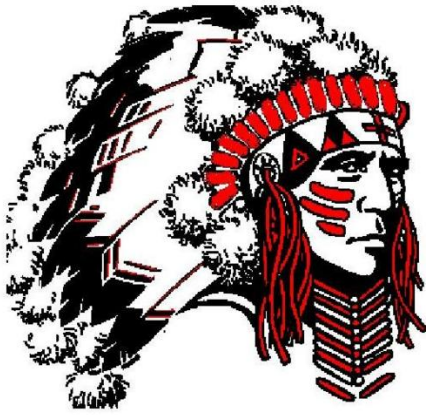


WHITE PIGEON COMMUNITY SCHOOLS
ST. JOSEPH COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
White Pigeon Community Schools
White Pigeon, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of White Pigeon Community Schools (the "School") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School 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.

Emphasis of Matter – Implementation of New Accounting Standard

As discussed in Note 16 to the financial statements, the School District implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, during the year ended June 30, 2025. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School'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's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



Gabridge & Company, PLC
Grand Rapids, MI
October 24, 2025

Management's Discussion and Analysis

White Pigeon Community Schools
Management's Discussion and Analysis
June 30, 2025

This section of White Pigeon Community Schools (the "School District"), White Pigeon, Michigan's annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2025. It is to be read in conjunction with the School District's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and is intended to provide the financial results for the fiscal year ending June 30, 2025.

Financial Highlights

- The assets and deferred outflows of the School District exceeded its liabilities and deferred inflows of resources at the close of this fiscal year by $15,768,056. The School District had a deficit unrestricted net position of $(6,163,683).

- Revenues of $12,324,171 exceeded expenses of $9,457,083, leading to an increase in net position of $2,867,088 during the year.

- During the year, the School District's fund balances increased by $3,673,157, for an ending fund balance of $10,428,961.

- At the end of the current fiscal year, unassigned fund balance for the general fund was $5,079,347, or 54.2% of the general fund's total expenditures. Fund balance of the general fund increased by $385,910 during the year.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements, the statement of net position and the statement of activities, are *district-wide financial statements* that provide both short-term and long-term information about the School District's overall financial status.

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

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

The basic financial statements also include the notes to the financial statements that explain the information in the basic financial statements and provide more detailed data. Supplementary information follows and includes combining and individual fund statements as well as a budgetary comparison schedule for the general fund.

District-wide Financial Statements

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

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

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

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

In the district-wide financial statements, the School District's activities are presented as governmental activities. *Governmental activities* include the School District's basic services, such as regular and special education, instructional support, transportation, administration, community services, food service, and athletics. State aid and property taxes finance most of these activities.

Financial Analysis of the School District as a Whole

The table on the following page shows the June 30, 2025 and 2024 statements of net position.

White Pigeon Community School's Net Position

ASSETS	2025	2024
Current Assets		
Cash and cash equivalents	$ 10,274,055	$ 6,401,847
Accounts receivable	2,116	834
Due from other governmental units	1,281,210	1,428,990
Inventory and prepaid items	48,666	32,408
Total Current Assets	11,606,047	7,864,079
Noncurrent Assets		
Capital assets, net	17,248,843	17,616,185
Net OPEB Asset	1,613,227	212,057
Total Assets	30,468,117	25,692,321
DEFERRED OUTFLOWS OF RESOURCES		
OPEB Related	430,133	788,033
Pension Related	2,767,297	3,466,536
Total Deferred Outflows of Resources	3,197,430	4,254,569
LIABILIITES		
Current Liabilities		
Accounts payable	279,293	225,553
Accrued payroll and related benefits	554,667	515,893
Accrued interest	7,167	-
Unearned revenue	343,126	366,829
Current portion of compensated absences	30,597	-
Current portion of long-term debt	306,916	17,476
Total Current Liabilities	1,521,766	1,125,751
Noncurrent Liabilities		
Net pension liability	9,196,520	11,989,653
Compensated Absences	353,426	323,797
Long-term debt	1,773,716	24,043
Total Liabilities	12,845,428	13,463,244
DEFERRED INFLOWS OF RESOURCES		
OPEB Related	2,167,474	1,826,485
Pension Related	2,884,589	1,756,193
Total Deferred Inflows of Resources	5,052,063	3,582,678
NET POSITION		
Net investment in capital assets	14,999,385	17,574,666
Restricted	6,932,354	2,031,880
Unrestricted	(6,163,683)	(6,705,578)
Total Net Position	$ 15,768,056	$ 12,900,968

As a result of better market conditions, pension assets and OPEB assets each returned about 15-16% during the most recent actuarial valuation. This resulted in a decrease in net pension liability of $2,793,133, a decrease in deferred outflows related to the pension of $699,239, and an increase in deferred inflows related to the pension of $1,128,396. Similarly, this resulted in an increase to the net OPEB asset of $1,401,170, a decrease in deferred outflows related to the OPEB of $357,900, and an increase in deferred inflows related to the OPEB of $340,989. Cash increased by $3,872,208 due to the change in governmental fund balance during the year.

The results of operations for the School District as a whole are reported in the Change in Net Position table below. This statement shows the changes in net position for the fiscal years ended June 30, 2025 and 2024.

White Pigeon Community School's Changes in Net Position

Revenues	**2025**	**2024**
Program Revenues		
Charges for services	$ 289,115	$ 390,945
Operating grants and contributions	3,428,087	3,228,875
Total Program Revenues	3,717,202	3,619,820
General Revenues		
Property taxes	5,368,912	5,300,482
Unrestricted state sources	3,136,897	3,491,644
Interest and investment earnings	101,160	152,873
Total General Revenues	8,606,969	8,944,999
Total Revenues	12,324,171	12,564,819
Expenses		
Instruction	4,275,790	4,866,476
Supporting services	2,851,836	2,821,425
Community services	1,144	-
Non-public schools services	6,088	-
Food services	815,532	857,931
Athletics and student activities	560,243	583,429
Interest and other charges on long-term debt	66,029	-
Depreciation (unallocated)	880,421	658,142
Total Expenses	9,457,083	9,787,403
Change in Net Position	2,867,088	2,777,416
Net Position at Beginning of Period - Restated	12,900,968	10,123,552
Net Position at End of Period	$ 15,768,056	$ 12,900,968

The School District had an overall increase in net position of $2,867,088 for the year ended June 30, 2025. Property taxes increased by $68,430 as the School District's taxable value increased.

