Centreville Public 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 - 5
	Statement of Revenues, Expenditures and Changes in Fund Balances	4 - 6
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 - 7
	Notes to the Financial Statements	4 - 8
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

Centreville Public Schools
Members of the Board of Education and Administration
June 30, 2026

Members of the Board of Education

Mr. Rod Detweiler -- President

Ms. Jackie Bowen – Vice President

Mr. Larry Walton -- Treasurer

Mr. TJ Reed -- Secretary

Ms. Tegan Stuby-Hekter -- Trustee

Mr. Tim Hall -- Trustee

Mr. Jeff Houtz -- Trustee

Administration

Mr. Chad Brady -- Superintendent

Mr. Phillip Heasley – Business Manager

Independent Auditors' Report

Management and the Board of Education
Centreville Public Schools
Centreville, 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 the Centreville Public Schools, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Centreville Public 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 Centreville Public 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 Centreville Public 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, the School District 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 Centreville Public 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 Centreville Public 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 Centreville Public 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 Centreville Public 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 October 15, 2026 on our consideration of Centreville Public 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 Centreville Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Centreville Public Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Kalamazoo, Michigan
October 15, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Centreville Public Schools
Management's Discussion and Analysis
June 30, 2026

This section of Centreville Public Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2026. It is to be read in conjunction with the School District's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and is intended to provide the financial results for the fiscal year ending June 30, 2026.

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 Centreville Public Schools financially as a whole. The district-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The 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 district-wide financial statements by providing information about the School District's most significant fund – the General Fund, with all other funds presented in one column as non-major funds. The annual report is arranged as follows:

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

District-wide Financial Statements ***Fund Financial Statements***

Notes to the Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for Major Funds

Other Supplemental Information

Reporting the School District as a Whole – District-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 about 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 – is 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 non-financial 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 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's meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The governmental funds of the School District use the following accounting approach:

Governmental funds – 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 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 reconciliation.

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

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	$ 10,434,099	$ 12,864,951
Property and equipment	21,908,715	19,860,572
Net OPEB asset	3,370,633	2,187,588
Deferred outflows of resources	4,887,519	5,934,134
Totals assets	40,600,966	40,847,245
Liabilities		
Current liabilities	3,268,160	2,683,798
Noncurrent liabilities	30,067,522	33,267,513
Deferred inflows of resources	6,944,329	6,926,241
Total liabilities	40,280,011	42,877,552
Net Position		
Net investment in capital assets	7,278,286	6,743,553
Restricted	4,063,141	3,193,864
Unrestricted (deficit)	(11,020,472)	(11,967,724)
Total net position	$ 320,955	$ (2,030,307)

The preceding analysis focuses on the net position. The change in net position of the School District's governmental activities is discussed below in Table 2. The net position was $320,955 at June 30, 2026. Capital assets, net of related debt totaling $7,278,286 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. Net position that was restricted for debt service was $177,338, restricted for food service fund totaled $515,170, and restricted for Net OPEB asset totaled $3,370,633. The remaining amount of net position of $(11,020,472) was unrestricted.

Approximately $(11,020,472) in unrestricted net position of governmental activities represents the *accumulated* results of all past year's operations. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

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 June 30, 2026 and 2025.

Table 2

	Governmental Activities	
	June 30	
	2026	2025
Revenue		
Program revenue:		
Charges for services	$ 434,208	$ 467,165
Operating grants and contributions	4,821,113	4,339,920
General Revenue:		
Property taxes	2,932,967	2,743,460
State foundation allowance	7,896,747	7,364,459
Other	298,139	189,410
Total revenue	16,383,174	15,104,414
Functions/Program Expenses		
Instruction	7,422,878	7,401,968
Support services	4,835,579	4,822,668
Food services	1,083,688	670,656
Community services	8,886	10,825
Interest and other charges on long-term debt	680,881	409,828
Total functions/program expenses	14,031,912	13,315,945

As reported in the statement of activities, the cost of all of our *governmental* activities this year was $14,031,912. Certain activities were partially funded from charges for services of $424,208 from those who benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions of $4,821,113. We paid for the remaining "public benefit" portion of our governmental activities with $2,932,967 in taxes, $7,896,747 in State foundation allowance, and with our other revenues, i.e., interest and general entitlements of $267,928.

The School District experienced an increase in net position of $2,351,262. There are a few main drivers of this increase – 1) fund level decrease of $2.9 million (discussed later), 2) net capital asset acquisitions of $2 million, 3) change in the net pension and OPEB liabilities (assets) and related deferrals of $2.1 million, and 4) change in net position due to debt activity of $1.2 million. The district issued bonds of $6.6 million in the current year to establish the 2025 Building & Site Fund.

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

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

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 $7.2 million, which is a decrease of $3.0 million from last year.

In the General Fund, our principal operating fund, the fund balance stayed flat at $2 million. General Fund balance is available to fund costs related to allowable school operating purposes.

