CLINTONDALE COMMUNITY SCHOOLS

REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional supplementary information)

JUNE 30, 2025

TABLE OF CONTENTS

	PAGE
Independent Auditor's Report	I – III
Management's Discussion and Analysis	IV - IX
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	1
Statement of Activities	2
Fund Financial Statements:	
Balance Sheet – Governmental Funds	3
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds	6
Notes to the Financial Statements	7 – 32
Required Supplementary Information	
Budgetary Comparison Schedules: General Fund	33
Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability	34
Schedule of the Reporting Unit's Pension Contributions	35
Schedule of the Reporting Unit's Proportionate Share of the Net OPEB Liability	36
Schedule of the Reporting Unit's OPEB Contributions	37
Notes to Required Supplementary Information	38 – 39
Additional Supplementary Information	
Combining Statements – Nonmajor Governmental Funds:	
Combining Balance Sheet	40
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	41
Schedule 1 – Schedule of Bond Indebtedness	42

Lewis & Knopf CPAs, PC

October 30, 2025

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Clintondale Community Schools

Report on 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 Clintondale Community Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Clintondale Community Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 15 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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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 Clintondale Community Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clintondale Community Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as identified in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board 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 Clintondale Community Schools' basic financial statements. The accompanying additional supplementary information, as identified in the table of contents is 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 additional supplementary information, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2025, on our consideration of the Clintondale Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Clintondale Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Clintondale Community Schools' internal control over financial reporting and compliance.

Lewis & Knopf, P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

As administration of Clintondale Community Schools, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025.

Financial Highlights

* The liabilities and deferred inflows of the District exceeded its assets and deferred outflows at the close of the most recent fiscal year by $43,051,325 (net position).

* The District 's total net position increased by $10,227,429. The increase was primarily due to the decrease of the government wide net pension liability of $11,565,234

* The general fund had an increase in fund balance of $1,518,834. At the end of the year, unassigned fund balance for the general fund was $6,936,389, or 25%, of total general fund expenditures.

Overview of the District for the Fiscal Year

With the conclusion of pandemic-related grant funds, expenses previously covered by those funds are now being absorbed by the general fund. Combined with ongoing pay increases and rising operational costs, maintaining an adequate fund balance will become more challenging. The District continues to face pressures from declining student enrollment, increasing costs, and the ongoing need for cost-saving measures.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District financially as a whole. The District-Wide Financial Statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The financial statements then proceed to provide an increasingly detailed look at specific financial activities included in the fund financial statements. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements provide information about the School District's most significant funds - the General Fund and Debt Retirement Fund. All other funds are presented in one column as non-major funds.

MAJOR FEATURES OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS			
		Fund Financial Statements	
	District-Wide Statements	Governmental Funds	Fiduciary Funds (if any)
Scope	Entire District (except Fiduciary Funds)	The activities of the District that are not proprietary or fiduciary such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as certain student activities monies
Required Financial Statements	* Statement of Net Position * Statement of Activities (Pages 1 and 2)	* Balance Sheet * Statement of Revenues, Expenditures and Changes in Fund Balances (Pages 3 and 5)	* Statement of Fiduciary Net Position * Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of Asset/ Liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term, The District's funds do not currently contain capital assets, although they can
Type of Inflow/ Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received	All additions and deductions during year, regardless of when cash is received or paid

Fund Financial Statements

The fund financial statements are reported on a modified accrual basis and consist of governmental funds. Governmental funds include most of the District's basic services 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 on future District programs.

Fiduciary funds are for assets that belong to others, such as certain student activities funds where the District is the trustee or fiduciary. The District cannot use these assets to finance its operations but it is responsible to ensure that these funds are used for their intended purposes. Only measurable and currently available funds are reported. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources. Some of these funds are established by State law and by bond covenants while others can be established for the District to control and manage money for a particular purpose such as school lunch and child care.

SUMMARY OF NET POSITION:

NET POSITION SUMMARY	2025	2024 *
ASSETS		
Other Assets	$15,640,224	$15,568,159
Net Other Postemployment Benefits Asset	5,559,856	787,364
Capital Assets	16,331,932	17,526,549
TOTAL ASSETS	$37,532,012	$33,882,072
DEFERRED OUTFLOWS OF RESOURCES	11,845,538	17,388,673
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$49,377,550	$51,270,745
LIABILITIES		
Other Liabilities	40,574,779	53,524,496
Long-Term Liabilities	32,669,340	36,650,650
Total Liabilities	$73,244,119	$90,175,146
DEFERRED INFLOWS OF RESOURCES	19,184,756	13,802,742
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	$92,428,875	$103,977,888
NET POSITION		
Net Investment in Capital Assets	5,024,981	2,460,717
Restricted	6,368,520	1,617,083
Unrestricted	(54,444,826)	(56,784,943)
TOTAL NET POSITION	($43,051,325)	($52,707,143)

* The 2024 numbers have not been updated for the adoption of GASB 101.

The above analysis focuses on the net position. The change in net position of the School District's governmental activities is discussed below. The net position differs from fund balances and a reconciliation appears on page 4.

The District's net position reflects its investment in capital assets, and capital projects (i.e. land, buildings, vehicles, equipment, and infrastructure), less any related debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position, $6,368,520, represents resources that are subject to external restrictions on how they may be used. In the case of the School District, these amounts are restricted for debt service and food service. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due.

The results of this year's operations for the School District as a whole are reported in the statement of activities (see table below), which shows the changes in net position for fiscal year 2025.

RESULTS OF OPERATIONS:
For the fiscal years ended June 30, 2025 and 2024, the District wide results of operations were:

	2025	2024 *
REVENUES		
Program Revenues		
Charges for Services	$921,633	$662,298
Operating Grants	13,245,243	15,710,552
Total Program Revenues	$14,166,876	$16,372,850
General Revenues:		
Property Taxes	8,623,731	7,896,785
State Sources - Unrestricted	13,303,488	14,404,689
Interdistrict Sources	1,225,132	1,550,357
Other General Revenues	316,494	247,847
Total General Revenues	$23,468,845	$24,099,678
Total Revenues	$37,635,721	$40,472,528
EXPENSES		
Instruction	12,047,644	16,101,200
Support Services	9,998,444	12,701,260
Community Services	69,963	83,986
Child Care	832,355	642,786
Food Service	1,616,992	1,327,719
Student Activities	52,229	51,940
Outgoing Transfers and Other Uses	127,511	0
Interest on Long-Term Debt	1,279,532	1,378,487
Depreciation	1,383,622	1,338,516
Total Expenses	$27,408,292	$33,625,894
CHANGE IN NET POSITION	$10,227,429	$6,846,634

* The 2024 numbers have not been updated for the adoption of GASB 101.