Changes within expenses for the School District were largely caused by the changes in net pension liability, net OPEB asset, and their related deferrals.

Fund Financial Statements

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

The School District utilizes governmental funds:

- *Governmental funds*: Most of the School District's basic services are included in governmental funds, which generally focus on: 1) how cash and other financial assets that can readily be converted to cash flow in and out and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Since the district-wide financial statements and the fund financial statements use different methods of accounting to report the School District's financial condition, a reconciliation is included in the financial statements showing the differences between the two types of statements.

Financial Analysis of the School District's Funds

The School District uses funds to record and analyze financial information. The School District has four major funds, its general, food service, sinking fund D, and 2024 capital projects funds.

The ***general fund*** is the School District's primary operating fund. The general fund had revenues of $9,750,031 and expenditures of $9,364,121. The general fund ended the year with a $385,910 increase in fund balance for a total fund balance of $5,109,834 as of June 30, 2025.

The ***Food Service fund***, a major fund, had an increase in fund balance of $225,813 for a total fund balance of $687,678 as of year-end.

The ***Sinking Fund D***, a major fund, had an increase in fund balance of $1,311,003 for a total fund balance of $2,278,262 as of year-end.

The ***2024 Capital Projects fund***, a major fund, had an increase in fund balance of $1,882,135 for a total fund balance of $1,882,135 as of year-end.

General Fund Budgetary Highlights

During the year the School District revised its budget to attempt to match changes in the school funding environment and current needs of students and faculty. State law requires that budgets be amended during the year so actual expenditures do not exceed appropriations. The initial budget

for the year ended June 30, 2025, was adopted by the Board of Education in June 2024, with the final amendments made in June 2025.

Original budget compared to final budget. The original budget was amended during the year as actual results needed adjusting from the original budgeted estimates. The original budgeted amounts for state sources increased from 4,032,886 to 5,093,506 and basic programs increased from $4,109,014 to $4,600,596.

Final budget compared to actual results. The School District had the following expenditures in excess of the amounts appropriated during the year ended June 30, 2025:

	Final Budget	Actual Amount	Negative Variance
Athletics and student activities	$ 534,719	$ 592,651	$ (57,932)

Capital Asset and Debt Administration

Capital Assets

At June 30, 2025, the School District had $14,999,385 invested in capital assets. This included a net decrease during the fiscal year of $367,342.

More detailed information about the School District's capital assets can be found in the notes to the financial statements section of this document.

Long-term Debt

At year-end, the School District had total long-term debt of $2,080,632. The State limits the amount of general obligation debt that schools can issue. The School District is well under the State limit as of June 30, 2025.

More detailed information about the School District's long-term debt can be found in the notes to the financial statements section of this document.

Economic Factors and Next Year's Budget and Rates

The School District's budget for the 2025-2026 fiscal year projects total revenues of approximately $12,000,000 and total expenditures of approximately $11,000,000. The School District continues to work to balance its expenditures while providing an excellent education to the District it serves.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact:

White Pigeon Community Schools
Business Department
410 E. Prairie Ave
White Pigeon, MI 49099

Basic Financial Statements

White Pigeon Community Schools
Statement of Net Position
June 30, 2025

ASSETS		
Current Assets		
Cash and cash equivalents	$	10,274,055
Accounts receivable		2,116
Due from other governmental units		1,281,210
Inventory		19,270
Prepaid items		29,396
Total Current Assets		11,606,047
Noncurrent Assets		
Capital assets not being depreciated		81,600
Capital assets being depreciated		17,167,243
Net OPEB asset		1,613,227
Total Assets		30,468,117
DEFERRED OUTFLOWS OF RESOURCES		
OPEB related		430,133
Pension related		2,767,297
Total Deferred Outflows of Resources		3,197,430
LIABILITIES		
Current Liabilities		
Accounts payable		279,293
Accrued payroll		420,438
Accrued benefits		134,229
Accrued interest		7,167
Unearned revenue		343,126
Current portion of compensated absences		30,597
Current portion of long-term debt		306,916
Total Current Liabilities		1,521,766
Noncurrent Liabilities		
Net pension liability		9,196,520
Compensated absences		353,426
Long-term debt		1,773,716
Total Liabilities		12,845,428
DEFERRED INFLOWS OF RESOURCES		
OPEB related		2,167,474
Pension related		2,884,589
Total Deferred Inflows of Resources		5,052,063
NET POSITION		
Net investment in capital assets		14,999,385
Restricted for:		
Capital projects		4,576,923
Debt service		54,526
Food service		687,678
OPEB		1,613,227
Unrestricted		(6,163,683)
Total Net Position	$	**15,768,056**

The Notes to the Financial Statements are an integral part of these Financial Statements

White Pigeon Community Schools
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Instruction	$ 4,275,790	$ --	$ 1,957,578	$ --	$ (2,318,212)
Supporting services	2,851,836	35,048	459,786	--	(2,357,002)
Community services	1,144	--	--	--	(1,144)
Non-public schools services	6,088	--	--	--	(6,088)
Food services	815,532	30,622	1,010,723	--	225,813
Athletics and student activities	560,243	223,445	--	--	(336,798)
Depreciation (unallocated)	880,421	--	--	--	(880,421)
Debt service - interest and fiscal charges	7,903	--	--	--	(7,903)
Debt service - bond issuance costs	58,126	--	--	--	(58,126)
Total	$ 9,457,083	$ 289,115	$ 3,428,087	$ --	(5,739,881)

General Purpose Revenues:	
Property taxes, levied for general operations	3,932,398
Property taxes, levied for capital projects	1,436,514
Unrestricted state aid	3,136,897
Interest and investment earnings	101,160
Total General Revenues	8,606,969
Change in Net Position	**2,867,088**
Net Position at Beginning of Period	13,210,678
Prior Period Restatement - Note 16	(309,710)
Net Position at End of Period	$ **15,768,056**

The Notes to the Financial Statements are an integral part of these Financial Statements

