Mattawan Consolidated School

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
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

Mattawan Consolidated School
Members of the Board of Education and Administration
June 30, 2026

Members of the Board of Education

Ms. Shari Magrath – President

Mr. Ted Roethlisberger – Vice President

Ms. Marika Hawes-Ruhrup – Treasurer

Ms. Vickie Mabin Herzberg – Secretary

Dr. Mark Noffsinger – Trustee

Mr. Rick George – Trustee

Mr. Onur Arugaslan – Trustee

Administration

Mr. Randy Fleenor – Superintendent

Mrs. Pam Stermer – Chief Financial Officer

Independent Auditors' Report

Management and the Board of Education
Mattawan Consolidated School
Mattawan, 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 Mattawan Consolidated School, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Mattawan Consolidated School's 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 Mattawan Consolidated School, 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 Mattawan Consolidated School, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Mattawan Consolidated School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, 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.

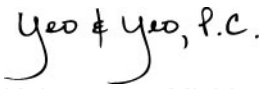
Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mattawan Consolidated School's 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 16, 2026 on our consideration of Mattawan Consolidated School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mattawan Consolidated School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mattawan Consolidated School's internal control over financial reporting and compliance.



Kalamazoo, Michigan
October 16, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Mattawan Consolidated School
Management's Discussion and Analysis
June 30, 2026

This section of Mattawan Consolidated School's annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2026. The discussion is intended to provide readers with an objective and readily understandable analysis of the District's financial activities and should be read in conjunction with the basic financial statements and accompanying notes that follow this section.

Using this Annual Financial Report

This annual financial report consists of district-wide financial statements, fund financial statements, notes to those statements, as well as required and other supplementary information. These statements are organized so the reader can understand Mattawan Consolidated School financially as a whole. The district-wide financial statements provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. The two (2) statements included in district-wide financial statements are the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as one indicator of whether the District's financial position is improving or deteriorating. Other factors, including student achievement, enrollment, facility needs, and the quality and safety of educational programs, should also be considered when evaluating the District's overall condition.

The Statement of Activities presents the District's expenses by function and identifies the extent to which those functions are supported by charges for services and operating grants and contributions. The remaining costs are financed primarily through state aid, property taxes, investment earnings, and other general revenues.

The fund financial statements provide more detailed information about the District's individual funds. Governmental fund statements focus on near-term inflows and outflows of spendable resources and the balances available at the end of the fiscal year. The General Fund is the District's primary operating fund. The Bonded Capital Projects Fund is also reported as a major fund for fiscal year 2026, while the remaining governmental funds are reported as nonmajor governmental funds.

The governmental fund financial statements are prepared using the current financial resources measurement focus and modified accrual basis of accounting. Because the district-wide and governmental fund statements use different measurement focuses and bases of accounting, reconciliations are provided to explain the differences between the two presentations.

The notes to the financial statements provide additional information necessary to fully understand the amounts reported in the financial statements, including information regarding capital assets, long-term debt, pension and other postemployment benefits, and other significant matters. Required supplementary information provides context and analysis of the financial statements and budgetary information.

The annual financial report is arranged as follows:

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

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

Notes to the Basic Financial Statements

(Required Supplementary Information)
Budgetary Information for Major Funds

Other Supplementary Information

The District as Trustee – Reporting the District's Fiduciary Responsibilities
The District is the trustee, or fiduciary, for any accounts or funds in its care. With the implementation of GASB 84 any of the District's fiduciary activities are reported in separate statements of fiduciary assets and liabilities. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The District as a Whole

The District's financial position improved during fiscal year 2026. Total net position increased by approximately $12.0 million, from a deficit of $37.4 million at June 30, 2025 to a deficit of $25.4 million at June 30, 2026.

Net Position – Table 1

Governmental Activities – in millions	2026	2025
Total assets	$163.1	$159.6
Deferred outflows of resources	16.7	22.0
Total liabilities	177.4	189.9
Deferred inflows of resources	27.7	29.1
Net position:		
Net investment in capital assets	4.2	2.8
Restricted	13.8	10.1
Unrestricted	(43.4)	(50.3)
Total net position	**$(25.4)**	**$(37.4)**

As reported in the Statement of Net Position, total assets increased approximately $3.4 million during the year. The composition of the District's assets changed significantly as bond proceeds were spent on capital projects. Cash and investments declined as construction activity continued, while net capital assets increased significantly. The District also reported a larger net other postemployment benefit asset at June 30, 2026.

Total liabilities decreased approximately $12.4 million. A significant portion of this decrease resulted from a reduction in the District's proportionate share of the net pension liability, which declined from approximately $50.2 million at June 30, 2025 to $40.5 million at June 30, 2026.

Although total net position remained negative at year end, unrestricted net position improved from a deficit of approximately $50.3 million to a deficit of approximately $43.4 million. The negative unrestricted balance continues to be significantly influenced by the District's recognition of its proportionate share of the Michigan Public School Employees' Retirement System pension liability and related deferred amounts.

The above analysis focuses on the net position (Table 1). The change in net position (Table 2) of the District's governmental activities is discussed below.

Changes in Net Position – Table 2

Governmental Activities – in millions	2026	2025
Revenues		
Charges for services	$1.7	$1.6
Operating grants and contributions	8.6	7.7
Property taxes	13.0	12.1
State aid – unrestricted	37.5	37.4
Interest and investment earnings	1.8	2.1
Other	.3	.8
Total revenues	**63.0**	**61.8**
Expenses		
Instruction	26.7	26.9
Supporting services	17.9	17.7
Food and community services	1.9	1.9
Interest and fiscal charges on long-term debt	4.4	4.3
Total expenses	**50.9**	**50.8**
Change in net position	**$12.0**	**$11.0**

As reported in the Statement of Activities, total governmental activity revenues increased approximately $1.2 million, or 1.9 percent, from fiscal year 2025. Operating grants and contributions increased approximately $912,000, while property tax revenue increased approximately $908,000. These increases were partially offset by decreases in interest and investment earnings and other general revenues. Unrestricted state aid remained relatively stable at approximately $37.5 million.

Total governmental activity expenses increased only approximately $121,000, or 0.2 percent. Instructional expenses decreased approximately $144,000, while supporting services increased approximately $213,000. Food service and community service expenses remained relatively consistent with the prior year, and interest and fiscal charges on long-term debt increased approximately $44,000.

The combination of increased revenues and relatively stable expenses resulted in an increase in net position of approximately $12.0 million for fiscal year 2026, compared with an increase of approximately $11.0 million in the prior year. The change breaks down as follows – 1) Change in value of

net pension liability and OPEB asset and related deferrals of resources of $9.3 million, 2) increase in capital assets of $9.8 million, 3) net decrease in long term debt of $3.7 million, 4) fund performance (discussed later) of ($10.6 million).

The District's Funds

Government-Wide Results
The improvement in the District's net position should be considered together with the accounting differences between governmental funds and district-wide financial statements.