The District's net position increased by $10,227,429 during the current fiscal year. The increase in net position differs from the change in fund balances and a reconciliation appears on page 6.

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

Student Enrollment
Student enrollment decreased from 1,755 in 2023-24 to 1,671 in 2024-25.

General Fund Budgeting and Operating Highlights

The School District's budgets are prepared according to Michigan law. The most significant budgeted fund is the General Fund.

During the fiscal year ended June 30, 2025, the School District amended the budget of the General Fund two times. State law requires that the budget be amended to ensure that expenditures do not exceed appropriation. A schedule showing the School District's general fund original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

The general fund actual revenue and other financing sources were $28,918,175. That amount is less than the final budget estimate of $28,968,095. The variance was $49,920, or less than 1%.

The actual expenditures and other financing uses of the general fund were $27,399,341, which is less than the final budget estimate of $29,514,278. The variance was $2,114,937 or 7%. The variance was primarily due to the District's conservative approach on budgeting cost. The main areas that caused this variance were instruction, student services, school administration and transportation which fell below budgeted amounts by $2,080,513.

The general fund had total revenues of $28,918,175 and total expenditures of $27,399,341 with a net increase in fund balance of $1,518,834 and an ending fund balance of $6,936,389.

Capital Asset and Debt Administration

A. Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2025 amounted to $16,331,932 (net of accumulated depreciation/amortization). This investment in capital assets included land, buildings and improvements; land improvements; furniture and equipment, and licensed vehicles. Capital assets at fiscal year-end included the following:

	Capital Assets (Net of Depreciation/Amortization)	
	2025	2024
Construction in Progress	$25,368	$0
Land	128,520	128,520
Land Improvements	732,280	810,347
Buildings and Improvements	14,271,379	15,270,202
Furniture and Equipment	995,870	974,664
Vehicles and Buses	42,888	71,562
Right-to-Use - Lighting Improvements	135,627	271,254
Total capital assets, net	$16,331,932	$17,526,549

Additional information on the District's capital assets can be found in Note 4.

Capital Asset and Debt Administration (Continued)

B. Debt

At the end of the current fiscal year, the District had total long-term debt outstanding of $32,669,340. Long-term debt at fiscal year-end included the following:

	Long-Term Debt	
	2025	2024
General Obligation Bonds	$11,149,113	$14,793,446
Notes from Direct Borrowings and Direct Placements	20,630,726	21,613,847
Other Employee Obligations	889,501	243,357
Total Long-Term Debt	$32,669,340	$36,650,650

* The 2024 numbers have not been updated for the adoption of GASB 101.

The District's total bonded debt decreased by $3,525,000 during the current fiscal year due to the District making scheduled debt payments. Additional information on the District's long-term debt can be found in Note 6.

Economic Factors and Next Year's Budget

The Board of Education adopted the 2025-26 fiscal year budget in June. The District's General Fund revenue assumptions included expected declines in enrollment and took an overall conservative approach to all funding sources. In particular a conservative estimate related to categorical funding increases based on anticipatory State budget information available at the time the budget was adopted. The District continues to work through budget implications now that the State has formally approved their annual budget.

Retirement Rate

The continuing cost of health insurance to current and potential retirees continues to drive the rate changes that the Michigan School Employees Retirement System recommends to the legislature for approval. In 2025-26 the rate is to decrease slightly to 29.91% from 31.36% in 2024-25. Additionally, the District will be required to pay 15.21%, for all wages earned October 1, 2025 and later, for the Unfunded Actuarial Accrued Liability (UAAL).

The Clintondale Community Schools' 2025/2026 adopted budget is as follows:

REVENUE	$29,238,554
EXPENDITURES	29,237,828
NET OVER BUDGET	$726

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, contact the Business Office, Clintondale Community Schools.

BASIC FINANCIAL STATEMENTS

CLINTONDALE COMMUNITY SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	$11,626,037
Investments	4,253
Receivables:	
Accounts Receivable	313
Due from Other Governmental Units	3,998,464
Deposits	11,157
Net Other Postemployment Benefits Asset	5,559,856
Capital Assets, Not Being Depreciated - Construction in Progress	25,368
Capital Assets, Not Being Depreciated - Land	128,520
Capital Assets, Net of Accumulated Depreciation/Amortization	16,178,044
Total Assets	$37,532,012
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Refunding	393
Related to Pensions	10,274,306
Related to Postemployment Benefits	1,570,839
Total Deferred Outflows of Resources	$11,845,538
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$49,377,550
LIABILITIES	
Accounts Payable	345,417
State Aid Note Payable	3,118,715
Due to Other Governmental Units	314,445
Salaries Payable	1,656,338
Accrued Expenditures	382,072
Unearned Revenue	1,637,966
Non-Current Liabilities - Due Within One Year	3,767,667
Non-Current Liabilities - Due in More than One Year	28,901,673
Net Pension Liability	33,119,826
Total Liabilities	$73,244,119
DEFERRED INFLOWS OF RESOURCES	
Related to State Aid Funding for Pension and Other Postemployment Benefits	1,728,668
Related to Pensions	10,044,863
Related to Other Postemployment Benefits	7,411,225
Total Deferred Inflows of Resources	$19,184,756
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	$92,428,875
NET POSITION	
Net Investment in Capital Assets	5,024,981
Restricted	6,368,520
Unrestricted	(54,444,826)
TOTAL NET POSITION	($43,051,325)

See notes to the financial statements.

CLINTONDALE COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Charges For Services	Program Revenues: Program Specific Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Change in Net Position
Governmental Activities:				
Instruction	$12,047,644	$0	$11,933,343	($114,301)
Support Services	9,998,444	40,378	0	(9,958,066)
Community Services	69,963	0	0	(69,963)
Child Care	832,355	808,269	0	(24,086)
Food Service	1,616,992	3,968	1,311,900	(301,124)
Student Activities	52,229	69,018	0	16,789
Outgoing Transfers and Other Uses	127,511	0	0	(127,511)
Interest - Long-Term Obligations	1,279,532	0	0	(1,279,532)
Depreciation/Amortization - Unallocated	1,383,622	0	0	(1,383,622)
Total Governmental Activities	$27,408,292	$921,633	$13,245,243	($13,241,416)
General Revenues:				
Taxes:				
Property Taxes, Levied for General Purposes				3,168,087
Property Taxes, Levied for Debt Retirement				5,455,644
State Sources - Unrestricted				13,303,488
Interdistrict Sources				1,225,132
Investment Earnings				100,120
Other				216,374
Total General Revenues				$23,468,845
Change in Net Position				$10,227,429
Net Position - Beginning of Year As Previously Reported				(52,707,143)
Adjustment to Beginning Net Position				(571,611)
Net Position - Beginning of Year As Restated				($53,278,754)
NET POSITION - END OF YEAR				($43,051,325)

See notes to the financial statements.

