Black River Public School

Year Ended
June 30, 2026

Financial Statements and Supplementary Information

Rehmann

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BLACK RIVER PUBLIC SCHOOL

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INDEPENDENT AUDITORS' REPORT

September 17, 2026

Board of Trustees
Black River Public School
Holland, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of ***Black River Public School*** (the "School"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Implementation of GASB Statement No. 103

The School implemented the provisions of GASB Statement No. 103, *Financial Reporting Model Improvements,* in the current year. Our opinion is not modified with respect to this matter.

HLB We are an independent member of THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

2330 E. Paris Ave SE, Grand Rapids, MI 49546 616.975.4100

Responsibilities of Management for the Financial Statements

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

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

Independent Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 17, 2026, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



MANAGEMENT'S DISCUSSION AND ANALYSIS

BLACK RIVER PUBLIC SCHOOL

Management's Discussion and Analysis

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

If you have questions about this report or require further information, contact the Business Office, Black River Public School, 491 Columbia Avenue, Holland, MI 49423-4838.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements, including management's discussion and analysis, and combining fund financial statements.

Government-wide Financial Statements

The government-wide financial statements are full accrual basis statements that provide information about the School's overall financial status. They are used to help determine whether or not the School is better off, or worse off, as the result of the year's activities. The *Statement of Net Position* reports all of the School's assets and liabilities, both short-term and long-term, whether they are "currently available" or not. Capital assets and long-term obligations of the School are reported in this statement. All of the current year's revenues and expenses are accounted for in the *Statement of Activities,* regardless of when cash is received or paid.

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

- Over time, increases or decreases in net position are an indicator of whether the School's financial position is improving or deteriorating.
- To assess the School's overall health, you need to consider additional non-financial factors such as changes in the School's property tax base, the quality of the education provided, and the condition of the School's buildings.

In government-wide statements, the School's activities are classified as *governmental activities.* This includes all of the School's basic instruction and supporting services, such as regular and special education, community services, student/school activities, athletics, food services, and technology. Governmental activities primarily are financed by taxes paid by School residents and businesses and grants from the State of Michigan and the federal government.

Fund Financial Statements

The fund financial statements focus on individual parts of the School, while reporting the School's operations in more detail than the government-wide statements. The fund level statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

Management's Discussion and Analysis

Fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the School's major instructional and instructional support activities are reported in the general fund. Additional activities are reported in their relevant funds including: special revenue funds for food service and student/school activity, and a capital projects fund.

In fund financial statements, capital asset purchases are reported as expenditures in the year of acquisition, not as capital assets. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the financial statements. The School uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. The School presents a budgetary comparison schedule for the general fund. Required supplementary information can be found immediately after the notes to the financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on budgetary comparisons.

Financial Summary and Detailed Analysis

The net position of the School at June 30, 2026 was as follows:

	Net Position		Percentage
	2026	2025	Change
Assets			
Current and other assets	$ 5,186,568	$ 4,129,470	26%
Capital assets, net	10,505,734	10,937,651	-4%
Total assets	15,692,302	15,067,121	4%
Liabilities			
Long-term liabilities	2,552,158	2,889,318	-12%
Other liabilities	1,256,808	1,015,575	24%
Total liabilities	3,808,966	3,904,893	-2%
Net position			
Net investment in capital assets	8,024,794	8,048,333	0%
Restricted	138,277	114,139	21%
Unrestricted	3,720,265	2,999,756	24%
Total net position	$ 11,883,336	$ 11,162,228	6%

Management's Discussion and Analysis

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

The remaining net position, with the exception of the amount specifically restricted for memorial funds and food service operations, represents the unrestricted portion of the School net position.

Current and other assets increased by $1,057,098, primarily driven by the current year increase in fund balance for the general fund. Long-term liabilities decreased by $337,160, primarily due to the current year note payment.

The net position of the School increased by $721,108 during the 2026 fiscal year. The table below shows the breakdown of this change. The Statement of Activities, presented later in the government-wide financial statements, provides greater detail on the School's annual activity. The cost of the School's governmental activities for the year was $12,528,929. However, the amount that the School's taxpayers ultimately financed for these activities was $9,652,064. $469,166 of the cost was paid for by those who benefited from the programs, and $3,020,156 was paid for by other governments and organizations who subsidized certain programs with grants and contributions.