The 2025 Capital Projects Funds was established in 2024-2025 and was funded from the sale of voter-approved bonds of $6.6 million. The ending fund balance was $4.0 million as a result of spending of $2.4 million this year. The 2023 Capital Projects Fund is substantially complete this year.

The Food Service Fund is a special revenue fund and was established to account for all revenue and expenses of the food service program of the District. The Food Service fund balance decreased $130,000 from June 30, 2025 to June 30, 2026 primarily due to one time capital outlay activities in the current year.

The Student and School Activity Fund is a special revenue fund established to account for all revenue and expenses associated with the various clubs, booster groups, class funds, etc. of the District.

The Debt Service Fund declined $130,000 this year to about $290,000. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt Service Funds balances are restricted since they can only be used to pay debt service obligations.

Fund balance that was restricted or committed for capital projects totaled $4.1 million, restricted for debt service totaled $290,000, committed for Student and School Activities totaled $275,000, and restricted for the food service fund totaled $486,000. Fund balance of $125,000 was assigned to fund 2026-2027 budget appropriations. Fund balance of $65,000 is non-spendable. The remaining amount of fund balance of $1.9 million was unassigned.

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

Capital Asset and Debt Administration

Capital Assets
At June 30, 2026, the School District had $21.9 million invested in capital assets. This included a net increase during the past fiscal year of $2.0 million consisting of depreciation charges of $950,000 and capital asset purchases of $3.0 million. More detailed information about the School District's capital assets can be found in the notes to the financial statements section of this document.

Long-term Debt
At year end, the School District had total long-term debt of $18.3 million. The School District continued to pay down its debt, retiring $1.1 million of outstanding bonds during the year.

The School District's general obligation bond long term rating is AA and its underlying rating is A. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budget and *Rates*
The School District's General Fund budget for the 2027 fiscal year projects total revenues of $12.29 million and total expenditures of $12.8, resulting in a projected ending fund balance of $2.1 million or 16% of budgeted expenditures. The School District continues to work to balance its expenditures while providing an excellent education to the students it serves.

Requests for Information

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

Business Department
Centreville Public Schools
190 Hogan Street
Centreville, MI 49032

BASIC FINANCIAL STATEMENTS

Centreville Public Schools
Statement of Net Position
June 30, 2026

	Governmental Activities
Assets	
Cash	$ 3,664,118
Accounts receivable	3,892
Leases receivable	91,804
Due from other governmental units	2,600,333
Inventory	28,565
Investments	4,009,359
Prepaid items	36,028
Capital assets not being depreciated	2,979,437
Capital assets - net of accumulated depreciation	18,929,278
Net OPEB asset	3,370,633
Total assets	35,713,447
Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	4,097,716
Deferred amount relating to the net OPEB asset	789,803
Total deferred outflows of resources	4,887,519

See Accompanying Notes to the Financial Statements

Centreville Public Schools
Statement of Net Position
June 30, 2026

	Governmental Activities
Liabilities	
Accounts payable	1,189,429
State aid anticipation note payable	800,000
Due to other governmental units	162,558
Accrued expenditures	497,634
Accrued salaries payable	426,367
Unearned revenue	192,172
Long-term liabilities	
Net pension liability	10,416,147
Due within one year	1,213,500
Due in more than one year	18,437,875
Total liabilities	33,335,682
Deferred Inflows of Resources	
Deferred amount on leases receivable	91,804
Deferred amount relating to the net pension liability	4,018,619
Deferred amount relating to the net OPEB asset	2,833,906
Total deferred inflows of resources	6,944,329
Net Position	
Net investment in capital assets	7,278,286
Restricted for:	
Food service	515,170
Debt service	177,338
Net OPEB asset	3,370,633
Unrestricted	(11,020,472)
Total net position	$ 320,955

See Accompanying Notes to the Financial Statements

Centreville Public 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	$ 7,422,878	$ -	$ 3,292,500	$ (4,130,378)
Supporting services	4,835,579	410,735	508,974	(3,915,870)
Food services	1,083,688	23,473	1,013,752	(46,463)
Community services	8,886	-	5,887	(2,999)
Interest and fiscal charges on long-term debt	680,881	-	-	(680,881)
Total governmental activities	$ 14,031,912	$ 434,208	$ 4,821,113	(8,776,591)
General revenues				
Property taxes, levied for general purposes				1,232,091
Property taxes, levied for debt service				1,700,876
State aid - unrestricted				7,896,747
Interest and investment earnings				267,928
Other				30,211
Total general revenues				11,127,853
Change in net position				2,351,262
Net position - beginning				(2,030,307)
Net position - ending				$ 320,955