CLINTONDALE COMMUNITY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	Debt Retirement Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	$11,147,371	$333,273	$145,393	$11,626,037
Investments	4,195	58	0	4,253
Receivables:				
Accounts Receivable	112	0	201	313
Due from Other Funds	36,080	517,897	346,552	900,529
Due from Other Governmental Units	3,934,047	0	64,417	3,998,464
Deposits	11,157	0	0	11,157
TOTAL ASSETS	$15,132,962	$851,228	$556,563	$16,540,753
LIABILITIES				
Accounts Payable	$266,084	$0	$79,333	$345,417
State Aid Note Payable	3,118,715	0	0	3,118,715
Due to Other Funds	864,449	0	36,080	900,529
Due to Other Governmental Units	314,445	0	0	314,445
Salaries Payable	1,656,338	0	0	1,656,338
Accrued Expenditures	338,576	0	932	339,508
Unearned Revenue	1,637,966	0	0	1,637,966
Total Liabilities	$8,196,573	$0	$116,345	$8,312,918
FUND BALANCE				
Restricted				
Debt Retirement	0	851,228	0	851,228
Committed - Student Activities	0	0	108,513	108,513
Assigned				
Child Care	0	0	331,705	331,705
Unassigned	6,936,389	0	0	6,936,389
Total Fund Balance	$6,936,389	$851,228	$440,218	$8,227,835
TOTAL LIABILITIES AND FUND BALANCE	$15,132,962	$851,228	$556,563	$16,540,753

See notes to the financial statements.

CLINTONDALE COMMUNITY SCHOOLS
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2025

Total Governmental Fund Balances:		$8,227,835
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred Outflow of Resources - Deferred Charge on Refunding		393
Deferred Outflows of Resources - Related to Pensions		10,274,306
Deferred Outflows of Resources - Related to Postemployment Benefits		1,570,839
Deferred Inflows Related to State Aid Funding for Pension and Other Postemployment Benefits		(1,728,668)
Deferred Inflows of Resources - Related to Pensions		(10,044,863)
Deferred Inflows of Resources - Related to Other Postemployment Benefits		(7,411,225)
Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		
Noncurrent asset at year end consist of:		
Net Other Postemployment Benefits Assets		5,559,856
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		
Construction in Progress	$25,368	
Capital Assets	54,637,197	
Less: Accumulated Depreciation/Amortization	(38,330,633)	
Capital Assets, Net of Accumulated Depreciation/Amortization		16,331,932
Accrued Interest on Long-Term Debt		(42,564)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General Obligation Bonds	$11,149,113	
Notes from Direct Borrowings and Direct Placements	20,630,726	
Compensated Absences	858,925	
Total		(32,638,764)
Claims Payable		(30,576)
Total General Long-Term Obligations		($32,669,340)
Net Pension Liability		(33,119,826)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (DEFICIT)		($43,051,325)

See notes to the financial statements.

CLINTONDALE COMMUNITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	Debt Retirement Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Local Sources	$3,469,073	$5,473,920	$918,865	$9,861,858
State Sources	21,857,978	0	43,220	21,901,198
Federal Sources	2,365,992	0	1,267,565	3,633,557
Interdistrict Sources	1,225,132	0	0	1,225,132
Total Revenues	$28,918,175	$5,473,920	$2,229,650	$36,621,745
EXPENDITURES				
Instruction	14,857,235	0	0	14,857,235
Student Services	1,933,958	0	0	1,933,958
Instructional Support	373,450	0	0	373,450
General Administration	680,955	0	0	680,955
School Administration	1,701,526	0	0	1,701,526
Business Administration	774,360	0	0	774,360
Operation & Maintenance of Plant	3,622,842	0	0	3,622,842
Transportation	1,049,416	0	0	1,049,416
Support Services - Other	1,101,568	0	0	1,101,568
Support Services - Athletics	550,921	0	0	550,921
Community Services	97,365	0	0	97,365
Outgoing Transfers and Other Uses	127,511	0	0	127,511
Food Service	0	0	1,621,853	1,621,853
Child Care	0	0	832,355	832,355
Student Activities	0	0	52,229	52,229
Debt Retirement				
Principal	270,627	3,429,770	0	3,700,397
Interest	22,051	2,081,468	0	2,103,519
Total Expenditures	$27,163,785	$5,511,238	$2,506,437	$35,181,460
Excess (Deficiency) of Revenues Over (Under) Expenditures	$1,754,390	($37,318)	($276,787)	$1,440,285
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	235,556	235,556
Transfers Out	(235,556)	0	0	(235,556)
Total Other Financing Sources (Uses)	($235,556)	$0	$235,556	$0
Net Change in Fund Balance	$1,518,834	($37,318)	($41,231)	$1,440,285
FUND BALANCE - BEGINNING OF YEAR	5,417,555	888,546	481,449	6,787,550
FUND BALANCE - END OF YEAR	$6,936,389	$851,228	$440,218	$8,227,835

See notes to the financial statements.

CLINTONDALE COMMUNITY SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Total net change in fund balances - governmental funds		$1,440,285
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Construction in Progress	$25,368	
Capital Outlay	260,956	
Depreciation Expense	(1,383,622)	
Loss on Sale of Assets	(97,319)	
Total		(1,194,617)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount of repayments reported as expenditures in the governmental funds.		3,525,000
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available		
Net Change - Michigan School Bond Loan Fund		847,494
Payments on Direct Borrowing		135,627
Amortization of:		
Bond Premium		119,333
Deferred Charge on Refunding		(21,079)
Change in accrued interest on long-term liabilities		16,263
Decrease in accrued compensated absences		(74,533)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental Funds.		
State Aid Funding for Pension and Other Postemployment Benefits		1,013,976
Pension Related Items		2,292,041
OPEB Related Items		2,127,639
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$10,227,429

See notes to the financial statements.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

B) REPORTING ENTITY

The District is governed by an elected seven-member Board of Education. The accompanying basic financial statements have been prepared in accordance with criteria established by the GASB 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 part of the District's reporting entity and which organizations are legally separate component units of the District. Based on application of the criteria, the District does not contain component units.

