Coloma Community Schools

Financial Statements

June 30, 2026



YEO & YEO

BUSINESS SUCCESS PARTNERS

Table of Contents

Section		Page
1	**Members of the Board of Education and Administration**	1 - 1
2	**Independent Auditors' Report**	2 - 1
3	**Management's Discussion and Analysis**	3 - 1
4	**Basic Financial Statements**	
	District-wide Financial Statements	
	Statement of Net Position	4 - 1
	Statement of Activities	4 - 3
	Fund Financial Statements	
	Governmental Funds	
	Balance Sheet	4 - 4
	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4 - 6
	Statement of Revenues, Expenditures and Changes in Fund Balances	4 - 7
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 - 8
	Notes to the Financial Statements	4 - 9
5	**Required Supplementary Information**	
	Budgetary Comparison Schedule - General Fund	5 - 1
	Schedule of the School District's Proportionate Share of the Net Pension Liability	5 - 2
	Schedule of the School District's Pension Contributions	5 - 3
	Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)	5 - 4
	Schedule of the School District's OPEB Contributions	5 - 5
	Notes to the Required Supplementary Information	5 - 6

Section		Page
6	**Other Supplementary Information**	
	Nonmajor Governmental Funds	
	Combining Balance Sheet	6 - 1
	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	6 - 2
	Schedule of Outstanding Bonded Indebtedness	6 - 3

Coloma Community Schools
Members of the Board of Education and Administration
June 30, 2026

Members of the Board of Education

Heidi Ishmael – President

Tandy Ulleg – Vice president

Steve Groendyk – Treasurer

Nicole Hickmon – Secretary

Doug Kraemer – Trustee

William Stowers – Trustee

Gordie Cartwright – Trustee

Administration

David Ehlers – Superintendent

Sara Ashley – Director of Business Services

Independent Auditors' Report

Management and the Board of Education
Coloma Community Schools
Coloma, Michigan

Report on the Audit of the Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coloma Community Schools, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Coloma Community Schools' basic financial statements as listed in the table of contents.

In our opinion, based on our audit, 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 Coloma Community Schools, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

Adoption of New Accounting Standard
As discussed in Note 1 to the financial statements, during the year ended June 30, 2026, Coloma Community Schools adopted new accounting guidance, GASB Statement No. 103, *Financial Reporting Model Improvements*. 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 Coloma 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.

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 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 Coloma 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 Coloma 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, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability (asset), schedule of the school district's OPEB contributions, and notes to the required supplementary information 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.

Other Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Coloma Community Schools' basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis

and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information, as identified in the table of contents, 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 other supplementary information, as identified in the table of contents, 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 August 21, 2026 on our consideration of Coloma 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 Coloma 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 Coloma Community Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

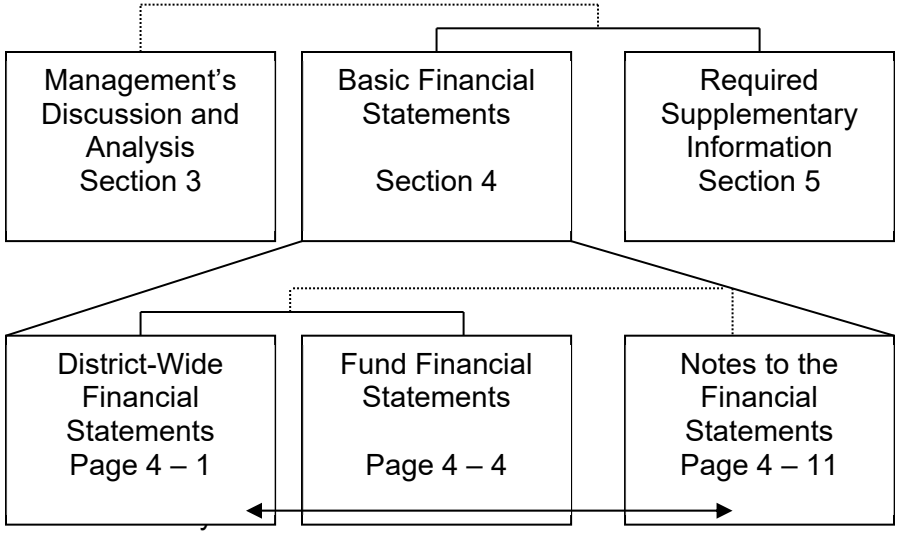
Kalamazoo, Michigan
August 21, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Coloma Community Schools is a K-12 public school district located in Berrien County, Michigan.

This financial report is presented in the format required by the Governmental Accounting Standards Board (GASB). The overall organization of this report is shown in Figure A-1.

Figure A-1
Coloma Community Schools
Organization of Annual Financial Report



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

Using this Annual Report

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

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

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the School District's net position - the difference between assets and liabilities, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many

other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District. The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

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

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

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

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2026 and 2025:

Table 1	Governmental Activities	
	June 30	
	2026	2025
Assets		
Current and other assets	$ 11,970,474	$ 11,107,254
Capital assets	25,372,320	26,135,925
Net OPEB Asset	3,848,305	2,850,676
Deferred outflows of resources	4,463,171	5,556,266
Totals assets	45,654,270	45,650,121
Liabilities		
Current liabilities	2,521,208	2,563,991
Noncurrent liabilities	25,808,591	30,857,425
Deferred inflows of resources	9,774,123	10,639,298
Total liabilities	38,103,922	44,060,714
Net Position		
Net investment in capital assets	13,239,988	12,567,813
Restricted	7,829,277	6,187,497
Unrestricted	(13,518,917)	(17,165,903)
Total net position	$ 7,550,348	$ 1,589,407

The analysis focuses on the net position (see Table 1). The change in net position (see Table 2) of the School District's governmental activities is discussed below. The School District's net position was $7,550,348 at June 30, 2026. Net investment in capital assets totaling $13,239,988 compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. The restricted portion of net position was $7,829,277 and is unavailable for general operations of the district. The remaining amount of net position of ($13,518,917) was unrestricted.