See Accompanying Notes to the Financial Statements

Centreville Public Schools
Governmental Funds
Balance Sheet
June 30, 2026

	General Fund	2025 Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash	$ 436,474	$ 2,116,199	$ 290,349	$ 821,096	$ 3,664,118
Accounts receivable	3,892	-	-	-	3,892
Leases receivable	91,804	-	-	-	91,804
Due from other funds	24,505	-	-	4,619	29,124
Due from other governmental units	2,492,022	-	-	108,311	2,600,333
Inventory	-	-	-	28,565	28,565
Investments	1,087,417	2,921,942	-	-	4,009,359
Prepaid items	36,028	-	-	-	36,028
Total assets	$ 4,172,142	$ 5,038,141	$ 290,349	$ 962,591	$ 10,463,223
Liabilities					
Accounts payable	$ 61,789	$ 991,107	$ -	$ 136,533	$ 1,189,429
State aid anticipation note payable	800,000	-	-	-	800,000
Due to other funds	4,549	-	-	24,575	29,124
Due to other governmental units	162,558	-	-	-	162,558
Accrued expenditures	384,623	-	-	-	384,623
Accrued salaries payable	426,367	-	-	-	426,367
Unearned revenue	185,863	-	-	6,309	192,172
Total liabilities	2,025,749	991,107	-	167,417	3,184,273
Deferred Inflows of Resources					
Unavailable revenue - grants	342	-	-	-	342
Deferred amount relating to leases	91,804	-	-	-	91,804
Total deferred inflows of resources	92,146	-	-	-	92,146
Fund Balances					
Non-spendable					
Inventory	-	-	-	28,565	28,565
Prepaid items	36,028	-	-	-	36,028
Restricted for					
Food service	-	-	-	486,605	486,605
Debt service	-	-	290,349	-	290,349
Capital projects	-	4,047,034	-	5,183	4,052,217
Committed for					
Student/school activities	-	-	-	274,821	274,821
Unassigned	2,018,219	-	-	-	2,018,219
Total fund balances	2,054,247	4,047,034	290,349	795,174	7,186,804
Total liabilities, deferred inflow of resources, and fund balances	$ 4,172,142	$ 5,038,141	$ 290,349	$ 962,591	$ 10,463,223

See Accompanying Notes to the Financial Statements

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

Total fund balances for governmental funds	$ 7,186,804
Total net position for governmental activities in the statement of net position is different because:	
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.	
Other governmental units	342
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	2,979,437
Capital assets - net of accumulated depreciation	18,929,278
Net OPEB asset is not recorded as an asset in the governmental funds	3,370,633
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from the net pension liability	4,097,716
Deferred outflows of resources resulting from the net OPEB asset	789,803
Deferred inflows of resources resulting from the net pension liability	(4,018,619)
Deferred inflows of resources resulting from the net OPEB asset	(2,833,906)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(113,011)
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	(10,416,147)
Compensated absences	(968,729)
Bonds payable	(18,682,646)
Net position of governmental activities	$ 320,955

See Accompanying Notes to the Financial Statements

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

	General Fund	*Moved to Nonmajor Funds* 2023 Capital Projects Fund	2025 Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Local sources	$ 1,321,525		$ 217,600	$ 1,707,170	$ 395,437	$ 3,641,732
State sources	10,628,438		-	1,561	209,367	10,839,366
Federal sources	217,216		-	-	808,790	1,026,006
Interdistrict sources	871,542		-	-	4,906	876,448
Total revenues	13,038,721		217,600	1,708,731	1,418,500	16,383,552
Expenditures						
Current						
Education						
Instruction	8,067,146		-	-	-	8,067,146
Supporting services	4,881,551		-	-	368,200	5,249,751
Food services	-		-	-	1,175,726	1,175,726
Community services	8,886		-	-	-	8,886
Facilities acquisition	-		2,655,068	-	-	2,655,068
Capital outlay	62,206		-	-	290,437	352,643
Debt service						
Principal	-		-	1,145,000	-	1,145,000
Interest and other expenditures	-		-	697,655	-	697,655
Total expenditures	13,019,789		2,655,068	1,842,655	1,834,363	19,351,875
Excess (deficiency) of revenues over expenditures	18,932		(2,437,468)	(133,924)	(415,863)	(2,968,323)
Other Financing Sources (Uses)						
Transfers in	4,500		-	-	424	4,924
Transfers out	(424)		-	-	(4,500)	(4,924)
Total other financing sources (uses)	4,076		-	-	(4,076)	-
Net change in fund balances	23,008		(2,437,468)	(133,924)	(419,939)	(2,968,323)
Fund balances - beginning, as previously presented	2,031,239	284,437	6,484,502	424,273	930,676	10,155,127
Change within financial reporting entity (major to nonmajor fund)	-	(284,437)	-	-	284,437	-
Fund balances, beginning, as adjusted	2,031,239		6,484,502	424,273	1,215,113	10,155,127
Fund balances - ending	$ 2,054,247		$ 4,047,034	$ 290,349	$ 795,174	$ 7,186,804