The District receives funding from local, state, federal and interdistrict government sources and must comply with the accompanying requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" body that has separate legal standing and is fiscally independent of the governmental entities. As such, the Board of Education has decision-making authority, the authority to levy taxes, and determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

C) BASIS OF PRESENTATION - GOVERNMENT-WIDE FINANCIAL STATEMENTS

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D) BASIS OF PRESENTATION - FUND FINANCIAL STATEMENTS

The fund financial statements provide information about the District's funds, including its fiduciary funds (if any). Separate statements for each fund category - governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The School District reports the following major governmental funds:

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

Debt Retirement Fund - The Debt Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D) BASIS OF PRESENTATION - FUND FINANCIAL STATEMENTS (Continued)

Other Non-Major Funds:

Special Revenue Funds - The special revenue funds accounts for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service, childcare and student/school activities in the special revenue funds.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

E) MEASUREMENT FOCUS, BASIS OF ACCOUNTING

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

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

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

Fiduciary Fund Financial Statements (if any) are reported using the economic resources measurement focus and the accrual basis of accounting, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Revenue not meeting this definition is classified as a deferred inflow of resources. For this purpose, the School District considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E) MEASUREMENT FOCUS, BASIS OF ACCOUNTING (Continued)

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

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and unrestricted state aid.

F) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include amounts in demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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

a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers acceptances of United States banks.

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

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

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G) INVENTORIES AND PREPAID COSTS

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds, including commodities received from the United States Department of Agriculture, are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid costs in both government-wide and fund financial statements.

H) CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) using a $1,000 capitalization threshold and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not. Interest incurred during the construction of capital assets is also capitalized.

Land and construction in progress, if any, are not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease period of the estimated useful lives. The other property, plant, and equipment of the District are depreciated using the straight line method over the following estimated useful lives:

Description	Governmental Activities Estimated Lives
Buildings, Building Additions and Land Improvements	20 – 50 years
Furniture and Equipment	3 – 10 years
Land Improvements	15 – 35 years
Vehicles and Buses	8 years
Right-to-Use Improvements	4 years

I) INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net position.

J) UNEARNED REVENUE

The District reports unearned revenue on its governmental funds balance sheet. Unearned revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K) COMPENSATED ABSENCES

The liability for compensated absences reported in the government-wide statements consists of earned but unused accumulated vacation, sick leave, and severance benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts are included both for employees who are currently eligible to receive termination payments and for other employees who are expected to become eligible in the future to receive such payments upon termination.

L) LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as debt service expenditures.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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 are reported as debt service expenditures.

M) DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred Outflows

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 asset that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

Deferred Inflows

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 asset that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has three items that qualifies for reporting in this category. The first is restricted state aid funding deferred to offset deferred outflows related to section 147c pension and other postemployment benefit contributions subsequent to the measurement period. The second and third 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.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N) DEFINED BENEFIT PLAN

For purposes of measuring the net pension and other postemployment benefit asset, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Michigan Public 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.

O) NET POSITION FLOW ASSUMPTION

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

P) FUND BALANCE FLOW ASSUMPTION

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

Q) FUND BALANCE POLICIES

Fund balances for each of the District's governmental funds are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

* Nonspendable fund balance - amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.

* Restricted fund balance - amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation. The District's Capital Projects Fund, Debt Retirement Fund and Food Service balances are considered restricted.

* Committed fund balance – amounts that have been formally set aside by specific purposes. Commitments are made and can be rescinded only via resolution of the Board of Education.

* Assigned fund balance - amounts the District intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The intent is expressed by the Board of Education.

* Unassigned fund balance - amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

In the general fund, the goal of the District shall be to maintain a minimum unassigned fund balance of no less than 5% of the preceding year's expenditures.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R) *LEASES AND SUBSCRIPTION BASED IT ARRANGEMENTS (SBITA)*

Lessee/subscriber: The District is a lessee for a noncancelable lease/subscription of lighting improvements and an IT arrangement. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The District recognizes a lease/SBITA liability and an intangible right-to-use lease/SBITA asset in the government-wide financial statements.

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

Key estimates and judgements related to leases included how the District determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value, (2) lease/SBITA term, and (3) lease/SBITA payments.

* The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITA.

* The lease/SBITA term includes the noncancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

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

S) REVENUE

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the Foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the Foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as due from other governmental units.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S) REVENUE (Continued)

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

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

Property taxes are assessed as of December 31, and attach as an enforceable lien on property as of December 1 of the following year. Taxes are billed on July 1. The final collection date is February 28, after which they are added to the county tax roll.

T) USE OF ESTIMATES

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

U) MICHIGAN PUBLIC SCHOOL ACCOUNTING MANUAL

The accompanying financial statements have been prepared on a basis substantially consistent with the Michigan Public School Accounting Manual (Bulletin 1022), which outlines the accounting procedures and policies for school districts required by the Michigan State Board of Education.

V) BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue fund. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executor) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

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

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

2. Public hearings are conducted to obtain taxpayer comments.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V) BUDGETARY INFORMATION (Continued)

3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.

4. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

5. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2025. The District does not consider these amendments to be significant.

2) DEPOSITS AND INVESTMENTS

As of June 30, 2025 the District had deposits and investments subject to the following risk:

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2025, $11,280,302 of the District's bank balance of $11,863,575 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was $11,626,037.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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

Interest rate risk. In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Investment Type	Fair value	Weighted Average Maturity (Years)	Standard & Poor's Rating	%
MILAF External Investment Pool - MIMAX	$ 4,253	N/A	AAAm	100.00%

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk.

2) DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

The asset or liability's fair measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

MILAF-MIMAX investments fair value measurement is level 2.

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2025, the fair value of the District's investments is the same as the value of the pooled shares.

MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

Cash – District Wide	$ 11,626,037
Investments – District Wide	4,253
TOTAL	$ 11,630,290

3) RECEIVABLES – DUE FROM OTHER GOVERNMENTAL UNITS

Receivables at June 30, 2025, consist of taxes, accounts (fees), intergovernmental grants and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables (due from other governmental units) follows:

GOVERNMENTAL ACTIVITIES	AMOUNT
State Aid	$ 3,762,462
Federal Grants	233,110
Other Programs	2,892
TOTAL	$ 3,998,464

4) CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

GOVERNMENTAL ACTIVITIES	Balance Beginning	Additions	Deductions	Balance Ending
Capital Assets Not Being Depreciated				
Land	$128,520	$0	$0	$128,520
Construction in Progress	0	25,368	0	25,368
Total Non-Depreciable	$128,520	$25,368	$0	$153,888
Capital Assets Being Depreciated				
Land Improvements	2,829,102	0	0	2,829,102
Building and Improvements	49,621,197	51,367	0	49,672,564
Furniture and Equipment	1,219,178	209,589	122,636	1,306,131
Vehicles and Buses	158,372	0	0	158,372
Right-to-Use - Lighting Improvements	542,508	0	0	542,508
Total Capital Assets Being Depreciated	$54,370,357	$260,956	$122,636	$54,508,677
Less: Accumulated Depreciation/Amortization				
Land Improvements	(2,018,755)	(78,067)	0	(2,096,822)
Building and Improvements	(34,350,995)	(1,050,190)	0	(35,401,185)
Furniture and Equipment	(244,514)	(91,064)	(25,317)	(310,261)
Vehicles and Buses	(86,810)	(28,674)	0	(115,484)
Right-to-Use - Lighting Improvements	(271,254)	(135,627)	0	(406,881)
Total Accumulated Depreciation/ Amortization	($36,972,328)	($1,383,622)	($25,317)	($38,330,633)
Net Capital Assets Being Depreciated	$17,398,029	($1,122,666)	$97,319	$16,178,044
NET CAPITAL ASSETS	$17,526,549	($1,097,298)	$97,319	$16,331,932

Depreciation/amortization expense was not charged to functions/programs of the primary government as the District considers its assets to impact multiple activities and allocation is not practical.

Net investment in capital assets consists of the following:

Construction in Progress	$ 25,368
Capital Assets	54,637,197
Less: Accumulated Depreciation/Amortization	(38,330,633)
Add: Deferred Charge on Refunding	393
Less: Related Long-Term Liabilities	(11,307,344)
NET INVESTMENT IN CAPITAL ASSETS	$ 5,024,981

5) SHORT-TERM DEBT

In August, 2024, the District borrowed $3,035,000 at 3.31% on a state aid anticipation note. The note proceeds were used to meet cash flow needs for the 2024-2025 fiscal year. The note is secured by the full faith and credit of the District as well as pledged state aid. In an event of a default on the note, the state may impose a penalty interest rate and at the state's discretion, accelerate the repayment terms. Activity for the year ended June 30, 2025 is as follows:

	Balance Beginning	Additions	Deductions	Balance Ending
State Aid Note	$4,490,508	$3,035,000	$4,406,793	$3,118,715

6) LONG-TERM DEBT

The following is a summary of long-term obligations for the District for the year ended June 30, 2025:

Governmental Activities:	As Restated Balance Beginning	Additions	Deductions	Balance Ending	Amount Due in One Year
General Obligation Bonds	$14,793,446	$0	$3,644,333	$11,149,113	$3,632,040
Notes from Direct Borrowings and Direct Placements	21,613,847	941,120	1,924,241	20,630,726	135,627
Other Employee Obligations *	814,968	74,533	0	889,501	0
Total Governmental Activities	$37,222,261	$1,015,653	$5,568,574	$32,669,340	$3,767,667

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

GENERAL OBLIGATIONS BONDS

2015 Refunding Issue - $9,970,000 serial bonds due in annual installments of $875,000 to $1,220,000 from May 1, 2017 through May 1, 2025; interest at 4.00% to 5.00%, paid in full.	$ 0
2016 Refunding Issue - $3,185,000 serial bonds due in annual installments of $290,000 from May 1, 2018 through May 1, 2028; interest at 2.00% to 4.00%.	870,000
2020 Refunding Issue - $13,820,000 serial bonds due in annual installments of $1,790,000 to $3,345,000 from May 1, 2023 through May 1, 2027; interest at 1.748% to 2.237%. The bonds were issued to refinance the Michigan School Bond Loan Fund.	9,800,000
2013 Energy Conservation Issue - $1,575,000 serial bonds due in annual installments of $65,000 to $155,000 through May 1, 2028; plus interest at 2.00% to 3.625%. Paid out of the general fund.	445,000
Bond Premium	34,113
TOTAL GENERAL OBLIGATION BONDS	$ 11,149,113

6) GENERAL LONG-TERM DEBT (Continued)

NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS

Michigan School Bond Loan Fund - The School District has entered into a loan agreement with the Michigan School Bond Loan Fund to borrow monies over a period of years sufficient to extinguish the interest and principal requirements as they become due. The School is required to begin repaying the debt at the point where the School District's State Equalized Valuation times its levy will be in excess of its interest and principal requirements. The loan shall bear interest at the average interest rate computed to the nearest one-eighth of one percent, paid by the State on obligations issued pursuant to Section 16 of Article IX of the State Constitution of 1983. Interest of $941,120 has been assessed for the year ended June 30, 2025, and is included in the amount owing the State at that date. The state may apply a default late charge on the note if the District does not make the repayments, or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default. $ 20,472,495

Lighting Lease – Team Financial Group, Inc. requires monthly payments of $11,445 including interest, matures August 2027. 158,231

TOTAL NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS	$ 20,630,726
OTHER EMPLOYEE OBLIGATIONS	
Compensated Absences	858,925
Self-Insured Workers' Compensation	30,576
TOTAL OTHER EMPLOYEE OBLIGATIONS	$ 889,501
TOTAL GENERAL LONG-TERM OBLIGATIONS	$ 32,669,340

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of $20,630,726 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

A summary of the changes in the estimated workers' compensation liability for each of the last two years are as follows:

	2025	2024
Beginning Balance	$30,576	$30,576
Estimated Claims Incurred Including Changes in Estimates	0	0
Claims Payments	0	0
TOTAL	$30,576	$30,576

Effective July 1, 2013 the District purchased a fully insured workers' compensation policy. Claims on or after that date will be paid by the carrier under the policy. Previous claims will be paid on a runout basis until satisfied.

6) GENERAL LONG-TERM DEBT (Continued)

The annual requirements to amortize long-term obligations outstanding exclusive of employment benefit obligation payments as of June 30, 2025 are as follows:

	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements		
	Principal	Interest	Principal	Interest	Total
June 30, 2026	$3,632,040	$255,385	$135,627	$1,713	$4,024,765
June 30, 2027	3,717,040	178,824	22,604	285	3,918,753
June 30, 2028	3,800,033	92,047	0	0	3,892,080
Thereafter	0	0	20,472,495	0	20,472,495
TOTAL	$11,149,113	$526,256	$20,630,726	$1,998	$32,308,093

Interest expense (all funds) for the year ended June 30, 2025 was $2,103,519.