The ($13,518,917) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position represents the accumulated working capital and cash flow requirements of the School District as well as demonstrates the significant financial challenges that lie ahead. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year. In addition, as required by GASB 68 and 75 the school district's proportionate share of the net pension liability and net OPEB asset is included in non-current liabilities.

The results of this year's operations for the School District as a whole are reported in the statement of activities (Table 2), which shows the changes in net position for fiscal years ended June 30, 2026 and 2025.

Table 2	Governmental Activities	
	June 30	
	2026	2025
	(in millions)	
Revenue		
Program revenue:		
Charges for services	$ 118,535	$ 102,942
Operating grants and contributions	7,660,936	7,957,261
General Revenue:		
Property taxes	6,742,624	6,361,438
State foundation allowance	6,581,771	6,596,253
Interest and investment earnings	25,576	22,951
Other	17,918	298,908
Total revenue	21,147,360	21,339,753
Functions/Program Expenses		
Instruction	7,780,645	7,547,536
Support services	5,968,489	5,984,014
Food services	1,219,240	1,448,257
Community services	37,110	31,825
Interest on long-term debt	180,935	223,898
Total functions/program expenses	15,186,419	15,235,530
Change in Net Position	5,960,941	6,104,223
Net Position – Beginning of year	1,589,407	(4,176,335)
Change in accounting principle (GASB 101)		(338,481)
Net Position – End of year	$ 7,550,348	$ 1,589,407

As reported in the statement of activities, the cost of all of our governmental activities this year was $15,186,419. Certain activities were partially funded from those who benefited from the programs ($118,535) or by other governments and organizations that subsidized certain programs with grants and contributions ($7,660,936). We paid for the remaining "public benefit" portion of our governmental activities with $6,742,624 in taxes, $6,581,771 in state foundation allowance, and with our other revenues of $43,494, i.e., interest and general entitlements, totaling $21,147,360.

The School District experienced an increase in net position of $5,960,941. The main components of this increase are as follows: 1) approximately a $4.2 million increase in net position related to changes in the net pension and OPEB liabilities and related deferred inflows and outflows; 2) approximately $750,000 decline in capital asset activity (depreciation expense less capital additions); 3) increase from debt activity of $1.6 million, and 4) individual fund statement increase (discussed later) of $900,000 .

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

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of $9,520,433 which is an increase of $896,670 from last year. The primary reasons for the increase are as follows:

General Fund increase of approximately $286K – this is consistent with the prior year's results.

Debt Service fund increased approximately $267K, $103K of the increase is the 2014 QZAB set aside and the remining increase was adjusted property tax values for the 2012 Bond collection.

Sinking Fund increase of approximately $48K, due to less repairs needed throughout the year and property tax value increase for tax levy collection.

Food Service Fund increase of approximately $300K due to no capital projects occurring throughout the year as they did in years past.

The General Fund fund balance is available to fund costs related to allowable school operating purposes.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2026, the School District had $25,372,320 invested in a broad range of capital assets, including land, buildings, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately $763,605 or approximately a 2.92% percent increase, from last year.

	2026	2025
Land	$ 93,406	$ 93,406
Construction in progress	66,462	-
Buildings and building improvements	39,800,346	39,881,138
Furniture and equipment	3,475,186	3,243,942
Buses	1,039,801	1,036,801
Vehicles other than buses	242,761	226,952
Total capital assets	44,717,962	44,482,239
Less accumulated depreciation	(19,345,642)	(18,346,314)
Net capital assets	$ 25,372,320	$ 26,135,925

We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had $12,194,400 in bonds outstanding versus $13,636,922 in the previous year – a decrease of $1,442,522 which is the 2012 bond principal payments and premium amortization during the fiscal year. Those bonds consisted of the following:

	2026	2025
Notes and bonds payable	$ 12,194,400	$ 13,636,922

Other obligations include compensated absence, and leases. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2026-2027 fiscal year budget. One of the most important factors affecting the budget is our state aide per pupil revenues. An important factor in our budget is our projected student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2026 fiscal year is 10 percent and 90 percent of the February 2027 and October 2026 student counts, respectively. The 2026-2027 budget was adopted in June 2026, based on an estimate of students that will be enrolled in September 2026 and a per pupil increase in state funding of $250/pupil. Under State law, the School District cannot assess additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2026-2027 school year, we anticipate that the Fall student count will be slightly down and/or flat when compared with our estimates used in creating the 2026-2027 budget.

Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts.

Contacting the District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the Business Office at 269-468-2424.

BASIC FINANCIAL STATEMENTS

Coloma Community Schools
Statement of Net Position
June 30, 2026

	Governmental Activities
Assets	
Cash	$ 9,536,607
Accounts receivable	294,586
Due from other governmental units	1,921,075
Inventory	19,427
Investments	33,746
Prepaid items	165,033
Capital assets not being depreciated	159,868
Capital assets - net of accumulated depreciation	25,212,452
Net OPEB asset	3,848,305
Total assets	41,191,099
Deferred Outflows of Resources	
Deferred amount on debt refunding	116,119
Deferred amount relating to the net pension liability	3,667,574
Deferred amount relating to the net OPEB asset	679,478
Total deferred outflows of resources	4,463,171

See Accompanying Notes to the Financial Statements

Coloma Community Schools
Statement of Net Position
June 30, 2026

	Governmental Activities
Liabilities	
Accounts payable	190,541
Accrued expenditures	631,463
Accrued salaries payable	794,721
Unearned revenue	904,483
Long-term liabilities	
Net pension liability	13,163,758
Due within one year	1,240,600
Due in more than one year	11,404,233
Total liabilities	28,329,799
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	6,343,634
Deferred amount relating to the net OPEB asset	3,430,489
Total deferred inflows of resources	9,774,123
Net Position	
Net investment in capital assets	13,239,988
Restricted for:	
Food service	767,443
Debt service	1,936,802
Capital projects	1,276,727
Net OPEB asset	3,848,305
Unrestricted (deficit)	(13,518,917)
Total net position	$ 7,550,348