Governmental funds reported an overall decrease in fund balance of approximately $10.6 million during fiscal year 2026, while district-wide net position increased approximately $12.0 million. The difference is primarily attributable to capital expenditures that are reported as expenditures in governmental funds but capitalized in the district-wide statements, changes in pension and OPEB liabilities, assets and related deferred amounts, and the accounting treatment of long-term debt.

During fiscal year 2026, approximately $14.4 million of governmental fund expenditures qualified as capital outlay for district-wide reporting purposes, while depreciation and amortization expense was approximately $4.6 million. Changes associated with the District's pension liability and related deferred amounts also had a significant positive effect on district-wide results. In addition, the District's net OPEB asset increased during the year. These changes added $9.3 million to net position.

These items help explain why the District experienced a substantial increase in district-wide net position at the same time governmental fund balances declined as voter-approved bond proceeds were spent on capital improvements.

Governmental Funds
At June 30, 2026, the District's governmental funds reported combined ending fund balances of approximately $44.4 million, compared with approximately $55.0 million at June 30, 2025, a decrease of approximately $10.6 million.

The decrease does not represent an operating deficit of that amount. Rather, it primarily reflects the planned expenditure of bond proceeds on capital projects.

The Bonded Capital Projects Fund decreased approximately $11.8 million during the year, from approximately $42.8 million to $31.0 million. The fund reported approximately $14.3 million of facilities acquisition expenditures during fiscal year 2026 as work continued on voter-approved capital projects.

This decrease was partially offset by a $1.0 million increase in the General Fund balance and an approximately $188,000 increase in the combined nonmajor governmental fund balances.

General Fund
The General Fund continues to be the District's primary operating fund. General Fund revenues for fiscal year 2026 totaled approximately $49.1 million, compared with approximately $48.1 million in fiscal year 2025, an increase of approximately $1.1 million, or 2.2 percent.

General Fund expenditures totaled approximately $48.1 million, compared with approximately $47.1 million in fiscal year 2025, an increase of approximately $1.0 million, or 2.2 percent.

Revenues exceeded expenditures by approximately $1.0 million. After approximately $11,000 of proceeds from the sale of capital assets, the General Fund reported an increase in fund balance of approximately $1.02 million.

General Fund balance increased from approximately $9.3 million at June 30, 2025 to approximately $10.3 million at June 30, 2026. The ending fund balance consisted primarily of approximately $7.4 million of unassigned fund balance, $2.2 million of assigned fund balance, $320,000 committed for K-5 ELA curriculum for 2027-2030, and approximately $395,000 of prepaid items classified as non-spendable.

Total General Fund balance at June 30, 2026 represented approximately 21.5 percent of fiscal year 2026 General Fund expenditures. Maintaining an appropriate fund balance provides the District with resources to address cash flow needs, unanticipated expenditures, fluctuations in state funding, and other financial uncertainties.

Student Enrollment
The District's student FTE enrollment for the fall count of 2025-2026 was 3,679 students, which was a 52 FTE decrease from the prior fall. The student FTE continues to include non-public school students as part of the District's Shared Time Services program. The Shared Time student enrollment increased again, this time by about 5 FTE from the 2024-2025 school year and equaled about 190 FTE of the total District enrollment.

Shared Time was introduced in 1985, when the Michigan Supreme Court rendered a decision in support of shared time programming on eligible non-core and elective classes. These areas include: art, computers, foreign language, music, physical education, other additional electives, such as advanced placement courses, and online learning opportunities. Shared time teaching subsidizes existing classes and provides new curriculum offerings for students in non-public schools. The District is able to count non-public student FTE in these classes. Shared Time Services is a program the District expects to grow to the extent allowed by state statute.

The funding formula for fiscal year 2026 used the 90/10 method by which a blended student count is derived from using 90% of the fall student count plus 10% of the previous spring student count.

The resulting blended student count is used in calculating district state aid dollars. The following summarizes fall student enrollments in the past several years:

	Student FTE		Change from Prior Year
2025-2026	3,679		-52
2024-2025	3,731		25
2023-2024	3,706		-27
2022-2023	3,733		28
2021-2022	3,705		208
2020-2021	3,497		-284
2019-2020	3,781		21
2018-2019	3,760		-53
2017-2018	3,813		16

The preliminary 2026-2027 budget shared in June 2026 used a blended student count of 3,631.49, which was based on a fall 2026 estimated student FTE of 3,629. At the time of this writing, preliminary estimated fall 2026 student count is about precisely that figure.

Property Valuations
In accordance with Act 539, Public Acts of Michigan, 1982, as amended, and Article IX, Section 3 of the Michigan Constitution, the ad valorem State Equalized Valuation (SEV) represents 50% of true cash value. SEV does not included any value of tax-exempt property (e.g. churches, governmental property) or property granted tax abatements under Act 198, Public Acts of Michigan, 1974, as amended. As a result of Proposal A enacted in 1994, ad valorem property taxes are assessed on the basis of taxable value, which is subject to assessment caps.

Taxable property in the District is assessed by the local municipal assessor and is subject to review by the County Equalization Department. As shown in the Historical Valuations Table below, taxable values have been increasing at very healthy rates from year to year for about the last 5-7 years. The rate of increase in taxable values in fiscal year 2026 was 5.8% which was another increase over the prior year's growth rate of 8.0%. Aside from fiscal year 2022, the last several years have seen 5-10% increases in property values so fiscal year 2026 continued that trend.

When taxable values increase, the amount of operating revenue the District's General Fund receives does not change much since the District can only receive the amount of funding in total that is a result of its student count and the Per Pupil Foundation Grant. The non-homestead portion of the taxable value figures into that calculation and state aid funding makes up the difference. When taxable values are higher, the District does receive more funding for debt retirement since that is a direct calculation on the total valuation.

Historical Valuations

Fiscal Year	Homestead	Non-Homestead	Total Valuation
2026	$1,056,389,883	$211,691,359	$1,268,081,242
2025	995,647,572	202,949,338	1,198,596,910
2024	918,147,278	189,973,265	1,108,120,543
2023	844,644,570	184,529,531	1,029,174,101
2022	800,932,735	169,848,377	970,881,112
2021	769,932,327	167,617,344	937,549,671
2020	737,445,644	150,922,949	888,368,593
2019	710,847,228	125,360,426	836,207,654
2018	657,266,545	101,543,859	758,810,404
2017	635,730,597	95,466,368	731,196,965

Foundation Allowance per Pupil
The following table shows a history of the District's Foundation Allowance per Pupil:

	Per Pupil Amount
2025 – 2026	$10,050
2024 – 2025	9,608
2023 – 2024	9,608
2022 – 2023	9,150
2021 – 2022	8,700
2020 – 2021	8,111
2019 – 2020	8,111
2018 – 2019	7,871
2017 – 2018	7,631

The projected Per Pupil Foundation Grant amount for the 2025-2026 school year we used in the preliminary budget was $10,050, an increase of $442 per student from the 2024-2025 school year, so there was no adjustment in the actual amount we received. The Per Pupil Foundation Grant for fiscal year 2027 will be $10,300, which was used in the preliminary budget approved by the board in June 2026.