The table below presents the revenues and expenses for the current fiscal year compared to prior year for the School as a whole.

	Change in Net Position		Percentage
	2026	2025	Change
Revenues			
Program revenues:			
Charges for services	$ 469,166	$ 430,446	9%
Operating grants and contributions	3,020,156	2,651,592	14%
General revenues:			
Unrestricted school aid	9,652,064	9,562,209	1%
Other	108,651	83,790	30%
Total revenues	13,250,037	12,728,037	4%
Expenses			
Instruction	6,745,290	6,718,345	0%
Supporting services	4,591,282	4,248,908	8%
Athletics	241,984	294,499	-18%
Food services	402,010	495,592	-19%
Community services	(3,020)	1,170	-358%
Interest on long-term debt	81,721	93,909	-13%
Depreciation (unallocated)	469,662	527,043	-11%
Total expenses	12,528,929	12,379,466	1%
Change in net position	721,108	348,571	107%
Net position, beginning of year	11,162,228	10,813,657	3%
Net position, end of year	$ 11,883,336	$ 11,162,228	6%

Management's Discussion and Analysis

Operating grants and contributions increased from the prior year by $368,564, primarily due to several new state and federal grant sources, most significantly with the 27l educator compensation program with revenues of $139,115. Overall expenses remained consistent with the prior year, increasing $149,463.

Detailed Analysis of Governmental Funds

General Fund

The general fund is the chief operating fund of the School. At the end of the current fiscal year, unassigned fund balance of the general fund was $3,328,658 while the total fund balance was $3,543,159. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent 28.0% and 29.8%, respectively, of total general fund expenditures.

The fund balance of the School's general fund increased by $713,668 from the prior year. The improvement from the prior year increase of $79,147 was due to a combination of the new state and federal grants received, along with careful spending within current year budgetary limits.

Significant Capital Asset and Long-term Financing Activity

Capital Assets. As of June 30, 2026, the School had invested $10,505,734 in capital assets, net of depreciation. The decrease of $431,917 relates to depreciation expense exceeding current year capital asset additions. The following schedule presents capital asset balances, net of depreciation, as of the current and prior year ends. The major additions were a water heater replacement and classroom projectors.

	Capital Assets (Net of Depreciation/Amortization)	
	2026	2025
Land	$ 501,938	$ 501,938
Buildings and improvements	9,643,218	10,024,975
Machinery and equipment	266,666	295,043
Vehicles	93,912	115,695
Total capital assets, net	$ 10,505,734	$ 10,937,651

Additional information about the School's capital assets can be found in Note 6.

Long-term Financing. At June 30, 2026, the School had $2,480,940 in outstanding long-term financing. The following table summarizes long-term financing as of the current and prior year-end dates. During the current year, long-term financing liabilities decreased by $408,378 due to the scheduled principal payments on the note payable.

	Long-Term Financing	
	2026	2025
Note payable	$ 2,480,940	$ 2,889,318

Additional information about the School's long-term financing can be found in Note 7.

BLACK RIVER PUBLIC SCHOOL

Management's Discussion and Analysis

Currently Known Facts, Decisions or Conditions

Many factors were considered by the School's administration during the process of developing the fiscal year 2026-27 budget, which anticipates a decrease in fund balance of $161,717. The principal factor is increases in the step scale and overall rising costs.

The budget for the year that ends June 30, 2027 was adopted in June 2026. For the 2026-27 fiscal year, the foundation allowance increased to $10,300 per pupil. Fall enrollment counts will show actual pupil enrollments and state foundation and grant revenues for the 26/27 fiscal year.

Budgeted Student Count

The principal factor that generates operating revenues and expenses is the count of students enrolled and in attendance at the School on the fall count day in October and spring count day in February. The School's open enrollment closes on the last Wednesday in February at which time management plans for the size of each grade during the spring budgeting and strategic planning process.

