronouncements that will have an impact on future financial statements of the School District.

GASB Statement No. 103 - Financial Reporting Model Improvements

The objective of this standard is to make improvements to the financial reporting model, including GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments*, and other reporting model-related pronouncements. A key change to this standard from the exposure draft is the removal related to the recognition in and the presentation of governmental funds. The standard's scope includes management's discussion and analysis (MD&A); proprietary fund financial statement presentation, particularly the operating/nonoperating classification; budgetary comparisons; major component unit information; and the presentation of unusual or infrequent items. This statement requires that the MD&A be limited to the five topics noted in the standard and provides further guidance on how the MD&A should be written. For proprietary fund financial reporting, the statement defines operating and nonoperating revenue and expense. It also requires a new subtotal for operating income (loss) and noncapital subsidies. The statement prescribes that the budgetary comparison be reported only in the required supplementary information section of the statements and dictates what variance information to be included. Next, the statement requires that major component unit information be presented separately in the statements of net position and activities, with a caveat for readability. Lastly, the statement describes unusual and infrequent transactions and outlines how they should be presented separately. This new standard will be effective for the School District's June 30, 2026 year end.

GASB Statement No. 104 - Disclosure of Certain Capital Assets

This standard is designed to provide users of governmental financial statements with essential information about certain types of capital assets. Although authoritative guidance prior to this standard requires governments to disclose detailed information about capital assets in notes to the financial statements, previously, there was inconsistency in practice for disclosure and presentation for certain capital asset classes. This new standard clarifies and expands disclosure requirements to improve consistency and comparability between governments. GASB Statement No. 104 will require certain classes of capital assets, including lease assets, intangible right-of-use assets, and subscription-based IT assets, to be disclosed separately in the capital assets note. In addition, the standard will require additional disclosures for capital assets that are held for sale; the new standard will impact the presentation of almost every governmental financial statement for entities that have capital assets that are in the process of being sold at fiscal year end, assuming certain conditions are met. This new standard will be effective for the School District's June 30, 2026 year end.

Sinking Fund Legislation

The new legislation, which is effective August 6, 2023, amends previous sinking fund legislation to allow a school district to use its Sinking Fund to support certain transportation costs. Specifically, a sinking fund millage approved by voters after May 7, 2023 is now allowed to be used by school districts for the acquisition of student transportation vehicles and parts, supplies, and equipment used for the maintenance of student transportation vehicles. Funds may also be used for the acquisition of trucks and vans registered under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923, and used to carry parts, equipment, and personnel for or in the maintenance of school buildings or for the acquisition of parts, supplies, and equipment used to maintain those trucks and vans.

Sinking funds authorized (1) prior to March 29, 2017; (2) between March 29, 2017 and May 7, 2023; and (3) after May 7, 2023 should be accounted for separately in the audited financial statements. Each separate fund should have its own balance sheet and statement of revenue, expenditures, and changes in fund balance for the fiscal year. The previous sinking fund language regarding the use of funds for purchase of real estate, buildings, building improvements, and technology was not amended, as those are still allowable uses of sinking funds approved prior to this amendment. A school district that levies a Sinking Fund must have an independent audit of its Sinking Fund conducted annually, including a review of the uses of the Sinking Fund.

Bond Investment Earnings - Arbitrage Considerations

Arbitrage is not a new topic; however, in the current environment of raising interest rates, it is a topic that has recently received more attention. So, what is arbitrage? To summarize, arbitrage is the difference between the interest expense paid by the bond debt issuer (school district) and the earnings on the invested bond proceeds. School districts are tax-exempt organizations and, therefore, subject to federal arbitrage compliance rules. As a result, the School District may be limited to the amount of investment earnings that it is allowed to retain. The arbitrage calculations are quite complex, and, generally, the School District needs to work with its bond advisor to ensure this computation is completed on a recurring basis. Generally, at the five-year anniversary of the original bond sale, a computation is also completed and used to report to the federal government any investment earnings in excess of what is allowed to be retained and is generally due back to the federal government (Internal Revenue Service). The annual arbitrage calculations are also utilized to determine if the School District should report an arbitrage liability at June 30 in the full accrual set of financial statements. No amounts are recognized in the capital projects funds until the year of the final calculation. At June 30, the School District has unspent bond proceeds that are accruing investment earnings. The School District completed its analysis, and it was determined that there is an arbitrage liability in the amount of \$1,997,886, and the School District has reported this as a liability in the government-wide statement of net position at June 30, 2025.