White Pigeon Community Schools
Balance Sheet
Governmental Funds
June 30, 2025

	General	Special Revenue: Food Service - Formerly a Nonmajor fund	Capital Projects: Sinking Fund D	Capital Projects: 2024 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 5,525,167	$ 3,515	$ 2,277,766	$ 1,996,555	$ 471,052	$ 10,274,055
Accounts receivable	--	1,620	496	--	--	2,116
Due from other governmental units	1,161,544	119,666	--	--	--	1,281,210
Inventory	1,091	18,179	--	--	--	19,270
Prepaid items	29,396	--	--	--	--	29,396
Due from other funds	784,000	1,397,585	--	--	--	2,181,585
Total Assets	**$ 7,501,198**	**$ 1,540,565**	**$ 2,278,262**	**$ 1,996,555**	**$ 471,052**	**$ 13,787,632**
LIABILITIES						
Accounts payable	$ 101,668	$ 63,205	$ --	$ 114,420	$ --	$ 279,293
Accrued payroll	420,438	--	--	--	--	420,438
Accrued benefits	134,229	--	--	--	--	134,229
Unearned revenue	337,444	5,682	--	--	--	343,126
Due to other funds	1,397,585	784,000	--	--	--	2,181,585
Total Liabilities	2,391,364	852,887	--	114,420	--	3,358,671
FUND BALANCE						
Nonspendable	30,487	18,179	--	--	--	48,666
Restricted	--	669,499	2,278,262	1,882,135	471,052	5,300,948
Unassigned	5,079,347	--	--	--	--	5,079,347
Total Fund Balance	5,109,834	687,678	2,278,262	1,882,135	471,052	10,428,961
Total Liabilities and Fund Balance	**$ 7,501,198**	**$ 1,540,565**	**$ 2,278,262**	**$ 1,996,555**	**$ 471,052**	**$ 13,787,632**

The Notes to the Financial Statements are an integral part of these Financial Statements

White Pigeon Community Schools
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total Fund Balance - Governmental Funds	$	10,428,961
Accrued interest is not due and payable in the current period and, therefore, is not reported in the funds.		(7,167)
General government capital assets of $27,776,216, net of accumulated depreciation of $10,527,373, are not financial resources and, accordingly, are not reported in the funds.		17,248,843
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. This amount represents the sum of bonds payable (including premiums and discounts) of $2,056,589 lease obligations of $24,043, and compensated absences of $384,023.		(2,464,655)
The net OPEB asset is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds.		(124,114)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds.		(9,313,812)
Total Net Position - Governmental Activities	$	**15,768,056**

The Notes to the Financial Statements are an integral part of these Financial Statements

White Pigeon Community Schools
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2025

	General	Special Revenue: Food Service - Formerly a Nonmajor Fund	Capital Projects: Sinking Fund D	Capital Projects: 2024 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Local sources	$ 4,270,417	$ 30,622	$ 1,459,357	$ 3,043	$ 7,609	$ 5,771,048
State sources	5,186,080	122,424	48,924	--	13,862	5,371,290
Federal sources	202,560	888,299	--	--	--	1,090,859
Interdistrict	90,974	--	--	--	--	90,974
Total Revenues	9,750,031	1,041,345	1,508,281	3,043	21,471	12,324,171
Expenditures						
Instruction	5,618,276	--	--	--	--	5,618,276
Supporting services	3,127,878	--	451	--	--	3,128,329
Community services	1,144	--	--	--	--	1,144
Non-public schools services	6,088	--	--	--	--	6,088
Food services	--	815,532	--	--	--	815,532
Athletics and student activities	592,651	--	--	--	--	592,651
Capital outlay	--	--	196,827	119,371	153,047	469,245
Debt service - principal	17,476	--	--	--	--	17,476
Debt service - interest and fiscal charges	608	--	--	--	128	736
Debt service - bond issuance costs	--	--	--	85,329	--	85,329
Total Expenditures	9,364,121	815,532	197,278	204,700	153,175	10,734,806
Excess of Revenues Over (Under) Expenditures	385,910	225,813	1,311,003	(201,657)	(131,704)	1,589,365
Other Financing Sources (Uses)						
School building and site bonds issued	--	--	--	2,015,000	--	2,015,000
Premium on bonds issued	--	--	--	68,792	--	68,792
Net Other Financing Sources (Uses)	--	--	--	2,083,792	--	2,083,792
Net Change in Fund Balance	**385,910**	**225,813**	**1,311,003**	**1,882,135**	**(131,704)**	**3,673,157**
Fund Balance at Beginning of Period, Previously Reported	4,723,924	--	967,259	--	1,064,621	6,755,804
Change within the Financial Reporting Entity (Note 17)	--	461,865	--	--	(461,865)	--
Fund Balance at Beginning of Period, as restated	4,723,924	461,865	967,259	--	602,756	6,755,804
Fund Balance at End of Period	$ **5,109,834**	$ **687,678**	$ **2,278,262**	$ **1,882,135**	$ **471,052**	$ **10,428,961**

The Notes to the Financial Statements are an integral part of these Financial Statements

White Pigeon Community Schools
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance with Statement of Activities
For the Year Ended June 30, 2025

Total Net Change in Fund Balances - Governmental Funds	$	3,673,157
Issuance of long-term debt are other financing sources in the governmental funds, but the issuance increases long-term liabilities in the statement of net position.		(2,056,589)
The statement of activities reports the changes in net pension liability and pension related deferrals as pension expense. However, the expenditures recorded on the governmental funds equals actual pension contributions.		965,498
The statement of activities reports the changes in net OPEB asset and OPEB related deferrals as OPEB expense. However, the expenditures recorded on the governmental funds equals actual OPEB contributions.		702,281
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount is represented by which capital outlay of $513,079 is exceeded by depreciation expense of $880,421.		(367,342)
Current year long-term debt principal payments on bonds payable are expenditures in the fund financial statements but are reductions in long-term debt in the government-wide financial statements. In addition, amortization of bond premiums are reductions in long-term debt in the government-wide financial statements.		17,476
Some expenses, such as compensated absences, reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(60,226)
Changes to accrued interest do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds.		(7,167)
Changes in Net Position - Governmental Activities	$	**2,867,088**

The Notes to the Financial Statements are an integral part of these Financial Statements

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of White Pigeon Community Schools (the "School District" or "government") conform to generally accepted accounting principles as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District's significant accounting policies are described below:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School Districts' reporting entity, and which organizations are legally separate, component units of the school district. Based on the application of the criteria, the School District does not contain any component units.