See Accompanying Notes to the Financial Statements

Coloma Community Schools
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 (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 7,780,645	$ 2,150	$ 3,878,478	$ (3,900,017)
Supporting services	5,968,489	43,927	2,038,134	(3,886,428)
Food services	1,219,240	64,055	1,707,214	552,029
Community services	37,110	8,403	37,110	8,403
Interest and fiscal charges on long-term debt	180,935	-	-	(180,935)
Total governmental activities	$ 15,186,419	$ 118,535	$ 7,660,936	(7,406,948)
General revenues				
Property taxes, levied for general purposes				4,602,984
Property taxes, levied for debt service				1,484,005
Property taxes, levied for sinking fund				655,635
State aid - unrestricted				6,581,771
Interest and investment earnings				25,576
Other				17,918
Total general revenues				13,367,889
Change in net position				5,960,941
Net position - beginning				1,589,407
Net position - ending				$ 7,550,348

See Accompanying Notes to the Financial Statements

Coloma Community Schools
Governmental Funds
Balance Sheet
June 30, 2026

	General Fund	Debt Service Fund	Capital Project Fund Sinking Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash	$ 4,798,716	$ 2,007,969	$ 1,332,089	$ 1,397,833	$ 9,536,607
Accounts receivable	193,714	-	-	100,872	294,586
Due from other governmental units	1,921,075	-	-	-	1,921,075
Inventory	-	-	-	19,427	19,427
Investments	33,746	-	-	-	33,746
Prepaid items	165,033	-	-	-	165,033
Total assets	$ 7,112,284	$ 2,007,969	$ 1,332,089	$ 1,518,132	$ 11,970,474
Liabilities					
Accounts payable	$ 39,482	$ -	$ 55,362	$ 95,697	$ 190,541
Accrued expenditures	560,100	-	-	196	560,296
Accrued salaries payable	794,200	-	-	521	794,721
Unearned revenue	903,347	-	-	1,136	904,483
Total liabilities	2,297,129	-	55,362	97,550	2,450,041

See Accompanying Notes to the Financial Statements

Coloma Community Schools
Governmental Funds
Balance Sheet
June 30, 2026

	General Fund	Debt Service Fund	Capital Project Fund Sinking Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances					
Non-spendable					
Inventory	-	-	-	19,427	19,427
Prepaid items	165,033	-	-	-	165,033
Restricted for					
Food service	-	-	-	748,016	748,016
Debt service	-	2,007,969	-	-	2,007,969
Capital projects	-	-	1,276,727	-	1,276,727
Committed for student activities	-	-	-	208,891	208,891
Assigned					
2026-2027 budget appropriations	210,585	-	-	-	210,585
Annual QZAB transfers	212,555	-	-	-	212,555
Capital projects	-	-	-	444,248	444,248
Unassigned	4,226,982	-	-	-	4,226,982
Total fund balances	4,815,155	2,007,969	1,276,727	1,420,582	9,520,433
Total liabilities and fund balances	$ 7,112,284	$ 2,007,969	$ 1,332,089	$ 1,518,132	$ 11,970,474

See Accompanying Notes to the Financial Statements

Coloma Community Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2026

Total fund balances for governmental funds	$ 9,520,433
Total net position for governmental activities in the statement of net position is 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	159,868
Capital assets - net of accumulated depreciation	25,212,452
Net OPEB asset is not recorded as an asset in the governmental funds	3,848,305
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	116,119
Deferred outflows of resources resulting from the net pension liability	3,667,574
Deferred outflows of resources resulting from the net OPEB asset	679,478
Deferred inflows of resources resulting from the net pension liability	(6,343,634)
Deferred inflows of resources resulting from the net OPEB asset	(3,430,489)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(71,167)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(13,163,758)
Compensated absences	(396,382)
Bonds payable	(12,194,400)
Other loans payable and liabilities	(54,051)
Net position of governmental activities	$ 7,550,348

See Accompanying Notes to the Financial Statements

Coloma Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2026

	General Fund	Debt Service Fund	Capital Project Fund Sinking Fund	Special Revenue Fund Food Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Local sources	$ 4,683,344	$ 1,488,646	$ 658,669		$ 344,685	$ 7,175,344
State sources	11,267,588	1,545	2,510		33,155	11,304,798
Federal sources	636,901	-	-		1,674,059	2,310,960
Interdistrict sources	356,258	-	-		-	356,258
Total revenues	16,944,091	1,490,191	661,179		2,051,899	21,147,360
Expenditures						
Current						
Education						
Instruction	9,419,028	-	-		-	9,419,028
Supporting services	6,924,859	-	-		232,283	7,157,142
Food services	-	-	-		1,452,255	1,452,255
Community services	37,110	-	-		-	37,110
Facilities acquisition	-	-	335,920		47,310	383,230
Capital outlay	42,374	-	-		-	42,374
Debt service						
Principal	156,051	880,000	240,000		-	1,276,051
Interest and other expenditures	-	445,750	37,750		-	483,500
Total expenditures	16,579,422	1,325,750	613,670		1,731,848	20,250,690
Excess revenues over expenditures	364,669	164,441	47,509		320,051	896,670
Other Financing Sources (Uses)						
Transfers in	25,000	103,551	-		-	128,551
Transfers out	(103,551)	-	-		(25,000)	(128,551)
Total other financing sources (uses)	(78,551)	103,551	-		(25,000)	-
Net change in fund balances	286,118	267,992	47,509		295,051	896,670
Fund balances - beginning, as previously presented	4,529,037	1,739,977	1,229,218	$ 471,961	653,570	8,623,763
Change within financial reporting entity (major to non-major fund)	-	-	-	(471,961)	471,961	-
Fund balances - beginning, as adjusted	4,529,037	1,739,977	1,229,218		1,125,531	8,623,763
Fund balances - ending	$ 4,815,155	$ 2,007,969	$ 1,276,727		$ 1,420,582	$ 9,520,433