Inflation Reduction Act (IRA)

The Inflation Reduction Act was signed into law on August 16, 2022. Among other items, the IRA allocated \$369 billion over the next 10 years to fund energy and climate projects in an attempt to reduce emissions by approximately 40 percent by 2030. One of the components of the IRA is the availability of a direct-payment option, in lieu of a nonrefundable tax credit, to tax-exempt entities, including governmental entities like the School District, to reimburse the entity for a portion of the cost of qualifying capital improvements. The IRA provides a new opportunity to tax-exempt entities to reduce the cost of eligible projects while also enhancing an organization's sustainability efforts and reducing carbon footprint. For school districts, capital expenditures that may qualify include the purchase of certain electric vehicles and the installation of equipment that generates renewable energy (such as solar panels). Many of the credits and incentives are available through 2032, offering a long-term runway for potential benefits. We will continue to keep the School District informed regarding future developments.

OMB Revisions to the Uniform Guidance

In April 2024, the Office of Management and Budget (OMB) released revisions to the Uniform Guidance (UG) for federal grants and agreements. The guidance clarifies the applicability of requirements and terminology and includes some relaxation and clarification of certain requirements that required prior approval from federal regulators. Changes to certain award-level administrative requirements are effective for grants received on or after October 1, 2024. In addition to award-level changes, one key change to audit-level requirements relates to the increase of the single audit threshold from \$750,000 to \$1 million. The Type A threshold for federal programs also increases from \$750,000 to \$1 million. This audit-level change is effective for fiscal year ends starting on or after October 1, 2024 and, therefore, would be applicable for the School District's fiscal year ending June 30, 2026. In addition, beginning on July 1, 2025 and moving forward, there are new UG requirements that will impact federal grants. As such, beginning with the 2025-2026 school year, school districts will need to update their policies and procedures to conform to those new requirements.

Capitalization Thresholds Under Uniform Grants Guidance

The award-level April 2024 Uniform Grants Guidance Revision that is described above, among a variety of other changes, resulted in the equipment capitalization threshold increasing from \$5,000 to \$10,000. This threshold applies to the value of equipment that at the end of the grant period may be retained, sold, or otherwise disposed of with no further responsibility to the federal agency. In addition to considering this UG threshold related to federal grants compliance, it may be a good time for the School District to reevaluate the capitalization thresholds, understanding that there are various factors to consider. Ultimately, a school district will be required to track equipment purchases below \$10,000 for grant compliance purposes if the School District's policy is set below this new federal floor.

Understanding and Managing Potential Cyber Threats

Education continues to be one of the top targets for ransomware attacks. Legislation referred to as the K-12 Cybersecurity Act of 2021 was signed into law in October 2021 in recognition of the significant risk to school districts. This legislation has led to actionable guidance for K-12 organizations to act upon in order to strengthen their cybersecurity posture. Many K-12 organizations struggle to find adequate resources in the form of human capital or budget to adequately protect their information systems and critical data or, even worse, understand the risks associated with their use. Below are a couple key considerations:

- Do you know where all of the various data resides in the school district? PII, FERPA, HIPAA, and credit card (PCI) data all have very specific security and annual attestation requirements.
- Is your organization ready for the inevitable cyberattack? Ensuring all stakeholders, not just IT, know their role in cyber incident response is imperative to an effective response.
- Are you taking advantage of grant and other funding opportunities? K-12s should ensure they are taking full advantage of available resources.

Having an external party perform an assessment on vulnerabilities may provide additional support to the IT team for initiatives it is implementing and provides peace of mind for the board that vulnerabilities have been assessed and addressed. If you are interested in discussing this further, we would be happy to continue the conversation and be a trusted advisor in your cyber journey.

Planning for the Future with Pupil Enrollment Projections

In the course of our review, we noted that the School District is assessing its capital needs in preparation for planning a potential bond or sinking fund. Because districts rely heavily on student enrollment to determine funding, define future academic offerings, and make facility decisions, we recommend the School District conduct a pupil enrollment projection annually. Detailed projections allow your school board to create financial models and understand current and projected facility needs to accommodate the student population.