7) INTERFUND ACTIVITY

Interfund balances at June 30, 2025 consisted of the following:

	Receivable	Payable
General Fund	$36,080	$864,449
Debt Retirement	517,897	0
Food Service	14,847	0
Child Care	331,705	0
Student Activities	0	36,080
TOTAL	$900,529	$900,529

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made.

8) INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2025, consisted of the following:

TRANSFERS TO	TRANSFERS FROM: General Fund
Food Service Fund	$235,556

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and (4) reimburse the general fund for indirect costs related to nonmajor governmental funds.

9) TAX ABATEMENTS

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by cities and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities. There were no property taxes abated.

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's section 22 funding of the State School Aid Act.

There are no significant abatements made by the District.

10) RESTRICTED NET POSITION

Restricted net position consists of the following:

Net Other Postemployement Benefits Asset	$5,559,856
Debt Retirement	851,228
Less: Accrued Interest - General Obligation Bonds	(42,564)
TOTAL	$6,368,520

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

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

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

Benefits Provided – Overall

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

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

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided – Pension

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

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

Pension Reform 2010

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

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

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

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

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

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

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

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

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Pension Reform 2012 (Continued)

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

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

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

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

Pension Reform of 2017

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

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

Pension Reform of 2023

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

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employer Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2024 were determined as of the September 30, 2021 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2021 are amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

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

	Pension	Other Postemployment Benefit
October 1, 2024 – September 30, 2025	20.96% - 30.11%	0.00% - 1.25%
October 1, 2023 – September 30, 2024	13.90% - 23.03%	7.06% - 8.31%

The District's pension contributions for the year ended June 30, 2025 were equal to the required contribution total. Total pension contributions were approximately $5,275,000. Of the total pension contributions approximately $5,178,000 was contributed to fund the Defined Benefit Plan and approximately $97,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2025 were equal to the required contribution total. Total OPEB contributions were approximately $142,000. Of the total OPEB contributions approximately $64,000 was contributed to fund the Defined Benefit Plan and approximately $78,000 was contributed to fund the Defined Contribution Plan.

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

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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 date of September 30, 2023 and rolled-forward using generally accepted actuarial procedures.

The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-University Employers	September 30, 2023	September 30, 2024
Total Pension Liability	$94,947,828,557	$95,765,499,515
Plan Fiduciary Net Position	62,581,762,238	71,283,482,728
Net Pension Liability	$32,366,066,319	$24,482,016,787
Proportionate Share	0.13806%	0.13528%
Net Pension Liability for the District	$44,685,060	$33,119,826

For the year ended June 30, 2025, the District recognized pension expense of $3,012,210.

At June 30, 2025, the Reporting Unit 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
Changes of Assumptions	$3,452,938	($2,426,636)
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	(6,320,667)
Differences Between Actual and Expected Experience	898,564	(359,851)
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	1,213,496	(937,709)
Employer Contributions Subsequent to the Measurement Date	4,709,308	0
TOTAL	$10,274,306	($10,044,863)

$4,709,308, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ending Sept. 30,	Amount
2025	($742,410)
2026	401,181
2027	(2,392,305)
2028	(1,746,331)
	($4,479,865)

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The net OPEB liability (asset) was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2023 and rolled-forward using generally accepted actuarial procedures.

The District's proportion of the net OPEB liability (asset) was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-University Employers	September 30, 2023	September 30, 2024
Total Other Postemployment Benefits Liability	$11,223,648,949	$9,991,545,923
Plan Fiduciary Net Position	11,789,347,341	14,295,943,589
Net Other Postemployment Benefits Liability (Asset)	$(565,698,392)	$(4,304,397,666)
Proportionate Share	0.13918%	0.12917%
Net Other Postemployment Benefits Liability for the District	$(787,364)	$(5,559,856)

For the year ended June 30, 2025, the District recognized OPEB benefit of $(1,999,619).

At June 30, 2025, the Reporting Unit 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
Changes of Assumptions	$1,214,352	($139,580)
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	0	(1,052,544)
Differences Between Actual and Expected Experience	0	(5,891,749)
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	339,052	(327,352)
Employer Contributions Subsequent to the Measurement Date	17,435	0
TOTAL	$1,570,839	($7,411,225)

$17,435, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year Ending Sept. 30,	Amount
2025	($1,889,327)
2026	(1,100,961)
2027	(1,117,907)
2028	(1,039,954)
2029	(591,687)
Thereafter	(117,985)
	($5,857,821)

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions

Investment Rate of Return for Pension - 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, Pension Plus, and Pension Plus 2 Plan groups.

Investment Rate of Return for OPEB - 6.00% a year, compounded annually net of investment and administrative expenses.

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

Inflation - 3.0%.

Mortality Assumptions -

Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and MP-2021 adjusted for mortality improvements using projection scale from 2010.

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

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

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan, and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.25% for year one and graded to 3.5% in year fifteen. Post 65, 6.50% for year one and graded to 3.5% in year fifteen.

Additional Assumptions for Other Postemployment Benefit Only - Applies to Individuals Hired Before September 4, 2012:

Opt Out Assumption - 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.

Survivor Coverage - 80% of male retirees and 67% of female retirees electing two-person coverage are assumed to have coverage continuing after the retiree's death.

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

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions (Continued)
The target asset allocation at September 30, 2024 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation*	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.3%
International Equity Pools	15.0%	6.5%
Private Equity Pools	16.0%	9.0%
Real Estate and Infrastructure Pools	10.0%	7.1%
Fixed Income Pools	13.0%	2.2%
Absolute Return Pools	9.0%	5.2%
Real Return/Opportunistic Pools	10.0%	6.9%
Short Term Investment Pools	2.0%	1.4%
Total	**100.00%**	

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

Rate of Return - For fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 15.47% and 15.45%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Discount Rate - A single discount rate of 6.00% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

OPEB Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net pension liability	$48,554,020	$33,119,826	$20,267,889

11) PENSION AND OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions (Continued)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability (asset) calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net other postemployment benefit liability (asset)_	$(4,296,702)	$(5,559,856)	$(6,651,985)

Sensitivity to the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability (asset) calculated using the healthcare cost trend rate, as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefit		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District proportionate share of the net other postemployment benefit liability (asset)	$(6,651,997)	$(5,559,856)	$(4,388,540)

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System 2024 Annual Comprehensive Financial Report.