See Accompanying Notes to the Financial Statements

Centreville Public 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	$ (2,968,323)
Total change in net position reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Operating grants	(378)
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	(949,293)
Capital outlay	2,997,436
Interest	(41,538)
Compensated absences	(14,162)
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	2,010,841
Net change in deferrals of resources related to the net pension liability	(1,037,364)
The statement of net position reports the net OPEB liability (asset) and deferred outflows of resources and deferred inflows related to the net OPEB liability (asset) and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB liability (asset)	1,183,045
Net change in deferrals of resources related to the net OPEB liability (asset)	(32,314)
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	1,145,000
Amortization of premiums	61,381
Amortization of bond discount	(3,069)
Change in net position of governmental activities	$ 2,351,262

See Accompanying Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Centreville Public 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 non-fiduciary 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 assets. 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 district.

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.

2025 Capital Projects Fund – The 2025 Capital Projects Fund is used to record bond and other revenues and the payments for related expenditures by the School District.

Debt Service Fund – 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.

Additionally, the School District reports the following nonmajor funds:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service Fund and Student/School Activity Fund.

2023 Capital Projects Fund – The 2023 Capital Projects Fund is used to record bond and other revenues and the payments for related expenditures by the School District.

Assets, Liabilities and Net Position or 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 taxes 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	18.00000
Commercial personal property	6.00000
Debt Service Funds	7.00000

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 St. Joseph County 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	10 - 50 years
Buses and other vehicles	7 - 10 years
Furniture and equipment	10 years
Outside site improvements	20 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. 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 – The accrued compensated absence liability consists of earned leave that is more likely than not to be utilized by employees, or unutilized but paid in cash. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

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. Deferred inflows for leases are related to leases receivable and are being amortized to recognize lease revenue in a systematic and rational manner over the term of the lease. 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 pronouncement will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Compliance - Bond Proceeds

The 2023 and 2025 Capital Project Funds includes capital project activities funded with bonds. For these capital projects, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The activity for the 2025 bonds is not yet considered substantially complete and a subsequent year audit is expected. Beginning with the year of bond issuance, the school district has reported the annual construction activity in the 2023 Capital Projects Fund for the 2023 Building & Site bonds. The project for which the 2023 Bonds, Series I were issued was considered complete on June 30, 2026 and the cumulative expenditures recognized for the construction period were $4,803,048.

The following is a summary of the revenue and expenditures in the 2023 and 2025 Capital Project Funds from the inception of the funds through the current fiscal year:

	2025 Capital Projects Fund	2023 Capital Projects Fund
Revenues and other financing sources	$ 6,964,326	$ 4,808,231
Expenditures	2,917,292	4,803,048
Remainder to be spent	$ 4,047,034	$ 5,183

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	$ 3,664,118
Investments	4,009,359
	$ 7,673,477

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	$ 3,664,118
Investments in securities, mutual funds, and similar vehicles	4,009,359
Total	$ 7,673,477

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

Investment	Carrying Value	Maturities	Rating	Rating Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
Cash Management Class	$ 1,996,268	< 60 days	AAAm	S&P
MAX Class	2,013,091	< 60 days	AAAm	S&P
	$ 4,009,359			

As of June 30, 2026, the net asset value of the School District's investment in MILAF + Portfolio was $4,009,359. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustee's may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of $1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

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, $3,415,937 of the School District's bank balance of $3,665,937 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				
Construction-in-progress	$ 324,369	$2,655,068	$ -	$ 2,979,437
Capital assets being depreciated				
Buildings and improvements	28,148,747	20,114	-	28,168,861
Buses and other vehicles	1,016,786	-	-	1,016,786
Furniture and equipment	3,919,603	322,254	-	4,241,857
Outside site improvements	903,699	-	-	903,699
Total capital assets being depreciated	33,988,835	342,368	-	34,331,203
Less accumulated depreciation for				
Buildings and improvements	9,480,203	744,202	-	10,224,405
Buses and other vehicles	772,532	59,031	-	831,563
Furniture and equipment	3,322,514	143,985	-	3,466,499
Outside site improvements	877,383	2,075	-	879,458
Total accumulated depreciation	14,452,632	949,293	-	15,401,925
Net capital assets being depreciated	19,536,203	(606,925)	-	18,929,278
Net capital assets	$19,860,572	$2,048,143	$ -	$21,908,715

Depreciation expense of capital assets and amortization expense of right to use assets was charged to activities of the School District as follows:

Governmental activities	
Instruction	$ 531,605
Supporting services	341,745
Food services	75,943
Total governmental activities	$ 949,293

Construction Commitments

At year end, the School District has legally enforceable construction contracts in place of approximately $6.6 million. Of this amount, approximately $3.8 million remains to be incurred as of year end.