To the extent it would be helpful, we would be happy to introduce you to our affiliate, Plante Moran Realpoint (PMR). PMR is one of four recognized enrollment projection service providers in the state of Michigan. The team has developed a projection model that has proven to be more than 99 percent accurate in helping districts predict enrollment for years into the future. PMR can provide projections for the entire district or focus solely on specific buildings, grades, or areas.

Northville Public Schools

Federal Awards Supplemental Information
June 30, 2025

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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Northville Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northville Public Schools (the "School District") as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated October 22, 2025, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to October 22, 2025.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the Uniform Guidance, 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

October 22, 2025

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

Independent Auditor's Report

To Management and the Board of Education
Northville Public Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northville Public Schools (the "School District") as of and for the year ended June 30, 2025 and the related notes to the basic financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 22, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

To Management and the Board of Education
Northville Public Schools

Purpose of this Report

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

October 22, 2025

Draft

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Northville Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northville Public Schools' (the "School District") compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the School District's major federal program for the year ended June 30, 2025. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School District's federal program.

To the Board of Education
Northville Public Schools

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

To the Board of Education
Northville Public Schools

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

October 22, 2025

Draft

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	Assistance Listing Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2024	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued (Deferred) Revenue at June 30, 2025	Current Year Cash Transferred to Subrecipients
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture -										
Passed through the Michigan Department of Education:										
Noncash Assistance (Commodities) - Entitlement Commodities	N/A	10.555	\$ 134,003	\$ -	\$ -	\$ -	\$ 134,003	\$ 134,003	\$ -	\$ -
Cash Assistance:										
National School Lunch Program 2023-24	241960	10.555	562,570	492,391	23,758	-	93,937	70,179	-	-
National School Lunch Program 2024-25	251960	10.555	<u>468,152</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>447,991</u>	<u>468,152</u>	<u>20,161</u>	<u>-</u>
National School Lunch Program (incl. commodities) subtotal			1,164,725	492,391	23,758	-	675,931	672,334	20,161	-
National School Breakfast Program 2023-24	241970	10.553	161,422	143,126	8,037	-	26,333	18,296	-	-
National School Breakfast Program 2024-25	251970	10.553	<u>130,289</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,433</u>	<u>130,289</u>	<u>6,856</u>	<u>-</u>
National School Breakfast Program subtotal			<u>291,711</u>	<u>143,126</u>	<u>8,037</u>	<u>-</u>	<u>149,766</u>	<u>148,585</u>	<u>6,856</u>	<u>-</u>
Total Child Nutrition Cluster			1,456,436	635,517	31,795	-	825,697	820,919	27,017	-
Special Education Cluster - U.S. Department of Education -										
Passed through the Wayne County RESA:										
Special Education Grants to States (IDEA, Part B):										
Flowthrough - 2022-23	220450-2223	84.027	1,060,752	1,060,752	13,983	-	13,983	-	-	-
Flowthrough - 2023-24	240450-2324	84.027	1,162,624	1,162,624	1,162,624	-	1,162,624	-	-	-
Flowthrough - 2024-25	250450-2425	84.027	1,264,368	-	-	-	598,348	1,241,777	643,429	-
Flowthrough CPE - 2023-24	240450-2324	84.027	461,768	461,768	461,768	-	461,768	-	-	-
Flowthrough CPE - 2024-25	250450-2425	84.027	<u>405,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,954</u>	<u>405,132</u>	<u>245,178</u>	<u>-</u>
Total Grants to States (IDEA, Part B)			4,354,644	2,685,144	1,638,375	-	2,396,677	1,646,909	888,607	-
Special Education Preschool Grants (IDEA Preschool):										
IDEA Preschool 2023-24	240460-2324	84.173	71,466	71,466	71,466	-	71,466	-	-	-
IDEA Preschool 2024-25	250460-2425	84.173	<u>76,755</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,956</u>	<u>75,816</u>	<u>30,860</u>	<u>-</u>
Total IDEA Preschool Incentive			<u>148,221</u>	<u>71,466</u>	<u>71,466</u>	<u>-</u>	<u>116,422</u>	<u>75,816</u>	<u>30,860</u>	<u>-</u>
Total Special Education Cluster			4,502,865	2,756,610	1,709,841	-	2,513,099	1,722,725	919,467	-
Medicaid Cluster - U.S. Department of Health and Human Services -										
Medical Assistance Program - Passed through Wayne County RESA -										
Medicaid Outreach:										
2023-24	N/A	93.778	64,642	64,642	16,993	-	16,993	-	-	-
2024-25	N/A	93.778	<u>96,092</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,219</u>	<u>96,092</u>	<u>26,873</u>	<u>-</u>
Total Medicaid Cluster			<u>160,734</u>	<u>64,642</u>	<u>16,993</u>	<u>-</u>	<u>86,212</u>	<u>96,092</u>	<u>26,873</u>	<u>-</u>
Total clusters			6,120,035	3,456,769	1,758,629	-	3,425,008	2,639,736	973,357	-