Capital Assets and Long-Term Financing

Capital Assets

At June 30, 2026, the District had approximately $97.4 million invested in capital assets, net of accumulated depreciation and amortization, compared with approximately $87.7 million at June 30, 2025. This represents an increase of approximately $9.8 million, or 11.1 percent.

Construction in progress increased from approximately $5.8 million at June 30, 2025 to approximately $17.1 million at June 30, 2026 as the District continued work on capital projects. During the fiscal year, construction in progress increased approximately $12.3 million before transfers and disposals.

The District also added approximately $2.1 million of equipment and furniture, approximately $868,000 of buildings and additions, approximately $91,000 of land, and approximately $47,000 of buses and other vehicles during the year.

Depreciation and amortization expense totaled approximately $4.6 million for fiscal year 2026.

At June 30, 2026, the Bonded Capital Projects Fund reported approximately $31.0 million of restricted fund balance. Substantially all of the remaining balance has been obligated for future construction commitments.

The substantial increase is a result of the continued progress of 2024 Bond projects. There was work on campus roads, athletic fields, building remodeling, technology and furniture purchases. Specific items prior to depreciation are detailed in the following chart:

	2026		2025
Land	$ 839,447		$ 748,429
Construction in progress	17,126,398		5,827,493
Building and building improvements	113,516,082		112,707,923
Buses and other vehicles	4,007,313		3,978,152
Furniture and Equipment	17,913,965		15,967,872
Right to Use Asset – Furniture/Equipment	271,662		271,662
Total Capital Assets	$ 153,674,867		$ 139,501,531

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

Long-Term Financing
Total long-term obligations included in the District's long-term debt schedule decreased from approximately $130.3 million at the beginning of fiscal year 2026 to approximately $126.5 million at year end.

General obligation bond principal totaled approximately $119.2 million at June 30, 2026. During the fiscal year, the District issued approximately $1.0 million of additional general obligation bonds and repaid approximately $5.5 million of bond principal. Including unamortized bond premiums, total bonds payable decreased from approximately $129.5 million at June 30, 2025 to approximately $124.6 million at June 30, 2026.

During fiscal year 2026, the District also borrowed approximately $1.08 million from the State of Michigan School Loan Revolving Fund to meet current debt service requirements. Including accrued interest, the amount outstanding at June 30, 2026 was approximately $1.11 million. Management anticipates that, as other outstanding bonds mature, revenues generated from the debt millage will be sufficient to meet future debt service requirements and repayment obligations associated with the School Loan Revolving Fund.

Total general obligation bonds balances are as follows:

	2026		2025
General Obligation Bonds	$ 124,584,112		$ 129,494,619

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 District's boundaries. If the District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit.

Economic Factors and Next Year's Budgets and Rates
The general condition of the State of Michigan and US economies continues to be an issue with regards to overall costs and household well-being. These conditions affect school districts just as they do any other business or household. With increasing costs, especially fuel, District operating expense will be higher in the next fiscal year. With higher interest rates however, the District is benefitting from an increase in investment income, even though borrowing costs are also higher.

District revenue to cover increasing costs is generally fixed, being a function of student count and the amount the State of Michigan provides in per pupil funding. The State revenue, which generally comprises around 90% of the District's General Fund budget, is primarily determined by multiplying the blended student count by the Per Pupil Foundation Grant. The blended count is determined for a given fiscal year by adding 10% of the prior year's February student count and 90% of the current year's October student count. This calculation is changing starting with fiscal year 2027 and will be using a weighted average method. The effect on District funding is yet to be determined. The preliminary 2026-2027 General Fund budget was adopted at the end of June 2026 and based on the prior method and a decreased student count of about 50.

On the expense side, staffing levels and needs are continually being monitored, as well as operational expenses. With the passage of the bond, some of the expenses for needed facility upgrades would had to have been paid for with General Fund dollars, are now part of the 2024 Bond Project. This helps alleviate some of the technology, transportation, facility and other upgrade and replacement costs the District will incur.

Health insurance costs have increased approximately 6% for fiscal year 2027 after a 12% increase last year. The District continues to look for operational efficiencies and cost-saving methods and procurement. These revenue and expense factors produced an approximate projected deficit in the fiscal year 2027 General Fund budget of $1.5 million when it was adopted in June 2026. It will be amended mid-year taking into account all known adjusted revenue and expense factors to get a closer estimate of any projected budget surplus or deficit.

Another event affecting district finances in the future will be contract negotiations. In the spring of 2027, the District will begin negotiating with both the Mattawan Education Association (MEA) teacher union and the Mattawan Educational Support Association (MESA) office staff and paraprofessional union since both contracts expire in June 2027.

Subsequent to fiscal year end, on October 6, 2026, the District issued the 2026 School Building and Site Bonds, Series II, with a par value of $57.66 million and a related premium of approximately $1.34 million. This issuance represents a significant addition to the District's long-term financing subsequent to June 30, 2026 and will provide resources for continuing capital investment in District facilities and sites. The related borrowing will increase reported long-term debt in the following fiscal year.

The District also continues to have significant capital commitments associated with its ongoing construction program. At June 30, 2026, substantially all of the remaining Bonded Capital Projects Fund balance had been obligated for future construction commitments. Management will continue to monitor project expenditures, available bond resources, and long-term debt service requirements as the capital program progresses.

Lastly, the District continues to focus its operations to align with the strategic plan adopted in 2022. This plan will be reviewed and updated in fiscal year 2027. Focus areas of the plan currently included are student success, personnel success, facilities and operations, financial stewardship and community relations. The District will continue to make operational decisions to align with goals and targets within the plan. Guided by the strategic plan, the District looks forward to another successful and productive year in the endeavor and mission of educating students.

Contacting the District's Financial Management

This annual financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer at 56720 Murray Street, Mattawan, Michigan 49071.

BASIC FINANCIAL STATEMENTS

Mattawan Consolidated School
Statement of Net Position
June 30, 2026

	Governmental Activities
Assets	
Cash	$ 10,857,544
Accounts receivable	54,189
Due from other governmental units	8,420,036
Interest receivable	31,740
Inventory	52,253
Investments	33,817,112
Prepaid items	482,435
Capital assets not being depreciated	17,965,845
Capital assets - net of accumulated depreciation	79,471,499
Net OPEB asset	11,902,839
Total assets	163,055,492
Deferred Outflows of Resources	
Deferred amount on debt refunding	1,625,019
Deferred amount relating to the net pension liability	12,469,476
Deferred amount relating to the net OPEB asset	2,628,558
Total deferred outflows of resources	16,723,053