See Accompanying Notes to the Financial Statements

Coloma Community Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2026

Net change in fund balances - Total governmental funds	$ 896,670
Total change in net position reported for governmental activities in the statement of activities is 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.	
Depreciation and amortization expense	(1,178,919)
Capital outlay	419,837
Loss on disposal of leased assets and liabilities	(4,523)
Expenses are recorded when incurred in the statement of activities.	
Interest	9,333
Compensated absences	32,131
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	3,418,130
Net change in deferrals of resources related to the net pension liability	(678,829)
The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB asset	997,629
Net change in deferrals of resources related to the net OPEB asset	480,199
Bond and note proceeds and leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Repayments of long-term debt	1,276,051
Amortization of premiums	322,522
Amortization of bond discount	(29,290)
Change in net position of governmental activities	$ 5,960,941

See Accompanying Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Coloma Community Schools (School District) conform to accounting principles generally accepted in the United States of America ("GAAP") as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. The School District first utilizes restricted resources to finance qualifying activities.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

Fund Financial Statements

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

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. For this purpose, the School District considers revenues to be available if they are 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.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The School District reports the following major governmental funds:

General Fund - The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Debt Service Funds - Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Sinking Fund - The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for acquiring new school sites, construction, or repair of school buildings.

Additionally, the School District reports the following nonmajor funds:

Student/School Activity Fund - The Student/School Activity Fund is a special revenue fund used to record expenditures for specific student activities that were specifically funded with related dollars.

Food Service Fund – The Food Service Fund is a special revenue fund used to record proceeds and expenditures for school food service activities.

Capital Project Fund – The General Capital Projects Fund was funded with a transfer from the General Fund to record certain future capital project fund activities.

Assets, Liabilities and Equity

Receivables and Payables - Generally, outstanding amounts owed between funds are classified as "due from/to other funds." These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Property tax and other receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2026, the rates are as follows per $1,000 of assessed value.

General Fund	
Non-principal residence exemption	17.97950
Commercial personal property	5.97950
Debt Service Funds	2.70000
Sinking Fund	1.19290

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by Berrien and Can Buren Counties and remitted to the School District by May 15.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of $5,000. Costs of normal repair and maintenance that do not add to

the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Buses	8 years
Vehicles other than buses	5 years

Deferred Outflows of Resources - A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities (assets) in the following year.

Long-term Obligations - In the district-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. In the fund financial statements, governmental fund types recognize bond premiums and discounts.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

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

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

Compensated Absences – Employees are provided with sick days each fiscal year. If not used, sick days may be carried forward into the next fiscal year with a limited accumulation of days. Payment for sick days is made only to employees when they are sick. Should any employee leave the School District's employ with accumulated sick days, except for retirement, the School District's liability for accumulate days is terminated without payment thereof.

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that

are not considered available to liquidate liabilities of the current period. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance - In the fund financial statements, governmental funds report fund balances in the following categories:

Non-spendable - amounts that are not available in a spendable form.

Restricted - amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed - amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned - amounts intended to be used for specific purposes, as determined by the Board of Education. The Board of Education has granted the finance committee and Superintendent the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned - all other resources; the remaining fund balances after non-spendable, restrictions, commitments, and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

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, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Eliminations and Reclassifications
In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Adoption of New Accounting Standards
Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization's accountability while also addressing certain application issues. This statement includes changes to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 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 as-sets 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.

Upcoming Accounting and Reporting Changes

Statement No. 105, *Subsequent Events*, establishes accounting and financial reporting standards for events or transactions that occur after the measurement date of the financial statements but before the date the financial statements are available to be issued. This Statement distinguishes between events that provide additional evidence about conditions that existed at the date of the financial statements and events that provide evidence about conditions that did not exist at that date. Events that provide additional evidence about conditions existing at the financial statement date are recognized in the financial statements, whereas events that provide evidence about conditions arising after the financial statement date are not recognized but should be disclosed if they are essential for users' understanding of the financial statements. This Statement also clarifies the definition of the date the financial statements are available to be issued for disclosure purposes. This Statement is effective for the year ending June 30, 2027.

The School District is evaluating the impact that the above pronouncements will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Compliance - Sinking Funds

The School District's Capital Projects Fund records capital project activities funded with Sinking Fund millage. For this fund, the school district has complied with the applicable provisions of Section 1212 of the Revised School Code.

Note 3 - Deposits and Investments

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash	$ 9,536,607
Investments	33,746
	$ 9,570,353

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	$ 9,533,826
Investments in securities, mutual funds, and similar vehicles	33,746
Petty cash and cash on hand	2,781
Total	$ 9,570,353

As of year end, the District had the following investments:

Investment	Carrying Value	Maturities	Rating	Rating Organization
Michigan Liquid Asset Fund -				
Cash Management	$ 12,865	< 60 days	AAAm	S&P
MAX Class	20,881	< 60 days	AAAm	S&P
	$ 33,746			

Interest rate risk - The School District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Credit risk - State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Concentration of credit risk - The School District has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, $9,088,203 of the School District's bank balance of $9,588,203 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 93,406	$ -	$ -	$ 93,406
Construction-in-progress	-	66,462	-	66,462
Total capital assets not being depreciated	93,406	66,462	-	159,868
Capital assets being depreciated				
Buildings and improvements	39,881,138	-	80,792	39,800,346
Furniture and equipment	3,243,942	334,566	103,322	3,475,186
Buses	1,036,801	3,000	-	1,039,801
Vehicles other than buses	226,952	15,809	-	242,761
Total capital assets being depreciated	44,388,833	353,375	184,114	44,558,094
Less accumulated depreciation for				
Buildings and improvements	15,794,299	824,836	76,269	16,542,866
Furniture and equipment	1,790,409	228,841	103,322	1,915,928
Buses	574,148	110,028	-	684,176
Vehicles other than buses	187,458	15,214	-	202,672
Total accumulated depreciation	18,346,314	1,178,919	179,591	19,345,642
Net capital assets being depreciated	26,042,519	(825,544)	4,523	25,212,452
Net capital assets	$26,135,925	$ (759,082)	$ 4,523	$25,372,320

Construction Commitments

The School District has entered into a construction contract with a third party to which approximately $165,000 is remaining to be incurred as of year end. The project is expected to be funded entirely with sinking fund dollars.