Note 5 - Leases

The School District has a lessor leasing arrangement. The lease commenced in 1999 and automatically renews in 10-year terms through 2039 unless the lessee notifies the lessor in writing of the lessee's intention not to extend the agreement prior to the expiration of any term. It is the School District's intent to exercise all renewals. Payments increase 20% per renewal term and range from $480 through $691 monthly through the end of all available renewal periods with an implied interest rate of 2.05%

The District collected $6,912 from the tenants for the year ended June 30, 2026, which includes $4,975 in lease revenue and $1,937 in lease interest revenue.

A lease receivable and deferred inflows have been recorded to reflect future expected payments.

Lease Liabilities

The School District has operating lease arrangements for office equipment. Future payments are due through 2027-2028 and range from $34 to $810 per month. Expenditures related to leasing this equipment were approximately $13,000 for the year ended June 30, 2026. Lease liabilities were not recorded on the statement of net position as the School District has determined them to be immaterial.

Note 6 - 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	$ 185,863
Prepaid student lunch fees	6,309
Total	$ 192,172

Note 7 - Interfund Receivables, Payables, and Transfers

At June 30, 2026, the School District had the following interfund receivables and payables:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Funds	General Fund	$ 4,549
Nonmajor Governmental Funds	Nonmajor Governmental Funds	70
General Fund	Nonmajor Governmental Funds	24,505
		$ 29,124

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers consist of the following:

	Transfers Out		
	Nonmajor Governmental Funds	General Fund	Total
Transfers in			
General Fund	$ 4,500	$ -	$ 4,500
Nonmajor Governmental Funds	-	424	424
	$ 4,500	$ 424	$ 4,924

Transfers of $4,500 were made to reimburse indirect costs incurred in the General Fund on behalf of the Food Service Fund. Transfers of $424 were made from the General Fund to the Food Service Fund.

Note 8 - 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	$ 1,000,000	$ 800,000	$ 1,000,000	$ 800,000

Note 9 - 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. Other long-term obligations include compensated absences.

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	$19,430,000	$ -	$1,145,000	$18,285,000	$1,180,000
Bond premiums	476,034	-	61,381	414,653	-
Bond discounts	(20,076)	-	(3,069)	(17,007)	-
Total bonds payable	19,885,958	-	1,203,312	18,682,646	1,180,000
Other liabilities					
Compensated absences	954,567	14,162	-	968,729	33,500
Total	$20,840,525	$ 14,162	$1,203,312	$19,651,375	$1,213,500

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

2014 Building & Site Bonds due in annual installments of $600,000 to $625,000 through May 1, 2028, interest at 2.00-3.75%	$ 1,225,000
2025 Building & Site Bonds due in annual installments of $150,000 to $345,000 through May 1, 2053, interest at 4.00-5.00%	6,445,000
2017 Building & Site Bonds due in annual installments of $100,000 to $700,000 through May 1, 2032, interest at 3.00%	2,200,000
2020 Building & Site Bonds due in annual installments of $185,000 to $1,135,000 through May 1, 2034, interest at 2.00-4.00%	4,265,000
2023 Building & Site Bonds due in annual installments of $50,000 to $240,000 through May 1, 2053, interest at 4.00-5.00%	4,150,000
Total general obligation bonded debt	$ 18,285,000

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

Year Ending June 30,	Principal	Interest	Total
2027	$ 1,180,000	$ 678,063	$ 1,858,063
2028	1,220,000	633,611	1,853,611
2029	1,250,000	586,125	1,836,125
2030	1,290,000	541,025	1,831,025
2031	1,305,000	494,275	1,799,275
2032-2036	3,840,000	2,014,925	5,854,925
2037-2041	2,105,000	1,531,275	3,636,275
2042-2046	2,330,000	1,088,400	3,418,400
2047-2051	2,680,000	578,388	3,258,388
2052-2053	1,085,000	67,975	1,152,975
Total	$18,285,000	$8,214,062	$26,499,062

The general obligation bonds are payable from the Debt Service Fund. As of year end, the fund had a balance of $290,349 to pay this debt. Future debt and interest will be payable from future tax levies.

Interest and related expenditures for the fiscal year in the Debt Service Fund was $697,655.

Compensated Absences

Accrued compensated absences at year end, consist of accrued sick and vacation time benefits. Compensated absences additions and deductions are reported at their net value.

Note 10 - 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 11 - 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 $2,165,605 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 $10,416,147 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 .0520 percent, which was an increase of .0012 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 $1,128,181 for the measurement period. For the reporting period ending June 30, 2026, the School District recognized total pension contribution expense of $2,282,529.