See Accompanying Notes to the Financial Statements

Mattawan Consolidated School
Statement of Net Position
June 30, 2026

	Governmental Activities
Liabilities	
Accounts payable	2,822,617
State aid anticipation note payable	1,651,743
Due to other governmental units	646
Payroll deductions and withholdings	1,961
Accrued expenditures	1,804,448
Accrued salaries payable	3,641,886
Unearned revenue	524,953
Long-term liabilities	
Net pension liability	40,519,747
Due within one year	5,293,266
Due in more than one year	121,180,629
Total liabilities	177,441,896
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	17,391,115
Deferred amount relating to the net OPEB asset	10,301,142
Total deferred inflows of resources	27,692,257
Net Position	
Net investment in capital assets	4,195,469
Restricted for:	
Food service	1,346,759
Debt service	547,067
Specific donor instructions	12,103
Net OPEB asset	11,902,839
Unrestricted	(43,359,845)
Total net position	$ (25,355,608)

See Accompanying Notes to the Financial Statements

Mattawan Consolidated School
Statement of Activities
For the Year Ended June 30, 2026

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Governmental activities				
Instruction	$ 26,730,964	$ 18,400	$ 5,017,761	$ (21,694,803)
Supporting services	17,931,655	1,249,329	1,502,925	(15,179,401)
Food services	1,902,026	232,592	2,112,932	443,498
Community services	10,350	242,527	9,539	241,716
Interest and fiscal charges on long-term debt	4,362,198	-	-	(4,362,198)
Total governmental activities	$ 50,937,193	$ 1,742,848	$ 8,643,157	(40,551,188)
General revenues				
Property taxes, levied for general purposes				4,030,211
Property taxes, levied for debt service				8,961,406
State aid - unrestricted				37,530,798
Interest and investment earnings				1,797,987
Other				278,378
Total general revenues				52,598,780
Change in net position				12,047,592
Net position - beginning				(37,403,200)
Net position - ending				$ (25,355,608)

See Accompanying Notes to the Financial Statements

Mattawan Consolidated School
Governmental Funds
Balance Sheet
June 30, 2026

	General Fund	Bonded Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 6,318,974	$ 1,597,460	$ 2,941,110	$ 10,857,544
Accounts receivable	48,105	-	6,084	54,189
Due from other funds	7,063	-	430	7,493
Due from other governmental units	8,167,225	-	252,811	8,420,036
Interest receivable	31,740	-	-	31,740
Inventory	-	-	52,253	52,253
Investments	2,200,416	31,616,696	-	33,817,112
Prepaid items	394,935	-	87,500	482,435
Total assets	$ 17,168,458	$ 33,214,156	$ 3,340,188	$ 53,722,802
Liabilities				
Accounts payable	$ 426,295	$ 2,254,202	$ 142,120	$ 2,822,617
State aid anticipation note payable	1,651,743	-	-	1,651,743
Due to other funds	430	-	7,063	7,493
Due to other governmental units	-	-	646	646
Payroll deductions and withholdings	1,961	-	-	1,961
Accrued expenditures	632,339	-	-	632,339
Accrued salaries payable	3,635,408	-	6,478	3,641,886
Unearned revenue	495,507	-	29,446	524,953
Total liabilities	6,843,683	2,254,202	185,753	9,283,638
Fund Balances				
Non-spendable				
Inventory	-	-	52,253	52,253
Prepaid items	394,935	-	87,500	482,435
Restricted for				
Food service	-	-	1,209,506	1,209,506
Debt service	-	-	1,272,488	1,272,488
Capital projects	-	30,959,954	-	30,959,954
Specific donor instructions	12,103	-	-	12,103
Committed for student/school activities	-	-	532,688	532,688
Committed for K-5 ELA Curriculum 2027-2030	320,000	-	-	320,000
Assigned	2,242,170	-	-	2,242,170
Unassigned	7,355,567	-	-	7,355,567
Total fund balances	10,324,775	30,959,954	3,154,435	44,439,164
Total liabilities and fund balances	$ 17,168,458	$ 33,214,156	$ 3,340,188	$ 53,722,802

See Accompanying Notes to the Financial Statements

Mattawan Consolidated School
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2026

Total fund balances for governmental funds	$ 44,439,164
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	17,965,845
Capital assets - net of accumulated depreciation	79,471,499
Net OPEB asset is not recorded as an asset in the governmental funds	11,902,839
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	1,625,019
Deferred outflows of resources resulting from the net pension liability	12,469,476
Deferred outflows of resources resulting from the net OPEB asset	2,628,558
Deferred inflows of resources resulting from the net pension liability	(17,391,115)
Deferred inflows of resources resulting from the net OPEB asset	(10,301,142)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(725,421)
Arbitrage	(446,688)
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	(40,519,747)
Compensated absences	(604,949)
Bonds payable	(124,584,112)
School bond loan payable	(1,108,648)
Other loans payable and liabilities	(176,186)
Net position of governmental activities	$ (25,355,608)

See Accompanying Notes to the Financial Statements

Mattawan Consolidated School
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2026

	General Fund	Bonded Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	$ 5,164,485	$ 1,497,459	$ 10,163,014	$ 16,824,958
State sources	42,172,743	-	1,196,494	43,369,237
Federal sources	560,466	-	999,402	1,559,868
Interdistrict sources	1,230,722	-	-	1,230,722
Total revenues	49,128,416	1,497,459	12,358,910	62,984,785
Expenditures				
Current				
Education				
Instruction	29,022,487	-	-	29,022,487
Supporting services	18,475,334	-	957,663	19,432,997
Food services	-	-	2,060,061	2,060,061
Community services	10,350	-	-	10,350
Facilities acquisition	-	14,255,278	243,606	14,498,884
Capital outlay	539,353	-	-	539,353
Debt service				
Principal	49,702	-	5,535,000	5,584,702
Interest and other expenditures	19,556	35,102	4,454,281	4,508,939
Total expenditures	48,116,782	14,290,380	13,250,611	75,657,773
Excess (deficiency) of revenues over expenditures	1,011,634	(12,792,921)	(891,701)	(12,672,988)
Other Financing Sources (Uses)				
Proceeds from issuance of bonds	-	1,000,000	-	1,000,000
Proceeds from school bond loan fund	-	-	1,079,458	1,079,458
Proceeds from sale of capital assets	10,739	-	-	10,739
Transfers in	-	-	285,837	285,837
Transfers out	-	-	(285,837)	(285,837)
Total other financing sources (uses)	10,739	1,000,000	1,079,458	2,090,197
Net change in fund balances	1,022,373	(11,792,921)	187,757	(10,582,791)
Fund balances - beginning	9,302,402	42,752,875	2,966,678	55,021,955
Fund balances - ending	$ 10,324,775	$ 30,959,954	$ 3,154,435	$ 44,439,164

See Accompanying Notes to the Financial Statements

Mattawan Consolidated School
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	$ (10,582,791)
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation and amortization expense	(4,617,551)
Capital outlay	14,434,629
Sale of capital assets (net book value)	(61,495)
Expenses are recorded when incurred in the statement of activities.	
Interest	(15,397)
Arbitrage	(112,257)
Compensated absences	(12,186)
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	9,680,736
Net change in deferrals of resources related to the net pension liability	(4,460,940)
The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB asset	3,258,538
Net change in deferrals of resources related to the net OPEB asset	868,924
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.	
Debt issued	(2,079,458)
Repayments of long-term debt	5,584,702
Amortization of premiums	375,507
Amortization of deferred amount on debt refunding	(213,369)
Change in net position of governmental activities	$ 12,047,592

See Accompanying Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

District-wide Financial Statements

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

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

The 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.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

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

Fund Financial Statements

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

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

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

The School District reports the following major governmental funds:

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

Bonded Capital Projects Fund – The Bonded Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs associated with the 2024 and 2025 School Building & Site Bonds. The funds are kept open until the purpose for which the fund was created has been accomplished.