Depreciation expense was charged to activities of the School District as follows:

Governmental activities	
Instruction	$ 565,881
Supporting services	506,935
Food services	106,103
Total governmental activities	$ 1,178,919

Note 5 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	$ 903,347
Prepaid student lunch fees	1,136
Total	$ 904,483

Note 6 - Interfund Receivables, Payables, and Transfers

The School District had no outstanding interfund payables or receivables at year end.

Interfund transfers consist of the following:

	Transfers Out		
	General Fund	Food Service Fund	Total
Transfers in			
General Fund	$ -	$ 25,000	$ 25,000
Debt Service Fund	103,551	-	103,551
	$ 103,551	$ 25,000	$ 128,551

Transfers were made to cover set-aside amounts on the Qualified Zone Academic Bonds and to reimburse indirect costs incurred in the general fund on behalf of food service.

Note 7 - State Aid Anticipation Note

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th. The School District is required to pledge 100% of their state school aid, October through August, or until the note is repaid, whichever is longer. The State has discretion to accelerate repayment terms if they have cause for concern. If the note is in default status, there is a penalty interest rate that may apply.

Short-term debt activity for the year was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	$ -	$ 600,000	$ 600,000	$ -

Note 8 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. For the School Bond Loan Fund or School Loan Revolving Fund, the State may withhold state aid if the School District is in default, or apply late charges in an instance of default or fails to appropriately levy debt mills. Other long-term obligations include other installment purchase agreements, leases, and compensated absences. Compensated absence additions and deductions are reported net.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	$ 12,113,452	$ -	$ 1,120,000	$ 10,993,452	$ 1,185,000
Bond premium	1,523,470	-	322,522	1,200,948	-
Total bonds payable	13,636,922	-	1,442,522	12,194,400	1,185,000
Notes from direct borrowings and direct placements					
Installment purchase agreement	133,503	-	133,503	-	-
Other liabilities					
Leases	76,599	-	22,548	54,051	17,303
Compensated absences	428,513	-	32,131	396,382	38,297
Total	$ 14,275,537	$ -	$ 1,630,704	$ 12,644,833	$ 1,240,600

General obligation bonds payable at year end, consist of the following:

2014 Qualified Zone Academy Bonds due in one installment of $1,423,452 on June 15, 2029, interest at 0%	$ 1,423,452
2020 School Improvement Bonds due in annual installments of $250,000 to $265,000 through May 1, 2028, interest at 3% - 5%	515,000
2022 Refunding Bonds due in annual installments of $935,000 to $1,305,000 through May 1, 2034, interest at 3% - 5%	9,055,000
Total general obligation bonded debt	$ 10,993,452

Future principal and interest requirements for bonded debt are as follows:

	Principal	Interest	Total
Year Ending June 30,			
2027	$ 1,185,000	$ 427,000	$ 1,612,000
2028	1,255,000	367,750	1,622,750
2029	2,473,452	305,000	2,778,452
2030	1,110,000	252,500	1,362,500
2031	1,170,000	197,000	1,367,000
2032-2034	3,800,000	254,900	4,054,900
Total	$ 10,993,452	$ 1,804,150	$ 12,797,602

For governmental activities, installment purchase agreements and leases are primarily liquidated by the General Fund.

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of $2,007,969 to pay this debt. Future debt and interest will be payable from future tax levies.

Qualified Zone and Academy Bonds (QZAB)
The 2014 QZABs are issued under the Qualified Zone Academy Bond program. Interest is eliminated through a tax credit. A set-aside amount of $103,551 is required each year for the 2014 QZAB. Principal payments on the 2014 bonds are scheduled to be repaid on June 15, 2029.

Compensated Absences
Accrued compensated absences at year end, consist of $396,382 in accrued sick and vacation time benefits. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

Deferred Amount on Refunding
The advance refunding transaction in a previous year resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2034.

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. No provision has been made for possible future claims.

Note 10 - Pension Plan

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

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees.

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

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

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

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

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

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The pension unfunded (overfunded) actuarial accrued liability as of the September 30, 2024 valuation will be amortized over a 14-year period beginning October 1, 2024 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2025.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	30.11%
Member Investment Plan	3.0 - 7.0%	30.11%
Pension Plus	3.0 - 6.4%	26.27%
Pension Plus 2	6.2%	27.16%
Defined Contribution	0.0%	20.96%

Required contributions to the pension plan from the School District were $2,736,857 for the year ending September 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2026, the School District reported a liability of $13,163,758 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2024. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers

during the measurement period. At September 30, 2025, the School District's proportion was .0657 percent, which was a decrease of .002 percent from its proportion measured as of September 30, 2024.

For the plan year ending September 30, 2025, the School District recognized pension expense of $51,359 for the measurement period. For the reporting period ending June 30, 2026, the School District recognized total pension contribution expense of $2,887,675. At June 30, 2026, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 509,870	$ (117,248)	$ 392,622
Changes of assumptions	472,485	(695,736)	(223,251)
Net difference between projected and actual earnings on pension plan investments	-	(3,145,856)	(3,145,856)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	6,666	(1,307,028)	(1,300,362)
Total to be recognized in future	989,021	(5,265,868)	(4,276,847)
School District contributions subsequent to the measurement date	2,678,553	(1,077,766)	1,600,787
Total	$ 3,667,574	$(6,343,634)	$(2,676,060)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. The District will offset the contribution expense in the year ended June 30, 2027 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2026	$ (775,592)
2027	(1,836,353)
2028	(1,287,258)
2029	(377,644)
	$(4,276,847)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2024
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
  - MIP and Basic Plans: 6.00% net of investment expenses
  - Pension Plus Plan: 6.00% net of investment expenses
  - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
  - Retirees: PubT-2010 Male and Female 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 adjusted for mortality improvements using projection scale MP-2021 from 2010.