Payable to the Pension and OPEB Plan - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

12) RISK MANAGEMENT

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The District is partially self-insured for workers' compensation claims and non-teacher healthcare, dental and vision claims. The District limits its exposure to such claims through its participation in and payments of premiums to SET-SEG, Inc. Insurance Trust. This pool maintains a loss fund and is also required by the terms of the participation agreement to obtain insurance and reinsurance as necessary.

12) RISK MANAGEMENT (Continued)

The terms of the participation agreement with the pool indicate that, should losses of the pool incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may access its member districts on a pro-rata basis to cover excess losses. In past years the loss fund has exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in this pool provides sufficient coverage to protect the District from any significant adverse financial impact.

The District estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded in the district-wide statements.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2025 or any of the prior 3 years.

13) COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, the District is involved in various pending or threatened legal actions. The District believe that any ultimate liability arising from these actions will not have a material adverse effect on its financial position.

The District participates in a number of federal and state programs that require compliance with specific terms and conditions and are subject to audits by the contracting agencies. Management believes that the effect of any disallowed expenditures would be immaterial to the financial statements.

14) UPCOMING ACCOUNTING PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

a. Management's discussion and analysis (MD&A);

   i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:

      1) Overview of the Financial Statements,
      2) Financial Summary,
      3) Detailed Analyses,
      4) Significant Capital Asset and Long-Term Financing Activity,
      5) Currently Known Facts, Decisions, or Conditions;

   ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;

   iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;

b. Unusual or infrequent items;

c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;

   i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;

14) UPCOMING ACCOUNTING PRONOUNCEMENTS (Continued)

ii. Requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses and defines subsidies;

d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;

e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI;

The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

15) CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, Compensated Absences.

Summary: This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

16) ADJUSTMENTS TO BEGINNING FUND BALANCES/NET POSITION

During the fiscal year changes to beginning fund balance/net position are as follows:

	Reporting Units Affected by Adjustments and Restatements of Beginning Balances
	Governmental Activities
Net Position, As Previously Reported	($52,707,143)
Change in Accounting Principle (GASB 101)	(571,611)
Net Position, as Restated	($53,278,754)

17) SUBSEQUENT EVENTS

In August, 2025, the District borrowed $2,800,000 on a state aid anticipation note. The note proceeds will be used to meet cash flow needs for the 2025-2026 fiscal year.

REQUIRED SUPPLEMENTARY

INFORMATION

CLINTONDALE COMMUNITY SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance With Final Budget
REVENUES				
Local Sources	$3,190,958	$3,369,919	$3,469,073	$99,154
State Sources	22,066,125	21,962,855	21,857,978	(104,877)
Federal Sources	1,955,283	2,242,216	2,365,992	123,776
Total Revenues	$27,212,366	$27,574,990	$27,693,043	$118,053
EXPENDITURES				
Instruction				
Basic	12,298,507	11,876,658	10,636,419	1,240,239
Added Needs	5,064,344	4,510,977	4,220,816	290,161
Total Instruction	$17,362,851	$16,387,635	$14,857,235	$1,530,400
Student Services	2,803,083	2,246,914	1,933,958	312,956
Instructional Support	783,720	426,171	373,450	52,721
General Administration	629,620	676,650	680,955	(4,305)
School Administration	1,425,425	1,822,530	1,701,526	121,004
Business Administration	1,180,299	865,180	774,360	90,820
Operation & Maintenance of Plant	3,056,657	3,670,100	3,750,353	(80,253)
Transportation	1,004,787	1,165,569	1,049,416	116,153
Support Services - Other	1,112,209	1,172,996	1,101,568	71,428
Support Services - Athletics	546,212	578,870	550,921	27,949
Community Services	154,438	63,800	97,365	(33,565)
Total Expenditures	$30,059,301	$29,076,415	$26,871,107	$2,205,308
Excess of Revenues Over Expenditures	($2,846,935)	($1,501,425)	$821,936	$2,323,361
OTHER FINANCING SOURCES (USES)	759,415	955,242	696,898	(258,344)
Net Change in Fund Balance	($2,087,520)	($546,183)	$1,518,834	$2,065,017
FUND BALANCE - BEGINNING OF YEAR			5,417,555	
FUND BALANCE - END OF YEAR			$6,936,389	

CLINTONDALE COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH FISCAL YEAR)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Reporting unit's proportion of net pension liability (%)	0.13528%	0.13806%	0.13206%	0.13049%	0.12872%	0.12982%	0.12807%	0.12516%	0.12588%	0.13432%
Reporting unit's proportionate share of net pension liability	$33,119,826	$44,685,060	$49,668,358	$30,894,635	$44,216,727	$42,992,526	$38,500,930	$32,434,458	$31,407,337	$32,807,088
Reporting unit's covered-employee payroll	$13,533,017	$13,874,891	$13,095,162	$11,827,936	$11,278,125	$11,277,747	$11,010,362	$10,560,069	$10,325,550	$11,165,037
Reporting unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	244.73%	322.06%	379.29%	261.20%	392.06%	381.22%	349.68%	307.14%	304.17%	293.84%
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%

CLINTONDALE COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S CONTRIBUTIONS - PENSION
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions	$5,655,952	$4,975,888	$4,494,983	$3,918,196	$3,537,394	$3,448,759	$3,487,444	$2,935,683	$2,901,894	$2,591,159
Contributions in relation to statutorily required contributions	5,655,952	4,975,888	4,494,983	3,918,196	3,537,394	3,448,759	3,487,444	2,935,683	2,901,894	2,591,159
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Reporting unit's covered-employee payroll	$12,358,680	$13,730,759	$13,816,549	$12,876,221	$11,353,494	$11,422,930	$11,219,328	$10,873,924	$10,482,838	$11,165,037
Contributions as a percentage of covered-employee payroll	45.77%	36.24%	32.53%	30.43%	31.16%	30.19%	31.08%	27.00%	27.68%	23.21%

CLINTONDALE COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH FISCAL YEAR)

	2024	2023	2022	2021	2020	2019	2018	2017
Reporting unit's proportion of net OPEB liability (%)	0.12916%	0.13918%	0.13528%	0.13151%	0.12751%	0.12927%	0.12948%	0.12476%
Reporting unit's proportionate share of net OPEB liability	($5,559,856)	($787,364)	$2,865,374	$2,007,369	$6,831,158	$9,278,544	$10,291,928	$11,048,262
Reporting unit's covered-employee payroll	$13,533,017	$13,874,891	$13,095,162	$11,827,936	$11,278,125	$11,277,747	$11,010,362	$10,560,069
Reporting unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	-41.08%	-5.67%	21.88%	16.97%	60.57%	82.27%	93.47%	104.62%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

CLINTONDALE COMMUNITY SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S CONTRIBUTIONS - OPEB
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions	$1,073,643	$1,084,241	$1,030,494	$976,272	$900,904	$887,565	$840,419	$971,324
Contributions in relation to statutorily required contributions	1,073,643	1,084,241	1,030,494	976,272	900,904	887,565	840,419	971,324
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0
Reporting unit's covered-employee payroll	$12,358,680	$13,730,759	$13,816,549	$12,876,221	$11,353,494	$11,422,930	$11,219,328	$10,873,924
Contributions as a percentage of covered-employee payroll	8.69%	7.90%	7.46%	7.58%	7.94%	7.77%	7.49%	8.93%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, reporting units should present information for those years for which information is available.

BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and Special Revenue Fund (Food Service, Child Care and Student Activities). All annual appropriations lapse at fiscal year-end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The School District increased/decreased budgeted amounts during the year in response to changes in funding and related expenditures.

Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

During the year, Clintondale Community Schools had the following expenditure budget variances.

	Final Budget	Actual	Variance With Final Budget
General Administration	$676,650	$680,955	($4,305)
Operation & Maintenance	3,670,100	3,750,353	(80,253)
Community Services	63,800	97,365	(33,565)

NOTE 1 - PENSION INFORMATION

Benefit Changes

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

Changes in Assumptions

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

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

NOTE 2 - OPEB INFORMATION

Benefit Changes

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

Changes in Assumptions

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

- 2024 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage point for members over 65.

- 2023 - The health care cost trend rate used in the September 30, 2022 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.1 billion in 2022.

- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.3 billion in 2021.

- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.8 billion in 2020.

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.4 billion in 2019.

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by $1.4 billion in 2018.

ADDITIONAL SUPPLEMENTARY INFORMATION

CLINTONDALE COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2025

	Special Revenue Funds			
	Food Service	Child Care	Student Activities	Total
ASSETS				
Cash and Cash Equivalents	$800	$0	$144,593	$145,393
Receivables				
Accounts Receivable	201	0	0	201
Due from Other Funds	14,847	331,705	0	346,552
Due from Other Governmental Units	64,417	0	0	64,417
TOTAL ASSETS	$80,265	$331,705	$144,593	$556,563
LIABILITIES				
Accounts Payable	$79,333	$0	$0	$79,333
Due to Other Funds	0	0	36,080	36,080
Accrued Expenditures	932	0	0	932
Total Liabilities	$80,265	$0	$36,080	$116,345
FUND BALANCE				
Committed	0	0	108,513	108,513
Assigned	0	331,705	0	331,705
Total Fund Balance	$0	$331,705	$108,513	$440,218
TOTAL LIABILITIES AND FUND BALANCE	$80,265	$331,705	$144,593	$556,563

CLINTONDALE COMMUNITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Special Revenue Funds			
	Food Service	Child Care	Student Activities	Total
REVENUES				
Local Sources				
Preschool	$0	$808,269	$0	$808,269
Student Activities	0	0	69,018	69,018
Lunch Sales	3,968	0	0	3,968
Other Local Sources	37,610	0	0	37,610
Total Local Sources	$41,578	$808,269	$69,018	$918,865
State Sources				
State Reimbursements	43,220	0	0	43,220
Federal Sources				
Federal Reimbursements	1,205,738	0	0	1,205,738
Commodities	61,827	0	0	61,827
Total Federal Sources	$1,267,565	$0	$0	$1,267,565
Total Revenues	$1,352,363	$808,269	$69,018	$2,229,650
OTHER FINANCING SOURCES				
Transfers from General Fund	235,556	0	0	235,556
Total Revenue and Other Financing Sources	$1,587,919	$808,269	$69,018	$2,465,206
EXPENDITURES				
Food Service	1,621,853	0	0	1,621,853
Child Care	0	832,355	0	832,355
Student Activities	0	0	52,229	52,229
Total Expenditures	$1,621,853	$832,355	$52,229	$2,506,437
EXCESS REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	($33,934)	($24,086)	$16,789	($41,231)
FUND BALANCE - BEGINNING OF YEAR	33,934	355,791	91,724	481,449
FUND BALANCE - END OF YEAR	$0	$331,705	$108,513	$440,218

SCHEDULE 1

CLINTONDALE COMMUNITY SCHOOLS
SCHEDULE OF BONDED INDEBTEDNESS
JUNE 30, 2025

Year ending June 30	2016 Refunding Issue	2020 Refunding Issue	2013 Energy Conservation Issue	Total Bonded Debt
2026	$290,000	$3,190,000	$140,000	$3,620,000
2027	290,000	3,265,000	150,000	3,705,000
2028	290,000	3,345,000	155,000	3,790,000
TOTALS	$870,000	$9,800,000	$445,000	$11,115,000
Principal due	May 1st	May 1st	May 1st	
Interest due on the first day of the month	May and November	May and November	May and November	
Interest Rate	2.00% - 4.00%	1.75% - 2.24%	2.00% - 3.62%	
Original Issue	$3,185,000	$13,820,000	$1,575,000	

Lewis & Knopf CPAs, PC

October 30, 2025

To the Board of Education of
Clintondale Community Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clintondale Community Schools 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 June 2, 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 Clintondale Community Schools are described in Note 1 to the financial statements The application of existing policies was not changed during the 2024-2025 year. During the fiscal year, the District implemented Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. We noted no transactions entered into by the 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 District's financial statements were:

Estimates have been used to calculate the net pension and net OPEB liabilities.

Estimates have been used in calculating the liability for employee compensated absences.

We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's determination of the estimated life span of the capital assets.

We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of right-of-use assets and right-of-use liabilities. Management's estimates include the determination of the lease term, including any reasonably certain renewal periods, and the determination of the appropriate discount rate to calculate the present value of lease payments. These estimates significantly affect the measurement of lease liabilities and right-of-use assets on the statement of financial position. We evaluated the key factors and assumptions used to develop the lease estimates used by management in determining that it is reasonable in relation to the financial statements taken as a whole.

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 30, 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 governmental unit'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 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.

Other Matters

We applied certain limited procedures to required supplementary information (RSI) which are required and supplement 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 other supplementary information, 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 Clintondale Community Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Lewis & Knopf, P.C.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Lewis & Knopf CPAs, PC