District-wide and Fund Financial Statements

The district-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 government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are

recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

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

Revenues susceptible to accrual are property taxes, state aid, federal and inter-district revenues, and interest income and, accordingly, have been recognized as revenues of the current fiscal year. Other revenues are recognized when received.

The School District reports the following major funds:

The ***General Fund*** is the general operating fund of the School District. It is used to account for all financial resources, except those required to be accounted for in another fund.

The ***Food Service Fund*** is used to record state and federal grants, interest income, other revenue for the expenditures for food service.

The ***Sinking Fund D Fund*** is used to record tax, interest income, other revenue for the expenditures for the maintenance, repair and construction of school buildings.

The ***2024 Capital Projects Fund*** is used to record tax, interest income, other revenue for the expenditures for the project relating to the 2025 bond issuance.

Additionally, the School District reports the following fund types:

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

Debt service funds are used to account for the tax revenues and interest for the payment of principal and interest on bonds.

Capital project funds are used to account for the revenues and expenditures relating to capital projects.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the functional level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits districts to amend its budgets during the year.

Property Taxes

Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. Taxes are recognized as current property tax revenue to the extent that they are collected during the year or within 60 days after year-end. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls. Assessed values are established annually by the various governmental units within the School District and are equalized by the State of Michigan.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

Cash and Cash Equivalents

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes and School District policy authorize the School District to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.

- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.

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

- Bankers' acceptances of United States banks.

- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.

- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

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

Investments

Investments are stated at fair market value. Investments are exposed to various risks, such as significant external events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year and all other outstanding balances between funds are referred to as "due to/from other funds" (i.e., the current portion of interfund loans).

All receivables are shown net of an allowance for uncollectibles, as applicable. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. No amounts have been deemed uncollectable during the current year.

Inventories and Prepaids

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of food commodities and related supplies.

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

Capital Assets

Capital assets, which include land, land improvements, buildings and additions, furniture and equipment, vehicles, and certain intangible assets, are reported in the district-wide financial

statements. Assets having an estimated useful life in excess of five years and an individual cost exceeding $5,000 are capitalized.

Capital assets are recorded at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are recorded at acquisition value at the date of donation. Construction in progress is recorded for costs incurred on projects not yet completed and is transferred to the appropriate capital asset category when placed in service.

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

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

	Years
Buildings and improvements	20 - 50
Outside site improvements	10 - 20
Buses and other vehicles	5 - 10
Furniture and equipment	5 - 10
Subscription based information technology	Length of agreement

Intangible assets, including purchased or licensed software and internally developed software, are capitalized when identifiable and have a useful life greater than one year. Intangible assets are amortized over their estimated useful lives or the contractual period, whichever is shorter, using the straight-line method.

Right-to-use lease assets are recognized for leased property under GASB Statement No. 87, and subscription-based IT arrangements (SBITAs) are recognized under GASB Statement No. 96. Such assets are amortized over the shorter of the lease/subscription term or the useful life of the underlying asset.

The School District reviews its capital assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Impaired assets are written down to their recoverable value.

Total depreciation expense for governmental activities is not allocated to individual functions because the School District's assets serve multiple functions. Depreciation expense is reported as unallocated in the government-wide financial statements.

Pension

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

Postemployment Benefits Other Than Pensions

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

Deferred Outflows of Resources

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

Deferred Inflows of Resources

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

Salaries Payable and Accrued Employee Benefits

A liability is recorded at June 30 for those amounts owed to teachers and other employees of the School District who do not work during the summer when school is not in session but have elected to have their salaries paid over an entire year. This has the effect of properly charging their salaries to expenditures in the fiscal year in which their services are received, even though they are not paid until July and August of the following fiscal year.

The liability for accrued retirement and the employer share of FICA related to the salaries payable has been recorded as has the liability for the employee health insurance premiums for the months of July and August. The School District pays these insurances for this period as part of the compensation for services rendered in the preceding school year.

Compensated Absences

School District employees are granted vacation and sick leave in varying amounts based on length of service. Unused vacation time and sick leave accumulate from year to year at varying rates, depending on the employees' applicable rate of pay and/or employment category. The liability for compensated absences includes salary-related payments.

The School accrues compensated absences for employees based on leave earned that is attributable to services already rendered and is more likely than not to result in a cash payment or other settlement. Accruals include vacation, sick leave, and paid time off in accordance with the provisions of GASB Statement No. 101.

In the fund financial statements, only the matured liability for compensated absences is reported. The total liability is reported in the government-wide financial statements.

Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations, including lease liabilities and subscription-based information technology arrangement (SBITA) liabilities, are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the related debt using the effective interest method. Lease liabilities represent the present value of future lease payments for right-to-use assets recognized under GASB Statement No. 87, while SBITA liabilities represent the present value of subscription payments due under GASB Statement No. 96. These obligations are reduced as payments are made and are adjusted for interest expense recognized over the term of the agreement.

Bond issuance costs are expensed in the period incurred. Bonds payable are reported at the total amount of bonds issued, net of any unamortized premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the current period. The face amount of debt issued is reported as other

financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.
Lease and SBITA payments are recognized as expenditures of the current period in governmental funds to the extent they are due. The related right-to-use or subscription-based assets and liabilities are not reported in the governmental fund statements because those funds focus on current financial resources.

Net Position Flow Assumption

Sometimes the School District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide 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

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

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. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in spendable form or b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. 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 government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

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

Unassigned fund balance is the residual classification for the School District's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Board of Education.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

Capital Projects Fund Compliance

The Capital Projects Fund includes capital project activities funded with bonds issued after May 1, 1994. These bond proceeds were authorized by the voters and are restricted for expenditures related to the construction or acquisition of school buildings and facilities, site improvements, and other purposes permitted by Section 1351a of the Michigan Revised School Code.

As part of the annual audit, the expenditures and remaining fund balance were reviewed for compliance with the applicable statutory provisions. The School District has complied with the requirements of Section 1351a, and the unexpended bond proceeds at June 30, 2025, are restricted for future authorized capital project purposes.

Sinking Fund Compliance

The School District also maintains a Sinking Fund, which was authorized by the voters of the District in August 2022 for a period ending December 2026, at a rate of 3.0000 mills, under the provisions of Section 1212 of the Michigan Revised School Code (MCL 380.1212). The purpose

of the Sinking Fund is to provide for the construction or repair of school buildings, the purchase of real estate for sites, and technology and security improvements as permitted by statute.