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

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4524 years.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2025 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	21%	5.8%
Private Equity Pools	16%	9.3%
International Equity	14%	5.6%
Fixed Income Pools	15%	2.5%
Real Estate and Infrastructure Pools	8%	7.0%
Absolute Return Pools	13%	4.4%
Real Return/Opportunistic Pools	9%	7.0%
Short Term Investment Pools	4%	1.3%
	100%	

**Long-term rates of return are net of administrative expenses and 2.4% inflation.*

Rate of Return
For the plan year ended September 30, 2025 the annual money-weighted rate of return on pension plan investment, net of pension plan

investment expense, was 9.81%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

1% Decrease	Current Single Discount Rate Assumption	1% Increase
5.00%	6.00%	7.00%
$ 20,773,136	$ 13,163,758	$ 6,826,120

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPSERS)
There were no significant payables to the pension plan that are not ordinary accruals to the School District.

Note 11 - Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

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

Benefits Provided

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

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

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

Contributions

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The OPEB unfunded (overfunded) actuarial accrued liability as of the September 30, 2024 valuation will be amortized over a 14-year period beginning October 1, 2024 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2025.

OPEB Contribution Rates

Benefit Structure	Member	Employer
Premium Subsidy	3.0%	1.25%
Personal Healthcare Fund (PHF)	0.0%	0.00%

Required contributions to the OPEB plan from the School District were $59,536 for the year ended September 30, 2025.

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

At June 30, 2026, the School District reported an asset of $3,848,305 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2024. The School District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2025, the School District's proportion was .0633 percent, which was a decrease of .0029 percent from its proportion measured as of September 30, 2024.

For the plan year ending September 30, 2025, the School District recognized OPEB expense of $(1,316,932) for the measurement period. For the reporting period ending June 30, 2026, the School District recognized total OPEB contribution expense of $153,360.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ -	$(2,634,732)	$(2,634,732)
Changes of assumptions	513,598	(40,815)	472,783
Net difference between projected and actual earnings on OPEB plan investments	-	(540,771)	(540,771)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	14,232	(214,171)	(199,939)
Total to be recognized in future	527,830	(3,430,489)	(2,902,659)
School District contributions subsequent to the measurement date	151,648	-	151,648
Total	$ 679,478	$(3,430,489)	$(2,751,011)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition to the net OPEB asset in the year ended June 30, 2027.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2026	$ (781,368)
2027	(773,602)
2028	(696,282)
2029	(450,313)
2030	(154,434)
Thereafter	(46,660)
	$(2,902,659)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2024
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.75% Year 1 graded to 3.5% Year 15; Post-65: 6.50% Year 1 graded to 3.5% Year 15
- Mortality:
  - Retirees: PubT-2010 Male and Female 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 adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other Assumptions:

- Opt Out Assumption: 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

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

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years is 6.4654.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2025 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets
The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2025, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	16%	5.8%
Private Equity Pools	16%	9.3%
International Equity	11%	5.6%
Fixed Income Pools	26%	2.5%
Real Estate and Infrastructure Pools	5%	7.0%
Absolute Return Pools	15%	4.4%
Real Return/Opportunistic Pools	7%	7.0%
Short Term Investment Pools	4%	1.3%
	100%	

**Long-term rates of return are net of administrative expenses and 2.4% inflation.*

Rate of Return
For the plan year ended September 30, 2025, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 9.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Changes in the Discount Rate
The following presents the School District's proportionate share of the net OPEB liability or asset calculated using the discount rate of 6.00%, as well as what the School District's proportionate share of the net OPEB liability or asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
$ (3,315,558)	$ (3,848,305)	$ (4,314,574)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Healthcare Cost Trend Rate

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$ (4,310,319)	$ (3,848,305)	$ (3,363,205)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2025 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

Note 12 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2026.

Note 13 - Tax Abatements

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by various municipalities within Berrien Country. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2026, the School District's property tax revenues were reduced by $71,557 under these programs.

There are no significant abatements made by the School District.

Note 14 - Change Within Financial Reporting Entity

During the year ended June 30, 2026, a fund that had previously been reported as major was required to be reported as non-major. As a result, the following presentation change was necessary to be made in the financial statements:

	Reporting Units Affected by Adjustments to Beginning Balances	
	Funds	
	Food Service Fund	Nonmajor Governmental Funds
June 30, 2025, as previously presented	$ 471,961	$ 653,570
Change from major to non-major fund	(471,961)	471,961
July 1, 2025, as adjusted	$ -	$ 1,125,531

Note 15 - Subsequent Event

The School District and community voters authorized the sale of bonds during the fiscal year, not to exceed $8,730,000. As of the date of report release, the sale of the bonds has not yet taken place. The bonds are expected to bear interest at not greater than 5%, with principal payments ranging from $45,000 to $870,000 beginning in fiscal year 2029-2030 and ending in fiscal year 2045-2046.