Additionally, the School District reports the following fund types:

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.

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

Capital Projects Funds – Capital Project Funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The funds are kept open until the purpose for which the fund was created has been accomplished.

Assets, Liabilities and Net Position or Fund Balance

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.

Property taxes are levied on December 1 and payable through March 15. 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 the County of Van Buren and Kalamazoo and remitted to the School District by May 15.

Investments - Investments are stated at fair value.

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 consumed, rather than when purchased. 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 additions	20 - 50 years
Equipment and furniture	5 - 10 years
Buses and other vehicles	5 - 10 years

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

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.

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 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.

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions and experience differences relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining service lives of the employees and retirees in the plan. 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, or the Assistant Superintendent for Business Services. Residual amounts in governmental funds other than the General Fund are automatically assigned according to their nature.

The School District has assigned fund balance amounts at year end in the General Fund as follows.

Curriculum/textbooks	$ 200,000
Technology	200,000
Buses	50,000
26-27 budgeted expenditures over revenues	1,551,170
Facilities	241,000
Total Assignments	$ 2,242,170

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.

The School District has adopted a policy to maintain a minimum fund balance of five percent of the General Fund annual operating expenditures.

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 Bonded Capital Projects Fund includes capital project activities funded with bonds related to the 2025 School Building & Site Bonds, Series I and 2024 School Building & Site Bonds, Series I. For these capital projects, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The projects are 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 2017 Capital Projects Fund. The project for which the 2017 School Building & Site Bonds, Series I, were issued was considered complete on June 30, 2025 and the cumulative expenditures recognized for the construction period was $22,443,569.

The following is a summary of the revenue and other financing sources and expenditures and other financing uses in the 2017, 2024, and 2025 bond projects from the inception of the funds through the current fiscal year:

	2017 Capital Projects	2024 Capital Projects	2025 Capital Projects
Revenues and other financing sources	$ 22,443,569	$ 53,780,250	$ 1,017,254
Expenditures and other financing uses	22,443,569	23,393,813	443,737
	$ -	$ 30,386,437	$ 573,517

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	$ 10,857,544
Investments	33,817,112
Total	$ 44,674,656

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	$ 10,857,474
Investments in securities, mutual funds, and similar vehicles	33,817,112
Petty cash and cash on hand	70
Total	$ 44,674,656

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	$ 1,848,255	< 60 days	AAAm	S & P
MAX Class	31,968,857	< 60 days	AAAm	S & P
Total	$ 33,817,112			

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is discussed below.

As of June 30, 2026, the net asset value of the School District's investment in MILAF + Portfolio was $33,817,112. 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, $11,266,989 of the School District's bank balance of $11,766,989 was uncollateralized and uninsured.

Custodial credit risk - investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2026, none of the School District's investments were exposed to custodial credit risk.

Note 4 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 748,429	$ 91,018	$ -	$ 839,447
Construction-in-progress	5,827,493	12,268,367	969,462	17,126,398
Total capital assets not being depreciated	6,575,922	12,359,385	969,462	17,965,845
Capital assets being depreciated				
Buildings and additions	112,707,923	867,835	59,676	113,516,082
Equipment and furniture	15,967,872	2,129,545	183,452	17,913,965
Buses and other vehicles	3,978,152	47,326	18,165	4,007,313
Right to use asset - equipment and furniture	271,662	-	-	271,662
Total capital assets being depreciated	132,925,609	3,044,706	261,293	135,709,022
Less accumulated depreciation for				
Buildings and additions	39,530,577	3,694,543	44,160	43,180,960
Equipment and furniture	9,813,127	613,676	139,290	10,287,513
Buses and other vehicles	2,422,734	254,000	16,348	2,660,386
Right to use asset - equipment and furniture	53,332	55,332	-	108,664
Total accumulated depreciation	51,819,770	4,617,551	199,798	56,237,523
Net capital assets being depreciated	81,105,839	(1,572,845)	61,495	79,471,499
Net capital assets	$87,681,761	$10,786,540	$1,030,957	$97,437,344

Construction Commitments

As of year end, substantially all remaining fund balance in the Bonded Capital Projects Fund has been obligated for future construction commitments.

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

Governmental activities	
Instruction	$ 2,678,180
Supporting services	1,754,669
Food services	184,702
Total governmental activities	$ 4,617,551

Note 5 - Interfund Receivables, Payables, and Transfers

Interfund balances consisted of the following at year end:

Receivable Fund	Payable Fund	Amount
Nonmajor Governmental Funds	General Fund	$ 430
General Fund	Nonmajor Governmental Funds	7,063
		$ 7,493

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 consisted of the following:

	Transfers Out: Nonmajor Governmental Funds
Transfers in	
Nonmajor governmental funds	$ 285,837

These transfers were made between nonmajor debt service funds.

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	$ 484,707
Student lunch payments on account	29,446
Advance tuition payments	10,800
Total	$ 524,953

Note 7 - State Aid Anticipation Note

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

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

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	$ 1,013,325	$ 4,293,000	$ 3,654,582	$ 1,651,743

Note 8 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. For the School Loan Revolving Fund, the State may withhold state aid if the School District is in default or apply late charges in an instance of default or fails to appropriately levy debt mills.

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	$ 123,740,000	$ 1,000,000	$ 5,535,000	$ 119,205,000	$ 5,145,000
Premium on bonds	5,754,619	-	375,507	5,379,112	-
Total bonds payable	129,494,619	1,000,000	5,910,507	124,584,112	5,145,000
Notes from direct borrowings and direct placements					
School Loan Revolving Fund (SLRF)	-	1,079,458	-	1,079,458	-
Accrued interest- SLRF	-	29,190	-	29,190	-
Total notes from direct borrowings and direct placements	-	1,108,648	-	1,108,648	-
Other liabilities					
Compensated absences	592,763	12,186	-	604,949	94,300
Leases	225,888	-	49,702	176,186	53,966
Total other liabilities	818,651	12,186	49,702	781,135	148,266
Total	$ 130,313,270	$ 2,120,834	$ 5,960,209	$ 126,473,895	$ 5,293,266

For governmental activities, leases are primarily liquidated by the General Fund.