Budgeted State School Aid, Foundation Grant

The state foundation grant revenue is determined by multiplying the blended student count by the per-pupil foundation allowance. Generally, the membership count is computed by adding 90 percent of the fall count to 10 percent of the spring count.

Requests for Information

The School's financial statements are designed to present a general overview of the School's finances for all those with an interest in the School's finances and to demonstrate the School's accountability for the money it receives. If you have questions about the report or need additional financial information, contact the School's business office at Black River Public School, 491 Columbia Avenue, Holland, MI 49423-4838.

BASIC FINANCIAL STATEMENTS

BLACK RIVER PUBLIC SCHOOL

Statement of Net Position

June 30, 2026

	Governmental Activities
Assets	
Cash and cash equivalents	$ 3,033,934
Receivables, net	2,152,634
Capital assets:	
Not being depreciated	501,938
Being depreciated, net	10,003,796
Total assets	15,692,302
Liabilities	
Accounts payable and accrued liabilities	898,410
Unearned revenue	358,398
Note and other long-term liabilities:	
Due within one year	492,150
Due in more than one year	2,060,008
Total liabilities	3,808,966
Net position	
Net investment in capital assets	8,024,794
Restricted for memorial funds	52,784
Restricted for food service	85,493
Unrestricted	3,720,265
Total net position	$ 11,883,336

The accompanying notes are an integral part of these basic financial statements.

BLACK RIVER PUBLIC SCHOOL

Statement of Activities

For the Year Ended June 30, 2026

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues
Governmental activities				
Instruction	$ 6,745,290	$ 168,065	$ 2,580,202	$ (3,997,023)
Supporting services	4,591,282	-	314,836	(4,276,446)
Athletics	241,984	-	-	(241,984)
Food services	402,010	298,699	125,118	21,807
Community services	(3,020)	2,402	-	5,422
Interest on long-term debt	81,721	-	-	(81,721)
Depreciation (unallocated)	469,662	-	-	(469,662)
Total governmental activities	$ 12,528,929	$ 469,166	$ 3,020,156	(9,039,607)
General revenues				
School aid, unrestricted				9,652,064
Contributions from private sources, unrestricted				6,917
Miscellaneous general revenues				57,212
Unrestricted investment earnings				44,522
Total general revenues				9,760,715
Change in net position				721,108
Net position, beginning of year				11,162,228
Net position, end of year				$ 11,883,336

The accompanying notes are an integral part of these basic financial statements.

BLACK RIVER PUBLIC SCHOOL

Balance Sheet

Governmental Funds
June 30, 2026

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	$ 2,683,961	$ 349,973	$ 3,033,934
Due from other governments	2,100,071	52,563	2,152,634
Total assets	$ 4,784,032	$ 402,536	$ 5,186,568
Liabilities			
Accounts payable	$ 1,446	$ 7,835	$ 9,281
Due to other governments	52,448	-	52,448
Accrued contracted staffing costs	835,239	-	835,239
Unearned revenue	351,740	6,658	358,398
Total liabilities	1,240,873	14,493	1,255,366
Fund balances			
Restricted	52,784	85,493	138,277
Committed	-	289,406	289,406
Assigned	161,717	13,144	174,861
Unassigned	3,328,658	-	3,328,658
Total fund balances	3,543,159	388,043	3,931,202
Total liabilities and fund balances	$ 4,784,032	$ 402,536	$ 5,186,568

The accompanying notes are an integral part of these basic financial statements.

BLACK RIVER PUBLIC SCHOOL

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2026

Fund balances - total governmental funds	$ 3,931,202
Amounts reported for *governmental activities* in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	
Capital assets not being depreciated	501,938
Capital assets being depreciated, net	10,003,796
Certain liabilities, such as notes payable, are not due and payable in the current period and therefore are not reported in the funds.	
Note payable	(2,480,940)
Compensated absences	(71,218)
Accrued interest	(1,442)
Net position of governmental activities	$ 11,883,336

The accompanying notes are an integral part of these basic financial statements.