REQUIRED SUPPLEMENTARY INFORMATION

Coloma Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2026

	Budgeted Amounts		Variance - Final Budget Over (Under)		Variance - Actual Over (Under)
	Original	Final	Original Budget	Actual	Final Budget
Revenues					
Local sources	$ 4,367,768	$ 4,676,697	$ 308,929	$ 4,683,344	$ 6,647
State sources	10,699,303	11,454,995	755,692	11,267,588	(187,407)
Federal sources	629,158	798,429	169,271	636,901	(161,528)
Interdistrict sources	242,000	341,649	99,649	356,258	14,609
Total revenues	15,938,229	17,271,770	1,333,541	16,944,091	(327,679)
Expenditures					
Instruction					
Basic programs	6,991,976	7,437,223	445,247	7,352,146	(85,077)
Added needs	2,158,790	2,253,001	94,211	2,066,882	(186,119)
Supporting services					
Pupil	973,129	1,078,156	105,027	1,025,821	(52,335)
Instructional staff	1,080,288	1,091,097	10,809	990,652	(100,445)
General administration	403,265	470,474	67,209	448,583	(21,891)
School administration	1,194,819	1,241,565	46,746	1,218,308	(23,257)
Business	548,418	539,393	(9,025)	527,686	(11,707)
Operations and maintenance	1,367,475	1,539,925	172,450	1,480,012	(59,913)
Pupil transportation services	674,899	764,071	89,172	712,859	(51,212)
Central	70,548	81,716	11,168	60,928	(20,788)
Athletic activities	498,714	482,426	(16,288)	460,010	(22,416)
Community services	6,807	42,615	35,808	37,110	(5,505)
Capital outlay	20,000	53,000	33,000	42,374	(10,626)
Debt service					
Principal	234,389	157,917	(76,472)	156,051	(1,866)
Interest and fiscal charges	7,924	-	(7,924)	-	-
Total expenditures	16,231,441	17,232,579	1,001,138	16,579,422	(653,157)
Excess (deficiency) of revenues over expenditures	(293,212)	39,191	332,403	364,669	325,478
Other Financing Sources (Uses)					
Transfers in	-	25,000	25,000	25,000	-
Transfers out	-	(102,602)	(102,602)	(103,551)	(949)
Total other financing sources (uses)	-	(77,602)	(77,602)	(78,551)	(949)
Net change in fund balances	(293,212)	(38,411)	254,801	286,118	324,529
Fund balance - beginning	4,529,037	4,529,037	-	4,529,037	-
Fund balance - ending	$ 4,235,825	$ 4,490,626	$ 254,801	$ 4,815,155	$ 324,529

See Accompanying Notes to the Required Supplementary Information

Coloma Community Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. School District's proportion of the net pension liability (%)	0.0657%	0.0677%	0.0704%	0.0741%	0.0753%	0.0763%	0.0793%	0.0846%	0.0886%	0.0927%
B. School District's proportionate share of the net pension liability	$ 13,163,758	$ 16,581,888	$ 22,784,270	$ 27,867,128	$ 17,839,182	$ 26,200,983	$ 26,247,711	$ 25,436,586	$ 22,955,411	$ 23,126,851
C. School District's covered payroll	$ 7,297,804	$ 6,991,988	$ 6,874,154	$ 7,005,872	$ 6,839,136	$ 6,681,797	$ 6,748,195	$ 6,980,484	$ 7,279,496	$ 7,812,487
D. School District's proportionate share of the net pension liability as a percentage of its covered payroll	180.38%	237.16%	331.45%	397.77%	260.84%	392.12%	388.96%	364.40%	315.34%	296.02%
E. Plan fiduciary net position as a percentage of total pension liability	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

See Accompanying Notes to the Required Supplementary Information

Coloma Community Schools
Required Supplementary Information
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. Statutorily required contributions	$ 2,887,675	$ 2,651,989	$ 2,829,317	$ 2,523,185	$ 2,518,151	$ 2,248,081	$ 2,098,689	$ 1,999,152	$ 2,321,602	$ 1,398,515
B. Contributions in relation to statutorily required contributions	2,887,675	2,651,989	2,829,317	2,523,185	2,518,151	2,248,081	2,098,689	1,999,152	2,321,602	1,398,515
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. School District's covered payroll	$ 7,651,232	$ 7,222,831	$ 6,997,449	$ 7,073,169	$ 6,937,331	$ 6,743,228	$ 6,711,629	$ 6,762,426	$ 7,150,106	$ 7,442,071
E. Contributions as a percentage of covered payroll	37.74%	36.72%	40.43%	35.67%	36.30%	33.34%	31.27%	29.56%	32.47%	18.79%

See Accompanying Notes to the Required Supplementary Information

Coloma Community Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. School District's proportion of the net OPEB liability (asset) (%)	0.0633%	0.0662%	0.0689%	0.0722%	0.0756%	0.0754%	0.0772%	0.0822%	0.0888%	
B. School District's proportionate share of the net OPEB liability (asset)	$ (3,848,305)	$ (2,850,676)	$ (389,768)	$ 1,529,063	$ 1,153,947	$ 4,040,205	$ 5,542,991	$ 6,531,392	$ 7,860,151	
C. School District's covered payroll	$ 7,297,804	$ 6,991,988	$ 6,874,154	$ 7,005,872	$ 6,839,136	$ 6,681,797	$ 6,748,195	$ 6,980,484	$ 7,279,496	
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-52.73%	-40.77%	-5.67%	21.83%	16.87%	60.47%	82.14%	93.57%	107.98%	
E. Plan fiduciary net position as a percentage of total OPEB liability (asset)	164.94%	143.08%	105.04%	83.09%	87.33%	59.44%	36.39%	42.95%	36.39%	

See Accompanying Notes to the Required Supplementary Information

Coloma Community Schools
Required Supplementary Information
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. Statutorily required contributions	$ 153,360	$ 94,961	$ 548,598	$ 536,837	$ 552,372	$ 552,519	$ 535,021	$ 482,424	$ 531,729	
B. Contributions in relation to statutorily required contributions	153,360	94,961	548,598	536,837	552,372	552,519	535,021	482,424	531,729	
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
D. School District's covered payroll	$ 7,651,232	$ 7,222,831	$ 6,997,449	$ 7,073,169	$ 6,937,331	$ 6,743,228	$ 6,711,629	$ 6,762,426	$ 7,150,106	
E. Contributions as a percentage of covered payroll	2.00%	1.31%	7.84%	7.59%	7.96%	8.19%	7.97%	7.13%	7.44%	

See Accompanying Notes to the Required Supplementary Information

Note 1 - Budgetary Information

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

Excess of Expenditures over Appropriations

There was no significant spending in excess of budgeted amounts.