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	$ 403,447	$ (92,776)	$ 310,671
Changes of assumptions	373,865	(550,518)	(176,653)
Net difference between projected and actual earnings on pension plan investments	-	(2,489,236)	(2,489,236)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	1,259,361	(28,437)	1,230,924
Total to be recognized in future	2,036,673	(3,160,967)	(1,124,294)
School District contributions subsequent to the measurement date	2,061,043	(857,652)	1,203,391
Total	$ 4,097,716	$(4,018,619)	$ 79,097

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	$ 450,598
2027	(691,266)
2028	(665,078)
2029	(218,548)
	$(1,124,294)

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	21.0%	5.8%
Private Equity Pools	16.0	9.3
International Equity Pools	14.0	5.6
Fixed Income Pools	15.0	2.5
Real Estate and Infrastructure Pools	8.0	7.0
Absolute Return Pools	13.0	4.4
Real Return/Opportunistic Pools	9.0	7.0
Short Term Investment Pools	4.0	1.3
	100.0%	

**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 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
$ 16,437,254	$ 10,416,147	$ 5,401,335

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 12 - 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 $52,146 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 $3,370,633 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 .0554 percent, which was an increase of .0046 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 $(1,016,546) for the measurement period. For the reporting period ending June 30, 2026, the School District recognized total OPEB contribution expense of $128,946.

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	$ -	$(2,307,695)	$(2,307,695)
Changes of assumptions	449,847	(35,749)	414,098
Net difference between projected and actual earnings on OPEB plan investments	-	(473,647)	(473,647)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	216,244	(16,815)	199,429
Total to be recognized in future	666,091	(2,833,906)	(2,167,815)
School District contributions subsequent to the measurement date	123,712	-	123,712
Total	$ 789,803	$(2,833,906)	$(2,044,103)

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	$ (561,311)
2027	(568,302)
2028	(522,069)
2029	(346,588)
2030	(129,915)
Thereafter	(39,630)
	$(2,167,815)

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	16.0 %	5.8%
Private Equity Pools	16.0	9.3
International Equity Pools	11.0	5.6
Fixed Income Pools	26.0	2.5
Real Estate and Infrastructure Pools	5.0	7.0
Absolute Return Pools	15.0	4.4
Real Return/Opportunistic Pools	7.0	7.0
Short Term Investment Pools	4.0	1.3
	100.0%	

**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%
$ (2,904,014)	$ (3,370,633)	$ (3,779,026)

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
$ (3,775,300)	$ (3,370,633)	$ (2,945,747)

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 13 - 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 14 - Tax Abatements

The School District may receive reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by various municipalities within

the area. 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 not reduced by a significant amount under these programs.

There are no significant abatements made by the School District.

Note 15 - Change Within Financial Reporting Entity

During the year ended June 30, 2026, individual debt funds that had previously been reported as nonmajor were reported as major. As a result, the following presentation change was necessary to be made in the financial statements:

	Reporting Units Affected by Adjustments to Beginning Fund Balances	
	Funds	
	2023 Capital Projects Fund	Nonmajor Governmental Funds
June 30, 2025, as previously presented	$ 284,437	$ 930,676
Change from non-major to major fund	(284,437)	284,437
July 1, 2025, as adjusted	$ -	$ 1,215,113

REQUIRED SUPPLEMENTARY INFORMATION

Centreville Public 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	$ 1,238,603	$ 1,326,906	$ 88,303	$ 1,321,525	$ (5,381)
State sources	9,987,832	10,737,888	750,056	10,628,438	(109,450)
Federal sources	190,372	200,789	10,417	217,216	16,427
Interdistrict sources	795,190	880,193	85,003	871,542	(8,651)
Total revenues	12,211,997	13,145,776	933,779	13,038,721	(107,055)
Expenditures					
Instruction					
Basic programs	5,642,389	5,920,653	278,264	5,859,670	(60,983)
Added needs	1,998,427	2,257,977	259,550	2,207,476	(50,501)
Adult and continuing education	3,824	-	(3,824)	-	-
Supporting services					
Pupil	296,733	390,312	93,579	355,089	(35,223)
Instructional staff	543,846	592,277	48,431	585,048	(7,229)
General administration	546,995	561,674	14,679	544,450	(17,224)
School administration	797,517	844,930	47,413	889,654	44,724
Business	192,023	183,074	(8,949)	177,980	(5,094)
Operations and maintenance	1,027,242	1,074,391	47,149	1,031,359	(43,032)
Pupil transportation services	465,872	527,334	61,462	528,455	1,121
Central	326,842	324,403	(2,439)	296,681	(27,722)
Athletic activities	494,496	505,740	11,244	472,835	(32,905)
Community services	2,738	9,165	6,427	8,886	(279)
Capital outlay	-	71,150	71,150	62,206	(8,944)
Total expenditures	12,338,944	13,263,080	924,136	13,019,789	(243,291)
Excess (deficiency) of revenues over expenditures	(126,947)	(117,304)	9,643	18,932	136,236
Other Financing Sources (Uses)					
Transfers in	-	5,900	5,900	4,500	(1,400)
Transfers out	-	(412)	(412)	(424)	12
Total other financing sources (uses)	-	5,488	5,488	4,076	(1,412)
Net change in fund balance	(126,947)	(111,816)	15,131	23,008	134,824
Fund balance - beginning	2,031,239	2,031,239	-	2,031,239	-
Fund balance - ending	$ 1,904,292	$ 1,919,423	$ 15,131	$ 2,054,247	$ 134,824