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

$1,000,000 2025 School Building and Site bonds due in annual installments of $95,000 to $125,000 through 2035, interest at 3.62%	$ 1,000,000
$45,495,000 2024 School Building and Site bonds due in annual installments of $435,000 to $3,455,000 through 2054, interest at 5.00%	45,080,000
$53,810,000 2021 Refunding bonds due in annual installments of $3,095,000 to $3,750,000 through 2039, interest at 1.88% to 2.58%	44,555,000
$17,130,000 2018 School Building and Site Serial bonds due in annual installments of $770,000 to $1,390,000 through 2038, interest at 4.00% to 5.00%	12,520,000
$20,400,000 2017 School Building and Equipment Serial bonds due in annual installments of $750,000 to $1,375,000 through 2042, interest at 3.00% to 4.00%	16,050,000
Total general obligation bonded debt	$ 119,205,000

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

	Bonds		
Year Ending June 30,	Principal	Interest	Total
2027	$ 5,145,000	$ 4,352,524	$ 9,497,524
2028	5,275,000	4,224,399	9,499,399
2029	5,415,000	4,086,957	9,501,957
2030	5,565,000	3,941,436	9,506,436
2031	5,720,000	3,787,373	9,507,373
2032-2036	31,210,000	16,277,227	47,487,227
2037-2041	25,670,000	11,142,152	36,812,152
2042-2046	11,860,000	7,517,000	19,377,000
2047-2051	13,480,000	4,555,000	18,035,000
2052-2054	9,865,000	1,003,000	10,868,000
Total	$ 119,205,000	$ 60,887,068	$ 180,092,068

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of $1,272,488 to pay this debt. Future debt and interest will be payable from future tax levies.

Interest and related fiscal expenditures recorded in the Debt Service Funds during the year was $4,454,281.

School Loan Revolving Fund
The School Loan Revolving Fund consists of a borrowing agreement with the State of Michigan for the purpose of meeting the financing of current debt maturities on the School District's bond issues. In prior years, the School District issued bonds to renovate School District facilities. The bond election, as passed by the voters, specified that the School District debt millage would not exceed the prebond vote millage, but instead the election permitted the School District to extend this levy into the future. Since the monies generated by the mills are presently not sufficient to cover the entire debt service requirements of the School District, it has been necessary for the School District to borrow a total of $1,079,458 to meet debt service requirements. Management of the School District anticipates that as the other bonds mature, the revenues provided by the debt millage will be sufficient to satisfy the future debt service requirements of the bonds and all necessary borrowing from the School Loan Revolving Fund. During the year, the School District borrowed $1,079,458, plus accrued interest of $29,190 and had an outstanding balance at year-end of $1,108,648. The School District has agreed to repay the loan amount with interest at rates and at times to be determined by the State Treasurer.

Compensated Absences
Accrued compensated absences and termination benefits at year end consist of approximately $604,949 in accrued sick and vacation time benefits. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year. Additions and deductions are reported at their net value.

Deferred Amount on Refunding
The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2039. As of year end, the unamortized balance is $1,625,019.

Defeased Debt
In prior years, the School District has defeased various bonds issued by creating separate irrevocable trust funds. New debt has been issued and the net proceeds of each refunding were placed in separate special escrow accounts and invested in securities of the U.S. Government and its agencies. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded bonds are considered to be defeased. Accordingly, the trust account assets and liability for the defeased bonds are not included in the School District's financial statements.

Note 9 - Risk Management

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

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

The School District has elected to pay for dental insurance on a self-insured basis but has an independent third party that acts as the administrator on its behalf. Under this method, the School District pays based on actual claims against the plan. At June 30, 2026 the School District has recorded a liability, which represents claims submitted and unpaid at that date. The liability is not significant to the financial statements. For governmental activities, the liability for dental benefits is primarily liquidated by the General Fund.

Note 10 - Pension Plan

Plan Description

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

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

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.
The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

Benefits Provided

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

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

Contributions

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

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

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

Pension Contribution Rates

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

Required contributions to the pension plan from the School District were $8,424,398 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 $40,519,747 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 .2023 percent, which was a decrease of .0028 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 $2,936,039 for the measurement period. For the reporting period ending June 30, 2026, the School District recognized total pension contribution expense of $8,999,573.

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	$ 1,569,446	$ (360,906)	$ 1,208,540
Changes of assumptions	1,454,370	(2,141,566)	(687,196)
Net difference between projected and actual earnings on pension plan investments	-	(9,683,352)	(9,683,352)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	1,315,657	(1,919,510)	(603,853)
Total to be recognized in future	4,339,473	(14,105,334)	(9,765,861)
School District contributions subsequent to the measurement date	8,130,003	(3,285,781)	4,844,222
Total	$ 12,469,476	$ (17,391,115)	$ (4,921,639)

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	$ (184,756)
2027	(4,750,471)
2028	(3,738,573)
2029	(1,092,061)
	$ (9,765,861)

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%
$ 63,942,395	$ 40,519,747	$ 21,011,679

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

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

Note 11 - Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

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

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

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

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare

expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Contributions

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

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

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

OPEB Contribution Rates

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

Required contributions to the OPEB plan from the School District were $184,144 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 $11,902,839 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 .1958 percent, which was a decrease of .0050 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 $(3,659,396) for the measurement period. For the reporting period ending June 30, 2026, the School District recognized total OPEB contribution expense of $453,214.

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	$ -	$ (8,149,248)	$ (8,149,248)
Changes of assumptions	1,588,561	(126,240)	1,462,321
Net difference between projected and actual earnings on OPEB plan investments	-	(1,672,608)	(1,672,608)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	598,310	(353,046)	245,264
Total to be recognized in future	2,186,871	(10,301,142)	(8,114,271)
School District contributions subsequent to the measurement date	441,687	-	441,687
Total	$ 2,628,558	$ (10,301,142)	$ (7,672,584)

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	$ (2,039,754)
2027	(2,016,681)
2028	(2,054,411)
2029	(1,382,500)
2030	(476,862)
Thereafter	(144,063)
	$ (8,114,271)

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%
$ (10,255,049)	$ (11,902,839)	$ (13,345,012)

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
$ (13,331,852)	$ (11,902,839)	$ (10,402,422)

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

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

Note 12 - Contingent Liabilities

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

Note 13 - Tax Abatements

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

For the fiscal year ended June 30, 2026, the School District's property tax revenues were not reduced under these programs.

There are no significant abatements made by the School District.

Note 14 - Subsequent Event

On October 6, 2026, the 2026 School Building and Site Bonds, Series II were issued for a par value of $57,660,000 and a related premium of $1,336,709. Principal payments are due annually, ranging from $400,000 to $3,295,000, beginning May 2028 and ending May 2051. Interest payments are due semi-annually at 5.00%.