During the year ended June 30, 2025, sinking fund tax collections totaled $1,436,514, and expenditures totaled $197,278, which were used for allowable capital improvement projects in accordance with Section 1212. The ending fund balance of $2,278,262 is reported as restricted fund balance in the Sinking Fund D fund.

The District also maintains a legacy sinking fund (Sinking Fund C) from a prior voter authorization that has since expired. The remaining balance of this fund is restricted for allowable capital improvement purposes. During the year ended June 30, 2025, the only revenues were investment earnings of $4,611, and expenditures of $109,268 were incurred for allowable building improvements. The ending fund balance of $416,526 remains restricted for authorized purposes under Section 1212.

As part of the annual audit, the expenditures of both sinking funds were examined for compliance with Section 1212 of the Michigan Revised School Code and Michigan Department of Education Bulletin 1022. Based on audit procedures performed, the expenditures tested for both funds were found to be in compliance with allowable purposes.

Budgetary Compliance

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated. The School District's actual expenditures and budgeted expenditures for the budgeted funds have been shown at the department level. The approved budgets of the School District for these budgeted funds were also adopted at the department level.

The School District had the following expenditures in excess of the amounts appropriated during the year ended June 30, 2025:

	Final Budget	Actual Amount	Negative Variance
Athletics and student activities	$ 534,719	$ 592,651	$ (57,932)

District-wide Net Position Deficit

The School District has an unrestricted net position deficit for district-wide activities in the amount of $6,163,683 as of June 30, 2025.

Note 3 - Cash and Cash Equivalents

The School District maintains pooled and individual fund demand deposits, certificates of deposit, and short-term investment accounts. Following is a reconciliation of deposit and investment balances as of June 30, 2025:

Cash and cash equivalents	
Checking and savings accounts	$ 10,273,765
Cash on hand	290
Total cash and cash equivalents	$ 10,274,055

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be returned. State law does not require, and the School District does not have a policy for deposit custodial credit risk. As of year-end, $10,184,236 of the School District's bank balance of $10,434,236 was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the School District believes it is impractical to insure all bank deposits. As a result, the School District evaluates each financial institution with which it deposits School District funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 4 - Interfund Receivables and Payables

Interfund balances at June 30, 2025 consisted of fund receivables and payables listed below:

Receivable Fund	Payable Fund	Amount
Food Service	General	$ 784,000
General	Food Service	1,397,585

Interfund balances resulted primarily from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

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 the end of the current fiscal year, the various components of unearned revenue include charges for services payments received prior to meeting all eligibility requirements in the amount of $343,126.

Note 6 - State of Michigan School Aid

The School District reports State of Michigan school aid in the fiscal year in which the School District is entitled to the revenue as provided by State of Michigan School aid appropriation acts. State funding provided approximately 43.6% of the total revenues to the School District during the June 30, 2025 fiscal year.

Note 7 - Capital Assets

Capital asset activity of the School District was as follows:

	Beginning Balance	Additions	Reductions	Transfers	Ending Balance
Capital Assets not being Depreciated:					
Land	$ 81,600	$ -	$ -	$ -	$ 81,600
Construction in progress	6,036,811	-	-	(6,036,811)	-
Subtotal	6,118,411	-	-	(6,036,811)	81,600
Capital Assets being Depreciated:					
Buildings and improvements	16,847,042	469,245	-	6,036,811	23,353,098
Buses and other vehicles	892,227	43,834	-	-	936,061
Furniture and equipment	3,329,580	-	(4)	-	3,329,576
Intangible right to use - printer/copier lease	58,492	-	-	-	58,492
Intangible right to use - subscription based information technology	17,389	-	-	-	17,389
Subtotal	21,144,730	513,079	(4)	6,036,811	27,694,616
Less Accumulated Depreciation:					
Buildings and improvements	(6,255,988)	(632,938)	-	-	(6,888,926)
Buses and other vehicles	(647,364)	(59,275)	-	-	(706,639)
Furniture and equipment	(2,711,510)	(169,266)	4	-	(2,880,772)
Intangible right to use - printer/copier lease	(23,400)	(11,698)	-	-	(35,098)
Intangible right to use - subscription based information technology	(8,694)	(7,244)	-	-	(15,938)
Subtotal	(9,646,956)	(880,421)	4	-	(10,527,373)
Capital Assets being Depreciated, Net	11,497,774	(367,342)	-	6,036,811	17,167,243
Capital Assets, Net	$ 17,616,185	$ (367,342)	$ -	$ -	$ 17,248,843

Depreciation expense for the fiscal year amounted to $880,421. The School District determined that it was impractical to allocate depreciation expense to the various government activities as the capital assets serve multiple functions.

Note 8 - Long-term Obligations

The school district issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the school district.

Long-term debt consists of the following:

2025 School Building and Site Bonds of $2,015,000, due in amounts ranging from $295,000 to $470,000, plus interest at 5.00%, through 2030	$ 2,015,000
Total Direct Placement Bonds	$ 2,015,000

Long-term obligation activity can be summarized as follows:

Direct Placement Bonds Payable	**Beginning Balance**	**Additions**	**Reductions**	**Ending Balance**	**Due Within One Year**
2025 School Building and Site Bonds	$ -	$ 2,015,000	$ -	$ 2,015,000	$ 295,000
Total Direct Placement Bonds	-	2,015,000	-	2,015,000	295,000
Other Long-term Obligations					
Bond Premiums	-	68,792	-	68,792	-
Bond Discounts	-	(27,203)	-	(27,203)	-
2023 Lease Obligation	35,723	-	(11,680)	24,043	11,916
Subscription Based Information Technology	5,796	-	(5,796)	-	-
Compensated Absences	323,797	60,226	-	384,023	30,597
Total Other Long-term Obligations	365,316	101,815	(17,476)	449,655	42,513
Total Long-term Obligations	$ 365,316	$ 2,116,815	$ (17,476)	$ 2,464,655	$ 337,513

Compensated absences are shown as a net change.