BLACK RIVER PUBLIC SCHOOL

Statement of Revenues, Expenditures and Change in Fund Balances

Governmental Funds
For the Year Ended June 30, 2026

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Local sources	$ 1,493,221	$ 247,354	$ 1,740,575
Intermediate sources	44,120	-	44,120
State sources	10,640,440	296,496	10,936,936
Federal sources	403,288	125,118	528,406
Total revenues	12,581,069	668,968	13,250,037
Expenditures			
Instruction	6,727,072	-	6,727,072
Supporting services	4,440,520	218,999	4,659,519
Athletics	241,984	-	241,984
Food services	-	402,010	402,010
Community services	(3,020)	-	(3,020)
Debt service:			
Principal	408,378	-	408,378
Interest and fiscal charges	81,959	-	81,959
Total expenditures	11,896,893	621,009	12,517,902
Revenues over expenditures	684,176	47,959	732,135
Other financing sources			
Insurance recoveries	29,492	-	29,492
Net change in fund balances	713,668	47,959	761,627
Fund balances, beginning of year	2,829,491	340,084	3,169,575
Fund balances, end of year	$ 3,543,159	$ 388,043	$ 3,931,202

The accompanying notes are an integral part of these basic financial statements.

BLACK RIVER PUBLIC SCHOOL

Reconciliation

Net Change in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2026

Net change in fund balances - total governmental funds	$	761,627
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 and reported as depreciation expense.		
Capital assets purchased/constructed		38,745
Depreciation expense		(469,662)
Loss on disposal of capital assets		(1,000)
Debt proceeds provide current financial resources to governmental funds in the period issued, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but a reduction in long-term liabilities on the statement of net position.		
Principal payments on note payable		408,378
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 funds.		
Change in compensated absences		(17,218)
Change in accrued interest		238
Change in net position of governmental activities	$	721,108

The accompanying notes are an integral part of these basic financial statements.

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NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Black River Public School, Holland, Michigan, is a not-for-profit Michigan public school academy, which provides education to children in grades K-12 from the surrounding community. Black River Public School operates under a charter approved by the Board of Trustees of Grand Valley State University, which is responsible for oversight of the School's operations.

The School is governed by a nine-member Board of Trustees. Effective January 1, 2017, the School approved a contract with a third-party management company under the name of Black Pearl Educational Services, LLC for human resource services.

The Reporting Entity

As required by generally accepted accounting principles, these financial statements present the reporting entity of Black River Public School. The criteria identified in GAAP, including financial accountability, have been utilized when identifying the School reporting entity which includes no component units.

Government-wide and Fund 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 primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support. The School had no business-type activities during the year ended June 30, 2026.

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

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements (reporting the School as a whole) are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. State school aid is recognized as revenue in the fiscal year of the school year for which it is apportioned. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Notes to Financial Statements

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

State school aid, expenditure-driven grant revenue, pledge revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School.

Governmental Funds

Governmental funds are those funds through which most school district functions are typically financed. The acquisition, use and balances of the School's expendable financial resources and the related current liabilities are accounted for through governmental funds. The School reports the following major governmental fund:

The *general fund* is the School's primary operating fund and is used to record the general operations of the School pertaining to education. It accounts for all financial resources not accounted for and reported in another fund.

Additionally, the School reports the following fund types:

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The School maintains two special revenue funds to account for 1) food service operations and 2) student/school activities.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all unrestricted state aid, unrestricted grants and interest income.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first, then unrestricted resources as they are needed.

Notes to Financial Statements

The effect of interfund activity has been eliminated from the government-wide financial statements.

Assets, Liabilities and Equity

Deposits and Investments

The School considers cash on hand, demand deposits and short-term investments with an original maturity of three months or less when purchased to be cash and cash equivalents.

Receivables

The School follows the practice of recording as receivables revenues that have been earned but not yet received. Receivables consists primarily of amounts due from other governments, namely the State of Michigan for school aid.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	7-50
Machinery and equipment	10-20
Vehicles	5-8

Accrued Contracted Staffing Costs

A liability is recorded at June 30 for amounts owed to the School's contracted staffing company, for those amounts owed by the staffing company to teachers and other staff members who do not work during the summer but are contracted to have their salaries paid over a twelve-month period. This has the effect of properly charging these contracted staffing costs to expenditures in the fiscal year in which the services are received, even though they are not paid until July and August of the following fiscal year.