REQUIRED SUPPLEMENTARY INFORMATION

Mattawan Consolidated School
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2026

	Budgeted Amounts		Variance - Final Budget Over (Under)		Variance - Actual Over (Under)
	Original	Final	Original Budget	Actual	Final Budget
Revenues					
Local sources	$ 4,413,434	$ 5,083,886	$ 670,452	$ 5,164,485	$ 80,599
State sources	39,777,007	42,204,752	2,427,745	42,172,743	(32,009)
Federal sources	589,661	612,427	22,766	560,466	(51,961)
Interdistrict sources	1,431,982	1,150,595	(281,387)	1,230,722	80,127
Total revenues	46,212,084	49,051,660	2,839,576	49,128,416	76,756
Expenditures					
Instruction					
Basic programs	24,060,519	24,363,221	302,702	24,104,002	(259,219)
Added needs	5,002,815	5,138,689	135,874	4,918,485	(220,204)
Supporting services					
Pupil	1,357,818	1,408,145	50,327	1,412,578	4,433
Instructional staff	1,564,352	1,724,550	160,198	1,653,597	(70,953)
General administration	1,202,679	979,712	(222,967)	980,525	813
School administration	3,713,521	3,713,973	452	3,669,369	(44,604)
Business	1,209,908	1,170,532	(39,376)	1,200,407	29,875
Operations and maintenance	4,378,455	4,695,370	316,915	4,714,785	19,415
Pupil transportation services	2,681,613	2,873,294	191,681	2,725,366	(147,928)
Central	1,302,713	1,342,011	39,298	1,371,383	29,372
Athletic activities	775,849	773,335	(2,514)	747,324	(26,011)
Community services	-	12,562	12,562	10,350	(2,212)
Capital outlay	16,000	516,262	500,262	539,353	23,091
Debt service					
Principal	-	69,259	69,259	49,702	(19,557)
Total expenditures	47,266,242	48,780,915	1,514,673	48,116,782	(664,133)
Excess (deficiency) of revenues over expenditures	(1,054,158)	270,745	1,324,903	1,011,634	740,889
Other Financing Sources					
Proceeds from sale of capital assets	-	4,871	4,871	10,739	5,868
Net change in fund balances	(1,054,158)	275,616	1,329,774	1,022,373	746,757
Fund balance - beginning	9,302,402	9,302,402	-	9,302,402	-
Fund balance - ending	$ 8,248,244	$ 9,578,018	$ 1,329,774	$ 10,324,775	$ 746,757

See Accompanying Notes to the Required Supplementary Information

Mattawan Consolidated School
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 (%)	0.2023%	0.2051%	0.2105%	0.2018%	0.1848%	0.1859%	0.1897%	0.1930%	0.1922%	0.1911%
B. School District's proportionate share of the net pension liability	$ 40,519,747	$ 50,200,483	$ 68,136,658	$ 75,908,258	$ 43,758,353	$ 63,871,114	$ 62,834,982	$ 58,007,064	$ 49,817,805	$ 47,671,789
C. School District's covered payroll	$ 22,294,628	$ 21,277,326	$ 20,726,983	$ 20,758,319	$ 16,816,633	$ 16,381,626	$ 16,400,221	$ 16,459,477	$ 16,275,007	$ 15,977,754
D. School District's proportionate share of the net pension liability as a percentage of its covered payroll	181.75%	235.93%	328.73%	365.68%	260.21%	389.89%	383.13%	352.42%	306.10%	298.36%
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

Mattawan Consolidated School
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	$ 8,999,573	$ 8,172,179	$ 8,507,248	$ 7,554,320	$ 6,757,474	$ 5,533,324	$ 5,109,806	$ 5,272,618	$ 5,079,671	$ 3,157,388
B. Contributions in relation to statutorily required contributions	8,999,573	8,172,179	8,507,248	7,554,320	6,757,474	5,533,324	5,109,806	5,272,618	5,079,671	3,157,388
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. School District's covered payroll	$ 23,889,434	$ 22,123,345	$ 21,200,760	$ 20,418,511	$ 19,609,464	$ 16,288,688	$ 16,478,366	$ 16,337,225	$ 16,408,325	$ 16,794,665
E. Contributions as a percentage of covered payroll	37.67%	36.94%	40.13%	37.00%	34.46%	33.97%	31.01%	32.27%	30.96%	18.80%

See Accompanying Notes to the Required Supplementary Information

Mattawan Consolidated School
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) (%)	0.1958%	0.2008%	0.2065%	0.2127%	0.1851%	0.1845%	0.1873%	0.1930%	0.1923%	
B. School District's proportionate share of the net OPEB liability (asset)	$(11,902,839)	$ (8,644,301)	$ (1,167,973)	$ 4,505,856	$ 2,825,579	$ 9,883,667	$ 13,447,230	$ 15,342,765	$ 17,030,111	
C. School District's covered payroll	$ 22,294,628	$ 21,277,326	$ 20,726,983	$ 20,758,319	$ 16,816,633	$ 16,381,626	$ 16,400,221	$ 16,459,477	$ 16,275,007	
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-53.39%	-40.63%	-5.64%	21.71%	16.80%	60.33%	81.99%	93.22%	104.64%	
E. Plan fiduciary net position as a percentage of total OPEB liability (asset)	164.94%	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%	

See Accompanying Notes to the Required Supplementary Information

Mattawan Consolidated School
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	$ 453,214	$ 384,603	$ 1,666,766	$ 1,591,146	$ 1,580,357	$ 1,362,203	$ 1,307,017	$ 1,381,374	$ 1,260,986	
B. Contributions in relation to statutorily required contributions	453,214	384,603	1,666,766	1,591,146	1,580,357	1,362,203	1,307,017	1,381,374	1,260,986	
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
D. School District's covered payroll	$ 23,889,434	$ 22,123,345	$ 21,200,760	$ 20,418,511	$ 19,609,464	$ 16,288,688	$ 16,478,366	$ 16,337,225	$ 16,408,325	
E. Contributions as a percentage of covered payroll	1.90%	1.74%	7.86%	7.79%	8.06%	8.36%	7.93%	8.46%	7.69%	

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

The School District did not have significant expenditure budget violations.

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 85% 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

There were no significant budget to actual variances for the year.

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

Mattawan Consolidated School
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2026