Annual debt service requirements, exclusive of bond premium and compensated absences, for long-term debt outstanding as of June 30, 2025 follows:

Year Ending June 30,	**Principal**	**Interest**	**Total**
2026	$ 295,000	$ 86,000	$ 381,000
2027	385,000	66,750	451,750
2028	420,000	45,750	465,750
2029	445,000	23,500	468,500
2030	470,000	-	470,000
Totals:	$ 2,015,000	$ 222,000	$ 2,237,000

2023 Lease Obligation

$58,492 was recorded as an intangible right to use lease for several printer and copiers at the inception of the lease. Due to the implementation of GASB Statement No. 87, *Leases,* this lease for printers and copiers met the criteria for a lease; thus, requiring it to be recorded by the School District. This asset will be amortized over the lease term of five years since it is shorter than the useful life and the School District is not taking ownership of the equipment. There are no residual value guarantees in the lease provisions. The lease will end in June 2027.

A summary of the principal and interest amounts for the remaining leases is as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 11,916	$ 372	$ 12,288
2027	12,127	132	12,259
Totals:	$ 24,043	$ 504	$ 24,547

Note 9 - MPSERS Pension Plan

Plan Description

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

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

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

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

Benefits Provided

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

A DB plan member who leaves Michigan public school employment may request a refund of his

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

Contributions

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

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

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

Benefit Structure	Member	Non-Universities
Basic	0.0 - 4.0%	23.03%
Member investment plan	3.0 - 7.0%	23.03%
Pension plus	3.0 - 6.4%	19.17%
Pension plus 2	6.2%	20.10%
Defined contribution	0.0%	13.90%

Required contributions to the pension plan from the School District were $1,570,512 for the year ended September 30, 2024.

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

At June 30, 2025, the School District reported a liability of $9,196,520 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024,

the School District's proportion was 0.03756 percent, which was a decrease of 0.00052 percent from its proportion measured as of September 30, 2023.

For the year ending June 30, 2025, the School District recognized pension expense of $621,897.

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
Differences between actual and expected experience	$ 249,508	$ 99,921
Changes of assumptions	958,792	673,814
Net difference between projected and actual earnings on pension plan investments	-	1,755,086
Changes in proportion and differences between employer contributions and proportionate share of contributions	141,959	355,768
Employer contributions subsequent to the measurement date	1,417,038	-
Total	**$ 2,767,297**	**$ 2,884,589**

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Plan Year Ended September 30	Amount:
2025	$ (433,843)
2026	(20,151)
2027	(639,388)
2028	(440,948)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

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

Notes:

- Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2024, is based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4612
- Recognition period for assets in years: 5.0000
- Full actuarial assumptions are available in the 2024 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-term Expected Return on Plan Assets

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

weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic equity pools	25.0%	5.3%
Private equity pools	16.0	9.0
International equity pools	15.0	6.5
Fixed income pools	13.0	2.2
Real estate and infrastructure pools	10.0	7.1
Absolute return pools	9.0	5.2
Real return/opportunistic pools	10.0	6.9
Short-term investment pools	2.0	1.4
Total	100.0%	

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

Rate of Return

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

Discount Rate

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

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate

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

1% Decrease 5.0%	Current Discount Rate - 6.0%	1% Increase 7.0%
$13,482,198	$9,196,520	$5,627,869

** Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2. Non-university employers provide Basic, MIP, Pension Plus and Pension Plus 2 plans. University employers provide only the Basic and MIP plans.*

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Note 10 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

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

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

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

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

Benefits Provided

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

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

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

Contributions

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

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

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

Benefit Structure	Member	Non-Universities
Premium subsidy	3.00%	8.31%
Personal healthcare fund (PHF)	0.00%	7.06%

Required contributions to the OPEB plan from the School District were $311,524 for the year ended September 30, 2024.

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

At June 30, 2025, the School District reported an asset of $1,613,227 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The School District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2024, the School District's proportion was 0.03748%, which was a decrease of 0.00001% from its proportion measured as of October 1, 2023.

For the year ending June 30, 2025, the School District recognized OPEB expense of $(614,667).

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
Differences between actual and expected experience	$ -	$ 1,709,528
Changes of assumptions	352,352	40,500
Net difference between projected and actual earnings on OPEB plan investments	-	305,402
Changes in proportion and differences between employer contributions and proportionate share of contributions	55,071	112,044
Employer contributions subsequent to the measurement date	22,710	-
Total	**$ 430,133**	**$ 2,167,474**

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Plan Year Ended September 30	Amount:
2025	$ (564,387)
2026	(354,921)
2027	(354,243)
2028	(298,189)
2029	(158,097)
Thereafter	(30,214)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2023
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00%, net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	Pre-65: 7.25% Year 1 graded to 3.5% Year 15; Post-65: 6.50% Year 1 graded to 3.5% Year 15
Mortality:	
Retirees:	PubT-2010 Male and Female Healthy Annuitant Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active Members:	PubT-2010 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other Assumptions:	
Opt-Out Assumption	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2024, is based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 6.2834
- Recognition period for assets in years: 5.0000

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

Long-term Expected Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic equity pools	25.0%	5.3%
Private equity pools	16.0	9.0
International equity pools	15.0	6.5
Fixed income pools	13.0	2.0
Real estate and infrastructure pools	10.0	7.1
Absolute return pools	9.0	5.2
Real return/opportunistic pools	10.0	6.9
Short-term investment pools	2.0	1.4
Total	100.0%	

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

Rate of Return

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

Discount Rate

A discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on

these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the School District's proportionate share of the net OPEB asset to changes in the discount rate

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

1% Decrease	Current Discount Rate	1% Increase
5.0%	6.0%	7.0%
($1,246,715)	($1,613,227)	($1,930,115)

Sensitivity of the School District's proportionate share of the net OPEB asset to Healthcare Cost Trend Rate

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
($1,930,118)	($1,613,227)	($1,273,362)

OPEB Plan Fiduciary Net Position

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

Note 11 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the School District carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss in excess of insurance coverage can be reasonably estimated. There has been no loss in excess of insurance in the past three years.