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2025

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	Assistance Listing Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2024	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued (Deferred) Revenue at June 30, 2025	Current Year Cash Transferred to Subrecipients
Other federal awards:										
U.S. Department of Education - Passed through the Michigan Department of Education:										
Grants to Local Educational Agencies - Title I Part A:										
Project Number 241530 2324	241530 2324	84.010	\$ 151,119	\$ 131,042	\$ 131,042	\$ -	\$ 135,999	\$ 4,957	\$ -	\$ -
Project Number 251530 2425	251530 2425	84.010	121,140	-	-	-	53,394	121,140	67,746	-
Total Title I - Part A			272,259	131,042	131,042	-	189,393	126,097	67,746	-
Supporting Effective Instruction State Grants - Title II Part A:										
Project Number 240520 2324	240520 2324	84.367	86,081	74,316	74,316	-	83,079	8,763	-	-
Project Number 250520 2425	250520 2425	84.367	84,332	-	-	-	3,819	77,184	73,365	-
Total Title II - Part A			170,413	74,316	74,316	-	86,898	85,947	73,365	-
English Language Acquisition State Grants - Title III Part A:										
Project Number 240570 2324 Immigrant Student	240570 2324	84.365	18,762	18,762	18,762	-	18,762	-	-	-
Project Number 240580 2324 LEP	240580 2324	84.365	50,336	50,336	50,336	-	50,336	-	-	-
Project Number 250570 2425 Immigrant Student	250570 2425	84.365	15,217	-	-	-	-	15,217	15,217	-
Project Number 250580 2425 LEP	250580 2425	84.365	47,261	-	-	-	26,245	47,261	21,016	-
Total Title III - Part A			131,576	69,098	69,098	-	95,343	62,478	36,233	-
Student Support & Academic Enrichment - Title IV Part A:										
Project Number 240750 2324	240750 2324	84.424	21,127	1,938	1,938	-	1,938	-	-	-
Project Number 250750 2425	250750 2425	84.424	21,037	-	-	-	-	1,650	1,650	-
Total Title IV - Part A			42,164	1,938	1,938	-	1,938	1,650	1,650	-
Education Stabilization Fund Program:										
COVID-19 ARP Homeless II	211012 2122	84.425W	8,580	-	-	-	8,557	8,557	-	-
COVID-19 ESSER Formula Fund II Summer Prgm 23b(2a)	213722 2122	84.452D	290,400	290,360	(40)	-	-	-	(40)	-
COVID-19 ESSER Formula Fund II Credit Recovery 23b(2b)	213742 2122	84.425D	229,900	147,660	-	-	62,650	62,650	-	-
COVID-19 ESSER Formula Fund III Equalization 11t	213723 2122	84.425U	6,926,798	5,993,985	1,398,431	-	2,331,244	932,813	-	-
Total Education Stabilization Fund Program			7,455,678	6,432,005	1,398,391	-	2,402,451	1,004,020	(40)	-
Total U.S. Department of Education noncluster programs			8,072,090	6,708,399	1,674,785	-	2,776,023	1,280,192	178,954	-
Total federal awards			\$ 14,192,125	\$ 10,165,168	\$ 3,433,414	\$ -	\$ 6,201,031	\$ 3,919,928	\$ 1,152,311	\$ -

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Northville Public Schools (the "School District") under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The pass-through entity identifying numbers are presented where available.

The School District has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Grant Auditor Report

Management has utilized the Michigan Department of Education NexSys Grant Auditor Report (GAR) in preparing the schedule of expenditures of federal awards. Differences, if any, between the GAR and the schedule of expenditures of federal awards relate to the timing of payments and the fiscal year to which the payments relate.

Note 4 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance and is reported on the schedule of expenditures of federal awards.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
84.027, 84.173	IDEA - Special Education Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Audit Findings

Reference Number	Finding
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Current Year None

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
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Current Year None