	Special Revenue Funds		Debt Service Funds							Capital Projects Fund	Total
	Food Service Fund	Student/ School Activity Fund	2024 Bond Issue	2025 Bond Issue	2015 Refunding Bond	2018 Bond Issue	2015 Bond Issue	2021 Debt Refunding	2017 Bond Issue	2017 Capital Projects Fund	Nonmajor Governmental Funds
Assets											
Cash	$ 1,075,632	$ 582,710	$ 558,031	$ 8,917	$ -	$ 187,300	$ -	$ 374,870	$ 144,016	$ 9,634	$ 2,941,110
Accounts receivable	-	2,810	-	-	-	-	-	-	-	3,274	6,084
Due from other funds	-	430	-	-	-	-	-	-	-	-	430
Due from other governmental units	252,811	-	-	-	-	-	-	-	-	-	252,811
Inventory	52,253	-	-	-	-	-	-	-	-	-	52,253
Prepaid items	85,000	2,500	-	-	-	-	-	-	-	-	87,500
Total assets	$ 1,465,696	$ 588,450	$ 558,031	$ 8,917	$ -	$ 187,300	$ -	$ 374,870	$ 144,016	$ 12,908	$ 3,340,188
Liabilities											
Accounts payable	$ 83,013	$ 46,199	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 12,908	$ 142,120
Due to other funds	-	7,063	-	-	-	-	-	-	-	-	7,063
Due to other governmental units	-	-	150	2	-	90	-	323	81	-	646
Accrued salaries payable	6,478	-	-	-	-	-	-	-	-	-	6,478
Unearned revenue	29,446	-	-	-	-	-	-	-	-	-	29,446
Total liabilities	118,937	53,262	150	2	-	90	-	323	81	12,908	185,753
Fund Balances											
Non-spendable											
Inventory	52,253	-	-	-	-	-	-	-	-	-	52,253
Prepaid items	85,000	2,500	-	-	-	-	-	-	-	-	87,500
Restricted for											
Food service	1,209,506	-	-	-	-	-	-	-	-	-	1,209,506
Debt service	-	-	557,881	8,915	-	187,210	-	374,547	143,935	-	1,272,488
Committed	-	532,688	-	-	-	-	-	-	-	-	532,688
Total fund balances	1,346,759	535,188	557,881	8,915	-	187,210	-	374,547	143,935	-	3,154,435
Total liabilities and fund balances	$ 1,465,696	$ 588,450	$ 558,031	$ 8,917	$ -	$ 187,300	$ -	$ 374,870	$ 144,016	$ 12,908	$ 3,340,188

Mattawan Consolidated School
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		Debt Service Funds							Capital Projects Fund	Total
	Food Service Fund	Student/ School Activity Fund	2024 Bond Issue	2025 Bond Issue	2015 Refunding Bond	2018 Bond Issue	2015 Bond Issue	2021 Debt Refunding	2017 Bond Issue	2017 Capital Projects Fund	Nonmajor Governmental Funds
Revenues											
Local sources	$ 236,398	$ 957,045	$ 2,094,181	$ 25,672	$ -	$ 1,243,291	$ -	$ 4,477,861	$ 1,128,566	$ -	$ 10,163,014
State sources	1,113,530	-	19,319	237	-	11,496	-	41,482	10,430	-	1,196,494
Federal sources	999,402	-	-	-	-	-	-	-	-	-	999,402
Total revenues	2,349,330	957,045	2,113,500	25,909	-	1,254,787	-	4,519,343	1,138,996	-	12,358,910
Expenditures											
Current											
Education											
Supporting services	-	957,663	-	-	-	-	-	-	-	-	957,663
Food services	2,060,061	-	-	-	-	-	-	-	-	-	2,060,061
Facilities acquisition	-	-	-	-	-	-	-	-	-	243,606	243,606
Debt service											
Principal	-	-	415,000	-	-	735,000	-	3,660,000	725,000	-	5,535,000
Interest and other expenditures	-	-	2,275,250	16,994	-	663,250	-	961,380	537,407	-	4,454,281
Total expenditures	2,060,061	957,663	2,690,250	16,994	-	1,398,250	-	4,621,380	1,262,407	243,606	13,250,611
Excess (deficiency) of revenues over expenditures	289,269	(618)	(576,750)	8,915	-	(143,463)	-	(102,037)	(123,411)	(243,606)	(891,701)
Other Financing Sources (Uses)											
Proceeds from school loan revolving fund	-	-	797,403	-	-	207,630	-	48,968	25,457	-	1,079,458
Transfers in	-	-	-	-	-	-	-	136,442	149,395	-	285,837
Transfers out	-	-	-	-	(136,442)	-	(149,395)	-	-	-	(285,837)
Total other financing sources (uses)	-	-	797,403	-	(136,442)	207,630	(149,395)	185,410	174,852	-	1,079,458
Net change in fund balances	289,269	(618)	220,653	8,915	(136,442)	64,167	(149,395)	83,373	51,441	(243,606)	187,757
Fund balances - beginning	1,057,490	535,806	337,228	-	136,442	123,043	149,395	291,174	92,494	243,606	2,966,678
Fund balances - ending	$ 1,346,759	$ 535,188	$ 557,881	$ 8,915	$ -	$ 187,210	$ -	$ 374,547	$ 143,935	$ -	$ 3,154,435

Mattawan Consolidated School
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2026

Year Ending June 30,	2017 Debt Principal	2018 Building & Site	2021 Debt Refunding	2024 Building & Site	2025 Building & Site	Total
2027	$ 750,000	$ 770,000	$ 3,095,000	$ 435,000	$ 95,000	$ 5,145,000
2028	775,000	805,000	3,140,000	455,000	100,000	5,275,000
2029	800,000	845,000	3,185,000	480,000	105,000	5,415,000
2030	825,000	895,000	3,235,000	505,000	105,000	5,565,000
2031	850,000	935,000	3,295,000	530,000	110,000	5,720,000
2032	875,000	985,000	3,360,000	555,000	115,000	5,890,000
2033	900,000	1,045,000	3,415,000	585,000	120,000	6,065,000
2034	925,000	1,110,000	3,485,000	615,000	125,000	6,260,000
2035	950,000	1,185,000	3,550,000	645,000	125,000	6,455,000
2036	1,000,000	1,245,000	3,615,000	680,000	-	6,540,000
2037	1,050,000	1,310,000	3,685,000	715,000	-	6,760,000
2038	1,100,000	1,390,000	3,745,000	750,000	-	6,985,000
2039	1,225,000	-	3,750,000	790,000	-	5,765,000
2040	1,300,000	-	-	1,710,000	-	3,010,000
2041	1,350,000	-	-	1,800,000	-	3,150,000
2042	1,375,000	-	-	1,890,000	-	3,265,000
2043	-	-	-	1,990,000	-	1,990,000
2044	-	-	-	2,090,000	-	2,090,000
2045	-	-	-	2,200,000	-	2,200,000
2046	-	-	-	2,315,000	-	2,315,000
2047	-	-	-	2,435,000	-	2,435,000
2048	-	-	-	2,560,000	-	2,560,000
2049	-	-	-	2,690,000	-	2,690,000
2050	-	-	-	2,825,000	-	2,825,000
2051	-	-	-	2,970,000	-	2,970,000
2052	-	-	-	3,125,000	-	3,125,000
2053	-	-	-	3,285,000	-	3,285,000
2054	-	-	-	3,455,000	-	3,455,000
Total	$ 16,050,000	$ 12,520,000	$ 44,555,000	$ 45,080,000	$ 1,000,000	$ 119,205,000
Principal payments due	May 1	May 1	May 1	May	May	
Interest payments due	May 1 and November	May 1 and November	May 1 and November	May and November	May and November	
Interest rate	3.00% to 4.00%	4.00% to 5.00%	1.88% to 2.58%	5.00%	3.62%	
Original issue	$ 20,400,000	$ 17,130,000	$ 53,810,000	$ 45,495,000	$ 1,000,000	

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
Mattawan Consolidated School
Mattawan, 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 Mattawan Consolidated School, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Mattawan Consolidated School's basic financial statements, and have issued our report thereon dated October 16, 2026.

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Yeo & Yeo, P.C.

Kalamazoo, Michigan
October 16, 2026.