Note 12 - Contingent Liabilities

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

Note 13 - Fund Balance – Governmental Funds

The School District reports fund balance in governmental funds based on the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. GASB 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	General Fund	Food Service	Sinking Fund D	2024 Capital Projects	Nonmajor Governmental Funds	Totals
Nonspendable						
Inventory	$ 1,091	$ 18,179	$ -	$ -	$ -	$ 19,270
Prepaid items	29,396	-	-	-	-	29,396
Subtotal	30,487	18,179	-	-	-	48,666
Restricted						
Food services	-	669,499	-	-	-	669,499
Capital projects	-	-	2,278,262	1,882,135	416,526	4,576,923
Debt service	-	-	-	-	54,526	54,526
Subtotal	-	669,499	2,278,262	1,882,135	471,052	5,300,948
Unassigned	5,079,347	-	-	-	-	5,079,347
Total fund balances - governmental funds	$ 5,109,834	$ 687,678	$ 2,278,262	$ 1,882,135	$ 471,052	$ 10,428,961

Note 14 - Tax Abatements

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by the Townships of White Pigeon and Park. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities.

For the fiscal year ended June 30, 2025, the School District's operating property tax revenues were reduced by $16,502, the debt service property tax revenues were reduced by $0, and the sinking fund revenues by $2,734 under these programs. Operating revenues not paid to the School District because of tax abatement agreements are reimbursed to the School District by the State of Michigan through the per-pupil foundation allowance.

Note 15 - Subsequent Events

Management has evaluated subsequent events through October 24, 2025, the date these financial statements were available to be issued, and is not aware of any events that could have a financial impact on the School District.

Note 16 - New Accounting Pronouncement

The School District implemented Governmental Accounting Standards Board ("GASB") Statement No. 101, *Compensated Absences*, during the fiscal year ended June 30, 2025. The adoption of this standard did have a material impact on the School District's financial statements. The following restatement of prior year balances was required.

	Governmental Activities
Fund balance/net position - June 30, 2024 - As previously reported	$ 13,210,678
GASB 101 Implementation	(309,710)
Fund balance/net position - June 30, 2024 - As restated	$ 12,900,968

Note 17 - Change within the Financial Reporting Entity

The financial statements classify individual governmental and enterprise funds as major funds when they meet the following criteria, in accordance with GASB Statement No. 34:

1. Total assets, liabilities, revenues, or expenditures/expenses are at least 10% of the corresponding total for all governmental or enterprise funds, as applicable; and

2. The same element is at least 5% of the total for all governmental and enterprise funds combined.

In addition to these criteria, the School District may designate a fund as major if management determines that it is of significant importance to financial statement users.

For the fiscal year ended June 30, 2025, the School District reclassified a governmental fund based on current financial reporting criteria. The Food Service Fund, a special revenue fund now meets the criteria for classification as major governmental funds. Accordingly, this fund have been reclassified as major and is now presented in the basic financial statements rather than in the combining financial statements

This reclassification does not impact the total governmental fund balances or activities.

Required Supplementary Information

White Pigeon Community Schools
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Local sources	$ 4,261,845	$ 4,248,263	$ 4,270,417	$ 22,154
State sources	4,032,886	5,093,506	5,186,080	92,574
Federal sources	258,344	240,531	202,560	(37,971)
Interdistrict	87,100	87,100	90,974	3,874
Total Revenues	8,640,175	9,669,400	9,750,031	80,631
Expenditures				
Instructional				
Basic programs	4,109,014	4,600,596	4,371,863	228,733
Added needs	1,321,122	1,336,998	1,246,413	90,585
Total instruction	5,430,136	5,937,594	5,618,276	319,318
Supporting services				
Pupil support services	443,928	443,987	443,215	772
Instructional staff	98,794	97,120	76,835	20,285
General administration	290,403	287,131	280,655	6,476
School administration	675,318	607,820	600,873	6,947
Business	229,235	232,645	219,898	12,747
Operations and maintenance	955,870	892,598	849,595	43,003
Pupil transportation	399,530	403,886	350,237	53,649
Central support and technology	298,505	314,450	306,570	7,880
Total supporting services	3,391,583	3,279,637	3,127,878	151,759
Community services	16,870	4,770	1,144	3,626
Non-public schools services	1,711	6,261	6,088	173
Athletics and student activities	519,803	534,719	592,651	(57,932)
Debt service	18,084	18,084	18,084	--
Total Expenditures	9,378,187	9,781,065	9,364,121	416,944
Excess (Deficiency) of Revenues Over Expenditures	(738,012)	(111,665)	385,910	497,575
Net Change in Fund Balance	**(738,012)**	**(111,665)**	**385,910**	**497,575**
Fund Balance at Beginning of Period	4,723,924	4,723,924	4,723,924	--
Fund Balance at End of Period	$ **3,985,912**	$ **4,612,259**	$ **5,109,834**	$ **497,575**

White Pigeon Community Schools
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Food Service
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance Favorable (Unfavorable)
	Original	Final	Actual	Final to Actual
Revenues				
Local sources	$ 36,150	$ 30,105	$ 30,622	$ 517
State sources	158,000	115,870	122,424	6,554
Federal sources	714,500	758,803	888,299	129,496
Total Revenues	908,650	904,778	1,041,345	136,567
Expenditures				
Food service	913,060	828,325	815,532	12,793
Total Expenditures	913,060	828,325	815,532	12,793
Excess (Deficiency) of Revenues Over Expenditures	(4,410)	76,453	225,813	149,360
Net Change in Fund Balance	**(4,410)**	**76,453**	**225,813**	**149,360**
Fund Balance at Beginning of Period	461,865	461,865	461,865	--
Fund Balance at End of Period	$ **457,455**	$ **538,318**	$ **687,678**	$ **149,360**

White Pigeon Community Schools
Schedule of School District's Proportionate Share of Net Pension Liability
Michigan Public School Employee Retirement Plan
Last Ten Fiscal Years (Amounts were determined as of September 30 of each fiscal year)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's Portion of Net Pension Liability (%)	0.03756%	0.03704%	0.03781%	0.04001%	0.03935%	0.03963%	0.04119%	0.04179%	0.04179%	0.03982%
School District's Proportionate Share of Net Pension Liability	$ 9,196,520	$ 11,989,653	$ 14,218,668	$ 9,472,885	$ 13,516,140	$ 13,123,249	$ 12,381,769	$ 10,828,949	$ 10,426,024	$ 9,726,146
School District's Covered Payroll	$ 4,013,639	$ 3,780,240	$ 3,616,950	$ 3,685,794	$ 3,557,971	$ 3,427,804	$ 3,478,875	$ 3,475,979	$ 3,608,117	$ 3,339,269
School District's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	229.13%	317.17%	393.11%	257.01%	379.88%	382.85%	355.91%	311.54%	288.96%	291.27%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