See Accompanying Notes to the Required Supplementary Information

Centreville Public 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 (%)	0.0520%	0.0508%	0.0472%	0.0434%	0.0427%	0.0423%	0.0429%	0.0431%	0.0426%	0.0410%
B. School district's proportionate share of the net pension liability	$ 10,416,147	$ 12,426,988	$ 15,290,555	$ 16,320,229	$ 10,107,886	$ 14,524,114	$ 14,213,654	$ 12,967,295	$ 11,036,146	$ 10,230,908
C. School district's covered payroll	$ 5,803,462	$ 5,352,198	$ 5,073,552	$ 4,205,920	$ 3,942,285	$ 3,746,145	$ 3,746,379	$ 3,736,118	$ 3,595,315	$ 3,608,129
D. School district's proportionate share of the net pension liability as a percentage of its covered payroll	179.48%	232.18%	301.38%	388.03%	256.40%	387.71%	379.40%	347.08%	306.96%	283.55%
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

Centreville Public 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	$ 2,282,529	$ 2,104,457	$ 2,114,323	$ 1,685,597	$ 1,452,462	$ 1,270,097	$ 1,140,186	$ 1,174,587	$ 673,300	$ 665,350
B. Contributions in relation to statutorily required contributions	2,282,529	2,104,457	2,114,323	1,685,597	1,452,462	1,270,097	1,140,186	1,174,587	673,300	665,350
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. School district's covered payroll	$ 6,062,944	$ 5,741,318	$ 5,315,150	$ 5,074,122	$ 4,074,505	$ 3,821,324	$ 3,765,392	$ 3,726,405	$ 3,734,031	$ 3,564,821
E. Contributions as a percentage of covered payroll	37.65%	36.65%	39.78%	33.22%	35.65%	33.24%	30.28%	31.52%	18.03%	18.66%

See Accompanying Notes to the Required Supplementary Information

Centreville Public 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) (%)	0.0554%	0.0508%	0.0509%	0.0434%	0.0438%	0.0423%	0.0428%	0.0439%	0.0429%	
B. School district's proportionate share of the net OPEB liability (asset)	$ (3,370,633)	$ (2,187,588)	$ (287,687)	$ 918,325	$ 668,068	$ 2,266,378	$ 3,075,076	$ 3,486,449	$ 3,796,296	
C. School district's covered payroll	$ 5,803,462	$ 5,352,198	$ 5,073,552	$ 4,205,920	$ 3,942,285	$ 3,746,145	$ 3,746,379	$ 3,736,118	$ 3,395,315	
D. School district's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-58.08%	-40.87%	-5.67%	21.83%	16.95%	60.50%	82.08%	93.32%	111.81%	
E. Plan fiduciary net position as a percentage of total OPEB liability	164.94%	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%	

See Accompanying Notes to the Required Supplementary Information

Centreville Public 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	$ 128,946	$ 101,324	$ 423,020	$ 389,964	$ 321,998	$ 316,900	$ 294,155	$ 284,697	$ 288,550	
B. Contributions in relation to statutorily required contributions	128,946	101,324	423,020	389,964	321,998	316,900	294,155	284,697	288,550	
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
D. School district's covered payroll	$ 6,062,944	$ 5,741,318	$ 5,315,150	$ 5,074,122	$ 4,074,505	$ 3,821,324	$ 3,765,392	$ 3,726,405	$ 3,734,031	
E. Contributions as a percentage of covered payroll	2.13%	1.76%	7.96%	7.69%	7.90%	8.29%	7.81%	7.64%	7.73%	

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

During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
School administration	$ 844,930	$ 889,654	$ 44,724
Pupil transportation services	527,334	528,455	1,121
Transfers out	412	424	12
Student/School Activity Fund	350,000	368,200	18,200

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 80% 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

Total expenditures were below budget by approximately $240,000. This variance is a result of several minor variances. Salaries and benefits accounted for $65,000 of the variance, representing a fraction of an FTE. Purchased services were under budget by approximately $110,000, primarily as a result of budgeted At Risk grant purchases which will be carried over to the next fiscal year. An offsetting variance is present for the same reason was attributed to state aid revenue, for a net effect of near zero. Supplies and materials were under budget by about $50,000, primarily as a result of planned textbook purchases that did not get made before year end.