Notes to Financial Statements

The School has also recorded accrued contracted staffing costs for amounts to be reimbursed to the staffing company after June 30, 2026, for the post-year-end cost to the staffing company of funding FICA, compensated absences costs (i.e., earned but unused paid time off), as well as retirement plan funding, related to the services of School staff during the school year and fiscal year ended June 30, 2026.

Unearned Revenue

Unearned revenue is comprised of amounts received prior to the delivery of goods/service or expenditure on allowable costs.

Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. Where applicable, premiums and discounts are capitalized and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize debt premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Compensated Absences

The School recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, two types of leave qualify for liability recognition for compensated absences — vacation and sick pay. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for compensated absences includes salary related benefits, where applicable.

Foundation Revenue

The State of Michigan adopted a foundation grant approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation is funded from state sources. Revenues from state sources are primarily governed by Michigan's State School Aid Act (Public Act 94 of 1979, as amended) and the Revised School Code (Public Act 451 of 1976, as amended). The Michigan Department of Education administers the allocation of state funds to public schools based on information supplied by the schools.

Notes to Financial Statements

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. As a public school academy, the School is not eligible to receive any portion of local non-homestead property taxes. The State revenue is recognized during the foundation period (currently the fiscal year).

Fund Balance/Net Position

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Trustees. A formal resolution of the Board of Trustees is required to establish, modify, or rescind a fund balance commitment. The School reports assigned fund balance for amounts that are constrained by the School's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Trustees is permitted to assign fund balance and this authority has not been delegated. Unassigned fund balance is the residual classification for the general fund.

When the School incurs an expenditure for purposes for which various fund balance classifications can be used, it is the School's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Restricted net position represents amounts which are legally restricted by outside parties or enabling legislation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Change in Accounting Principle

During the current year, the School implemented GASB Statement No. 103, *Financial Reporting Model Improvements.* GASB 103 introduces targeted enhancements to the financial reporting model to improve clarity, relevance, and decision-usefulness of governmental financial statements. As part of the implementation, MD&A content is now streamlined to focus on prescribed sections with clearer analytical explanations and reduced duplication. Additionally, budgetary comparison information is no longer included within MD&A and is presented separately as Required Supplementary Information. The School has updated reporting processes and presentation formats to comply with these requirements. Adoption of GASB 103 did not result in a restatement of prior period balances.

Notes to Financial Statements

2. STATE OF MICHIGAN SCHOOL AID

The School reports State of Michigan school aid in the fiscal year in which the School is entitled to the revenue as provided by appropriations from the State legislature pursuant to the State School Aid Act. State funding provided 85% of general fund revenue to the School during the 2026 fiscal year.

3. BUDGETARY COMPLIANCE

During the year ended June 30, 2026, the School did not incur any expenditures in budgetary funds which were in excess of the amounts appropriated.

4. CASH AND INVESTMENTS

The captions on the financial statements relating to cash and investments are as follows:

	Governmental Activities
Cash and cash equivalents	$ 3,033,934

Cash and investments are comprised of the following at year-end:

Checking and savings accounts	$ 3,033,934

Statutory Authority

Michigan law authorizes the School to deposit and invest in:

a. Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills or notes shall be payable at the option of the holder upon not more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase dates.

b. Certificates of deposits issued by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.

c. Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.

d. Securities issued or guaranteed by agencies or instrumentalities of the United States, United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.

e. Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.

f. Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

The School's investment policy allows for all of these types of investments.

Deposits are in several financial institutions located in Michigan. State policy limits the School's investing options to financial institutions located in Michigan. All accounts are in the name of the School and a specific fund.

Deposit Risk

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned. The School has not adopted and state law does not require a policy for deposit custodial credit risk. As of year-end, $2,975,665 of the School's bank balance of $3,447,663 was exposed to custodial credit risk because it was uninsured and uncollateralized.