Budgetary Highlights

The following provides an explanation of significant variances for the General Fund and major special revenue funds when comparing the original budget to final budget and final budget to actual results:

Variances – Final Budget Over (Under) Original Budget

The School District passed its original budget for fiscal year 2025-2026 in June of 2025. At this time, there were many unknown variables for the next fiscal year, which include the 2025-2026 student count day figures. Additionally, the State of Michigan had not yet passed its budget. As a result, the School District made many material assumptions based on the best information available at the time. State aid accounted for more than 65% of actual revenue during the year. Nearly all variances from the original budgeted amounts to the final budgeted amounts were as a result of budgetary amendments made which reflected actual revenue to be received from state aid, as well as actual student count data which were both unavailable at the time the original budget was passed.

Variances – Actual Over (Under) Final Budget

The major grantors of the School District require that all grants are budgeted to be spent in full, regardless of the School District's actual intent to do so, including plans to carry over funding to next fiscal year. As a result, several line items came in under budget for both revenues and expenditures. Approximately $170,000 of the variance on both the revenue and the expenditure side was related to budgeting to spend the entire Title I and 31a At Risk grant, while only spending a portion and carrying over amounts to the next fiscal year. Non-grant variances were not material.

Note 2 - Pension Information

Notes to the Schedule of the School District's Proportionate Share of the Net Pension Liability

Changes of benefit terms:

- There were no changes of benefit terms in the plan fiscal year 2025.

Changes of benefit assumptions:

- There were no changes of benefit assumptions in plan fiscal year 2025.

Note 3 - OPEB Information

Notes to the Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)

Changes of benefit terms:

- There were no changes of benefit terms in the plan fiscal year 2025.

Changes of benefit assumptions:

- There were no changes of benefit assumptions in plan fiscal year 2025.

OTHER SUPPLEMENTARY INFORMATION

Coloma Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2026

	Special Revenue Funds		Capital Project Fund	Total Nonmajor
	Food Service Fund	Student/School Activity Fund	General Capital Projects Fund	Governmental Funds
Assets				
Cash	$ 744,694	$ 208,891	$ 444,248	$ 1,397,833
Accounts receivable	100,872	-	-	100,872
Inventory	19,427	-	-	19,427
Total assets	$ 864,993	$ 208,891	$ 444,248	$ 1,518,132
Liabilities				
Accounts payable	$ 95,697	$ -	$ -	$ 95,697
Accrued expenditures	196	-	-	196
Accrued salaries payable	521	-	-	521
Unearned revenue	1,136	-	-	1,136
Total liabilities	97,550	-	-	97,550
Fund Balances				
Non-spendable				
Inventory	19,427	-	-	19,427
Restricted for				
Food service	748,016	-	-	748,016
Committed	-	208,891	-	208,891
Assigned for capital projects	-	-	444,248	444,248
Total fund balances	767,443	208,891	444,248	1,420,582
Total liabilities and fund balances	$ 864,993	$ 208,891	$ 444,248	$ 1,518,132

Coloma Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2026

	Special Revenue Funds		Capital Project Fund	Total Nonmajor
	Food Service Fund	Student/School Activity Fund	General Capital Projects Fund	Governmental Funds
Revenues				
Local sources	$ 65,523	$ 274,746	$ 4,416	$ 344,685
State sources	33,155	-	-	33,155
Federal sources	1,674,059	-	-	1,674,059
Total revenues	1,772,737	274,746	4,416	2,051,899
Expenditures				
Current				
Education				
Supporting services	-	232,283	-	232,283
Food services	1,452,255	-	-	1,452,255
Facilities acquisition	-	-	47,310	47,310
Total expenditures	1,452,255	232,283	47,310	1,731,848
Excess (deficiency) of revenues over expenditures	320,482	42,463	(42,894)	320,051
Other Financing Uses				
Transfers out	(25,000)	-	-	(25,000)
Net change in fund balances	295,482	42,463	(42,894)	295,051
Fund balances - beginning, as previously presented	-	166,428	487,142	653,570
Change within financial reporting entity (nonmajor to major fund)	471,961	-	-	471,961
Fund balances, beginning, as adjusted	471,961	166,428	487,142	1,125,531
Fund balances - ending	$ 767,443	$ 208,891	$ 444,248	$ 1,420,582

Coloma Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2026

Year Ending June 30,	2014 QZAB Issue	2020 School Improvement Bonds	2022 Refunding Bonds	Total
2027	$ -	$ 250,000	$ 935,000	$ 1,185,000
2028	-	265,000	990,000	1,255,000
2029	1,423,452	-	1,050,000	2,473,452
2030	-	-	1,110,000	1,110,000
2031	-	-	1,170,000	1,170,000
2032	-	-	1,225,000	1,225,000
2033	-	-	1,270,000	1,270,000
2034	-	-	1,305,000	1,305,000
Total	$ 1,423,452	$ 515,000	$ 9,055,000	$ 10,993,452
Principal payments due the first day of	June 15, 2029	May	May	
Interest payments due the first day of	N/A	May and November	May and November	
Interest rate	0.00%	3.00% - 5.00%	3.00% - 5.00%	
Original issue	$ 1,553,275	$ 1,800,000	$ 12,570,000	

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

Independent Auditors' Report

Members of the Board of Education
Coloma Community Schools
Coloma, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Coloma Community Schools, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Coloma Community Schools' basic financial statements, and have issued our report thereon dated August 21, 2026.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Coloma Community Schools' 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coloma Community Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Coloma Community Schools' internal control.

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

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

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

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

Yeo & Yeo, P.C.

Kalamazoo, Michigan
August 21, 2026