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

Centreville Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2026

	Special Revenue Funds		2023 Capital Projects Fund	Total Nonmajor Governmental Funds
	Food Service Fund	Student/School Activity Fund		
Assets				
Cash	$ 516,420	$ 299,207	$ 5,469	$ 821,096
Due from other funds	4,619	-	-	4,619
Due from other governmental units	108,311	-	-	108,311
Inventory	28,565	-	-	28,565
Total assets	$ 657,915	$ 299,207	$ 5,469	$ 962,591
Liabilities				
Accounts payable	$ 131,936	$ 4,597	$ -	$ 136,533
Due to other funds	4,500	19,789	286	24,575
Unearned revenue	6,309	-	-	6,309
Total liabilities	142,745	24,386	286	167,417
Fund Balances				
Non-spendable				
Inventory	28,565	-	-	28,565
Restricted for				
Food service	486,605	-	-	486,605
Capital projects	-	-	5,183	5,183
Committed for student/school activities	-	274,821	-	274,821
Total fund balances	515,170	274,821	5,183	795,174
Total liabilities and fund balances	$ 657,915	$ 299,207	$ 5,469	$ 962,591

Centreville Public 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		*Formerly a major fund*	Total Nonmajor
	Food Service Fund	Student/School Activity Fund	2023 Capital Projects Fund	Governmental Funds
Revenues				
Local sources	$ 27,744	$ 365,821	$ 1,872	$ 395,437
State sources	209,367	-	-	209,367
Federal sources	799,479	-	9,311	808,790
Interdistrict sources	4,906	-	-	4,906
Total revenues	1,041,496	365,821	11,183	1,418,500
Expenditures				
Current				
Education				
Supporting services	-	368,200	-	368,200
Food services	1,175,726	-	-	1,175,726
Capital outlay	-	-	290,437	290,437
Total expenditures	1,175,726	368,200	290,437	1,834,363
Excess (deficiency) of revenues over expenditures	(134,230)	(2,379)	(279,254)	(415,863)
Other Financing Sources (Uses)				
Transfers in	424	-	-	424
Transfers out	(4,500)	-	-	(4,500)
Total other financing sources (uses)	(4,076)	-	-	(4,076)
Net change in fund balances	(138,306)	(2,379)	(279,254)	(419,939)
Fund balances - beginning, as previously presented	653,476	277,200	-	930,676
Change within financial reporting entity (nonmajor to major fund)	-	-	284,437	284,437
Fund balances, beginning, as adjusted	653,476	277,200	284,437	1,215,113
Fund balances - ending	$ 515,170	$ 274,821	$ 5,183	$ 795,174

Centreville Public Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2026

Year Ending June 30,	2014 Building & Site	2017 Building & Site	2020 Building & Site	2023 Building & Site	2025 Building & Site	Total
2027	$ 600,000	$ 185,000	$ 185,000	$ 60,000	$ 150,000	$ 1,180,000
2028	625,000	185,000	200,000	60,000	150,000	1,220,000
2029	-	700,000	340,000	60,000	150,000	1,250,000
2030	-	695,000	385,000	60,000	150,000	1,290,000
2031	-	335,000	770,000	50,000	150,000	1,305,000
2032	-	100,000	1,015,000	50,000	150,000	1,315,000
2033	-	-	1,135,000	50,000	150,000	1,335,000
2034	-	-	235,000	50,000	150,000	435,000
2035	-	-	-	155,000	215,000	370,000
2036	-	-	-	160,000	225,000	385,000
2037	-	-	-	165,000	230,000	395,000
2038	-	-	-	170,000	240,000	410,000
2039	-	-	-	175,000	250,000	425,000
2040	-	-	-	180,000	260,000	440,000
2041	-	-	-	185,000	250,000	435,000
2042	-	-	-	180,000	260,000	440,000
2043	-	-	-	185,000	270,000	455,000
2044	-	-	-	190,000	280,000	470,000
2045	-	-	-	195,000	285,000	480,000
2046	-	-	-	195,000	290,000	485,000
2047	-	-	-	205,000	300,000	505,000
2048	-	-	-	210,000	305,000	515,000
2049	-	-	-	220,000	315,000	535,000
2050	-	-	-	230,000	325,000	555,000
2051	-	-	-	235,000	335,000	570,000
2052	-	-	-	235,000	345,000	580,000
2053	-	-	-	240,000	265,000	505,000
Total	$ 1,225,000	$ 2,200,000	$ 4,265,000	$ 4,150,000	$ 6,445,000	$ 18,285,000
Principal payments due the first day of	May	May	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	May and November	May and November	
Interest rate	2.00% - 3.75%	3.00%	2.00% - 4.00%	4.00% - 5.00%	4.00% - 5.00%	
Original issue	$ 3,340,000	$ 3,360,000	$ 5,005,000	$ 4,510,000	$ 6,595,000	

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
Centreville Public Schools
Centreville, 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 Centreville Public Schools, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Centreville Public Schools' basic financial statements, and have issued our report thereon dated October 15, 2026.

Report on Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered Centreville Public 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Centreville Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Centreville Public 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters
As part of obtaining reasonable assurance about whether Centreville Public 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
October 15, 2026