5. RECEIVABLES AND PAYABLES

Receivables in the government-wide financial statements at year-end are as follows:

	Governmental Activities
Due from other governments	$ 2,152,634

Accounts payable and accrued liabilities in the government-wide financial statements at year-end are as follows:

	Governmental Activities
Accounts payable	$ 9,281
Due to other governments	52,448
Accrued contracted staffing costs	835,239
Interest payable on note payable	1,442
Totals	$ 898,410

Notes to Financial Statements

6. CAPITAL ASSETS

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

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated:					
Land	$ 501,938	$ -	$ -	$ -	$ 501,938
Capital assets, being depreciated:					
Buildings and improvements	19,168,645	25,785	-	-	19,194,430
Machinery and equipment	715,682	12,960	-	-	728,642
Vehicles	292,991	-	(35,250)	-	257,741
	20,177,318	38,745	(35,250)	-	20,180,813
Less accumulated depreciation for:					
Buildings and improvements improvements	(9,143,670)	(407,542)	-	-	(9,551,212)
Machinery and equipment	(420,639)	(41,337)	-	-	(461,976)
Vehicles	(177,296)	(20,783)	34,250	-	(163,829)
	(9,741,605)	(469,662)	34,250	-	(10,177,017)
Total capital assets being depreciated, net	10,435,713	(430,917)	(1,000)	-	10,003,796
Governmental activities capital assets, net	$ 10,937,651	$ (430,917)	$ (1,000)	$ -	$ 10,505,734

Depreciation expense of $469,662 is reported as unallocated in the statement of activities.

Notes to Financial Statements

7. NOTE AND OTHER LONG-TERM LIABILITIES

The following is a summary of note and other long-term liability of the School for the year ended June 30, 2026:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Direct borrowings and direct placements:					
Note payable	$ 2,889,318	$ -	$ (408,378)	$ 2,480,940	$ 420,932
Compensated absences	54,000	17,218	-	71,218	71,218
Total	$ 2,943,318	$ 17,218	$ (408,378)	$ 2,552,158	$ 492,150

The change in compensated absences above is a net change for the year.

	Ending Balance	Due Within One Year
Note payable		
$4,225,000 2022 note payable due in monthly installments of $40,861, including interest at 2.99%, maturing in December 2031. The note is collateralized by a first real estate mortgage and assignment of rents on certain properties as described in the note agreement.	$ 2,480,940	$ 420,932

Following is a summary of future principal maturities and interest requirements:

Year Ended June 30	Principal	Interest
2027	$ 420,932	$ 69,406
2028	433,723	56,634
2029	447,204	43,133
2030	460,952	29,386
2031	475,121	15,217
2032	243,008	2,161
	$ 2,480,940	$ 215,937

8. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Notes to Financial Statements

The School carries commercial insurance for all the above mentioned types of risks of loss including general liability, property damage, workers' compensation, and medical benefits provided to employees. Settled claims have not exceeded the commercial coverage in any of the three prior years.

9. CONTINGENCIES

Federal Grant Programs

The School participates in federally-assisted grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School does not expect such amounts, if any, to be material.

10. CHARTER AGENCY OVERSIGHT FEES

Pursuant to the charter contract between Grand Valley State University (the "Authorizer") and the School, the School pays the Authorizer an administrative oversight fee equal to 3% of the State School Aid foundation grant received by the School. For the year ended June 30, 2026, such fees amounted to $288,334.

11. FUND BALANCES - GOVERNMENTAL FUNDS

The School classifies fund balances based primarily on the extent to which it is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	General Fund	Nonmajor Governmental Funds	Total
Restricted			
Memorial funds	$ 52,784	$ -	$ 52,784
Food service program	-	85,493	85,493
	52,784	85,493	138,277
Committed			
Student/school activities	-	289,406	289,406
Assigned			
Capital improvements	-	13,144	13,144
Subsequent year budgeted use of fund balance	161,717	-	161,717
	161,717	13,144	174,861
Unassigned	3,328,658	-	3,328,658
Total fund balances - governmental funds	$ 3,543,159	$ 388,043	$ 3,931,202