White Pigeon Community Schools
Schedule of School District's Pension Contributions
Michigan Public School Employee Retirement Plan
Last Ten School District Fiscal Years (Amounts determined as of June 30 of each year)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contributions	$ 1,570,512	$ 1,335,103	$ 1,286,788	$ 1,201,394	$ 1,081,308	$ 1,052,716	$ 586,958	$ 622,197	$ 646,630	$ 653,970
Contributions in Relation to Statutorily Required Contributions	1,570,512	1,335,103	1,286,788	1,201,394	1,081,308	1,052,716	586,958	622,197	646,630	653,970
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's Covered Payroll	$ 4,204,075	$ 3,964,443	$ 3,854,515	$ 3,637,547	$ 3,650,458	$ 3,555,338	$ 3,433,392	$ 3,477,455	$ 3,503,100	$ 3,447,900
Contributions as a Percentage of Covered Payroll	37.36%	33.68%	33.38%	33.03%	29.62%	29.61%	17.10%	17.89%	18.46%	18.97%

White Pigeon Community Schools
Schedule of School District's Proportionate Share of Net OPEB Liability
Michigan Public School Employee Retirement Plan
Last Eight Fiscal Years (Amounts were determined as of September 30 of each fiscal year)

	2024	2023	2022	2021	2020	2019	2018	2017
School District's Portion of Net OPEB Liability (%)	0.03748%	0.03749%	0.03676%	0.04029%	0.03982%	0.03906%	0.04079%	0.04188%
School District's Proportionate Share of Net OPEB Liability	$ (1,613,227)	$ (212,057)	$ 778,665	$ 614,925	$ 2,133,076	$ 2,803,287	$ 3,242,183	$ 3,709,019
School District's Covered Payroll	$ 4,013,639	$ 3,780,240	$ 3,616,950	$ 3,685,794	$ 3,557,971	$ 3,427,804	$ 3,478,875	$ 3,475,979
School District's Proportionate Share of Net OPEB Liability as a Percentage of its Covered Payroll	-40.19%	-5.61%	21.53%	16.68%	59.95%	81.78%	93.20%	106.70%
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

White Pigeon Community Schools
Schedule of School District's OPEB Contributions
Michigan Public School Employee Retirement Plan
Last Eight School District Fiscal Years (Amounts determined as of June 30 of each year)

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily Required Contributions	$ 311,524	$ 292,013	$ 280,037	$ 299,065	$ 281,313	$ 268,156	$ 282,223	$ 299,166
Contributions in Relation to Statutorily Required Contributions	311,524	292,013	280,037	299,065	281,313	268,156	282,223	299,166
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's Covered Payroll	$ 4,204,075	$ 3,964,443	$ 3,854,515	$ 3,637,547	$ 3,650,458	$ 3,555,338	$ 3,433,392	$ 3,477,455
Contributions as a Percentage of Covered Payroll	7.41%	7.37%	7.27%	8.22%	7.71%	7.54%	8.22%	8.60%

Combining and Individual Fund Statements and Schedules

White Pigeon Community Schools
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue	Debt Service	Capital Projects	
	Food Service - Formerly a Nonmajor Fund	Debt Retirement	Sinking Fund C	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	$ --	$ 54,526	$ 416,526	$ 471,052
Total Assets	$ **--**	$ **54,526**	$ **416,526**	$ **471,052**
FUND BALANCE				
Restricted	--	54,526	416,526	471,052
Unassigned	--	--	--	--
Total Fund Balance	--	54,526	416,526	471,052
Total Liabilities and Fund Balance	$ **--**	$ **54,526**	$ **416,526**	$ **471,052**

White Pigeon Community Schools
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue	Debt Service	Capital Projects	
	Food Service - Formerly a Nonmajor Fund	Debt Retirement	Sinking Fund C	Total Nonmajor Governmental Funds
Revenues				
Local sources	$ --	$ 2,998	$ 4,611	$ 7,609
State sources	--	13,862	--	13,862
Total Revenues	--	16,860	4,611	21,471
Expenditures				
Capital outlay	--	43,779	109,268	153,047
Debt service - interest and fiscal charges	--	128	--	128
Total Expenditures	--	43,907	109,268	153,175
Excess of Revenues Over (Under) Expenditures	--	(27,047)	(104,657)	(131,704)
Net Change in Fund Balance	--	**(27,047)**	**(104,657)**	**(131,704)**
Fund Balance at Beginning of Period, Previously Reported	461,865	81,573	521,183	1,064,621
Change within the Financial Reporting Entity (Note 17)	(461,865)	--	--	(461,865)
Fund Balance at Beginning of Period, as restated	--	81,573	521,183	602,756
Fund Balance at End of Period	$ --	$ **54,526**	$ **416,526**	$ **471,052**

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INDEPENDENT AUDITOR'S 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*

To the Board of Education
White Pigeon Community Schools
White Pigeon, Michigan

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of White Pigeon Community Schools (the "School"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 24, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 entity'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'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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Gabridge & Company, PLC
Grand Rapids, MI
October 24, 2025

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October 24, 2025

To the Board of Education
White Pigeon Community Schools
White Pigeon, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the White Pigeon Community Schools (the "School") for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 1, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School District are described in Note 1 to the financial statements. During the fiscal year ended June 30, 2025, the School District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. As described in Note 16 to the financial statements, the adoption of this new accounting principle had a material impact on the School District's financial statements, and a restatement of prior year balances was required. We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 School District's financial statements were:

- Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability.

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.

- Management's estimate of the accrued compensated absences is based on current hourly rates and policies regarding payment of sick and vacation banks.

- The assumptions used in the calculations of lease and SBITA liabilities and intangible right to use assets.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing 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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 24, 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.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to 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 to our retention.

As required by the OMB Uniform Guidance, we have also completed an audit of the federal programs administered by the School District. The results of that audit are provided to the Board of Education in our report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with the OMB Uniform Guidance dated October 24, 2025.

Other Matters

We applied certain limited procedures to management's discussion and analysis, the pension and OPEB schedules, and the budgetary comparison schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the individual and combining fund statements, and the schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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,

Gabridge & Company

Gabridge & Company, PLC
Grand Rapids, MI