Notes to Financial Statements

12. NET INVESTMENT IN CAPITAL ASSETS

The composition of the net investment in capital assets as of June 30, 2026, was as follows:

	Governmental Activities
Capital assets:	
Capital assets not being depreciated	$ 501,938
Capital assets being depreciated, net	10,003,796
	10,505,734
Related debt:	
Note payable	2,480,940
Net investment in capital assets	$ 8,024,794

REQUIRED SUPPLEMENTARY INFORMATION

BLACK RIVER PUBLIC SCHOOL

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget	Actual	Variance with Final Budget
Revenues					
Local sources	$ 1,213,187	$ 1,450,688	$ 237,501	$ 1,493,221	$ 42,533
Intermediate sources	16,000	43,920	27,920	44,120	200
State sources	10,300,500	10,634,243	333,743	10,640,440	6,197
Federal sources	389,154	413,144	23,990	403,288	(9,856)
Total revenues	11,918,841	12,541,995	623,154	12,581,069	39,074
Expenditures					
Instruction:					
Elementary	2,008,575	2,056,647	48,072	2,007,257	(49,390)
Middle School	1,459,105	1,446,622	(12,483)	1,395,031	(51,591)
High School	2,118,260	2,004,972	(113,288)	1,982,446	(22,526)
Special education	938,422	911,075	(27,347)	890,419	(20,656)
Compensatory education	496,027	497,100	1,073	451,919	(45,181)
Total instruction	7,020,389	6,916,415	(103,974)	6,727,072	(189,343)
Supporting services:					
Pupil services	887,165	1,079,046	191,881	1,002,208	(76,838)
Instructional staff	182,850	229,905	47,055	227,127	(2,778)
Charter agency oversight	289,500	295,000	5,500	288,334	(6,666)
General administration	357,050	356,800	(250)	322,137	(34,663)
School administration	1,011,230	1,086,130	74,900	1,055,311	(30,819)
Support services business	313,875	327,475	13,600	307,453	(20,022)
Operation and maintenance	1,028,850	1,087,648	58,798	973,094	(114,554)
Pupil transportation services	89,100	96,450	7,350	75,829	(20,621)
Technology	242,325	231,090	(11,235)	189,027	(42,063)
Total supporting services	4,401,945	4,789,544	387,599	4,440,520	(349,024)
Athletics	273,195	284,095	10,900	241,984	(42,111)
Community services	11,675	-	(11,675)	(3,020)	(3,020)
Debt service:					
Principal	398,127	408,500	10,373	408,378	(122)
Interest and fiscal charges	95,210	82,000	(13,210)	81,959	(41)
Total debt service	493,337	490,500	(2,837)	490,337	(163)
Capital outlay	1,300	-	(1,300)	-	-
Total expenditures	12,201,841	12,480,554	278,713	11,896,893	(583,661)
Revenues over (under) expenditures	(283,000)	61,440	344,440	684,176	622,736

continued...

BLACK RIVER PUBLIC SCHOOL

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget	Actual	Variance with Final Budget
Other financing sources (uses)					
Insurance recoveries	$ 1,000	$ 29,492	$ 28,492	$ 29,492	$ -
Transfers out	(2,000)	(2,000)	-	-	(2,000)
Total other financing sources (uses)	(1,000)	27,492	28,492	29,492	(2,000)
Net change in fund balances	(284,000)	88,932	372,932	713,668	624,736
Fund balances, beginning of year	2,829,491	2,829,491	-	2,829,491	-
Fund balances, end of year	$ 2,545,491	$ 2,918,423	$ 372,932	$ 3,543,159	$ 624,736

concluded

See notes to required supplementary information

BLACK RIVER PUBLIC SCHOOL

Notes to Required Supplementary Information

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for general and special revenue funds as required by the State of Michigan Uniform Budgeting and Accounting Act, as amended by Public Act 621 of 1978 ("Public Act 621"). The School follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30, the Business Manager submits to the Board a proposed operating budget for the fiscal year commencing the following July 1.

2. A public hearing is conducted to obtain public comments.

3. The budget is legally enacted through passage of a resolution.

4. Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds.

5. Adoption and amendments of all budgets used by the School are governed by Public Act 621, which was followed for the year ended June 30, 2026. Expenditures may not exceed appropriations at the function code level. The appropriations resolutions are based on the projected expenditures budget developed by the Business Manager. Any revisions that alter the total expenditures of any fund must be approved by the School Board of Trustees.

Excess of Expenditures over Appropriations in Budgetary Funds

During the year ended June 30, 2026, the School did not incur any expenditures in budgetary funds which were in excess of the amounts appropriated.

BLACK RIVER PUBLIC SCHOOL

Notes to Required Supplementary Information

General Fund Budgetary Highlights

	Amount
Budgetary revenues	
Variances - original budget to final budget:	
Local sources	$ 237,501
Revenues in local sources changed because of the following developments during the fiscal year: earned interest increased $20,000, overall athletic ticket sales and a successful RatRace increased $23,000, student activity fees increased $15,000, Talent Together grant added $38,000, and OAISD millage increased $148,900.	
State sources	333,743
Revenues from state sources increased because of grants, specifically 27l in the amount of $139,115, and special education 51c in the amount of $385,569.	
Variances - final budget to actual:	
There were no significant variances from final budget to actual	
Budgetary expenditures	
Variances - original budget to final budget:	
High School	(113,288)
High School expenditures decreased in staff instruction costs by $111,250, and decreased in retirement/workers comp expenditures by $48,100.	
Pupil services	191,881
Psychological, speech, and social work expenditures were consolidated to correct function codes and removed from instructional funds.	
Variances - final budget to actual:	
Pupil services	(76,838)
Utilized 31aa funds to cover costs for new school counselor.	
Operation and maintenance	(114,554)
Operation and maintenance is expected to carry emergency funds. Projects planned for 25/26 were moved to 26/27.	
Budgetary other financing sources (uses)	
Variances - original budget to final budget:	
There were no significant variances from original to final budget	
Variances - final budget to actual:	
There were no significant variances from final budget to actual	

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COMBINING FUND
FINANCIAL STATEMENTS

BLACK RIVER PUBLIC SCHOOL

Combining Balance Sheet

Nonmajor Governmental Funds
June 30, 2026

	Special Revenue			
	Food Service	Student/School Activity	Capital Projects	Total
Assets				
Cash and cash equivalents	$ 47,423	$ 289,406	$ 13,144	$ 349,973
Due from other governments	52,563	-	-	52,563
Total assets	$ 99,986	$ 289,406	$ 13,144	$ 402,536
Liabilities				
Accounts payable	$ 7,835	$ -	-	$ 7,835
Unearned revenue	6,658	-	-	6,658
Total liabilities	14,493	-	-	14,493
Fund balances				
Restricted	85,493	-	-	85,493
Committed	-	289,406	-	289,406
Assigned	-	-	13,144	13,144
Total fund balances	85,493	289,406	13,144	388,043
Total liabilities and fund balances	$ 99,986	$ 289,406	$ 13,144	$ 402,536

BLACK RIVER PUBLIC SCHOOL

Combining Statement of Revenues, Expenditures and Change in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2026

	Special Revenue			
	Food Service	Student/School Activity	Capital Projects	Total
Revenues				
Local sources	$ 2,452	$ 244,902	$ -	$ 247,354
State sources	296,496	-	-	296,496
Federal sources	125,118	-	-	125,118
Total revenues	424,066	244,902	-	668,968
Expenditures				
Supporting services	-	218,999	-	218,999
Food services	402,010	-	-	402,010
Total expenditures	402,010	218,999	-	621,009
Net change in fund balances	22,056	25,903	-	47,959
Fund balances, beginning of year	63,437	263,503	13,144	340,084
Fund balances, end of year	$ 85,493	$ 289,406	$ 13,144	$ 388,043

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Rehmann

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

September 17, 2026

Board of Trustees
Black River Public School
Holland, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of ***Black River Public School*** (the "School"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated September 17, 2026.

Report on Internal Control Over Financial Reporting

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

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

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2330 E. Paris Ave SE, Grand Rapids, MI 49546 616.975.4100

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

