Saline Area Schools

Financial Report
with Supplementary Information
June 30, 2026

Saline Area Schools

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Independent Auditor's Report

To the Board of Education
Saline Area Schools

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Saline Area Schools as of June 30, 2026 and the respective changes in its 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School District 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District'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, the budgetary comparison schedule, and the schedules of the School District's contributions and share of the net pension liability and OPEB liability (asset), as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

To the Board of Education
Saline Area Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2026 on our consideration of Saline Area Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Saline Area Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Saline Area Schools' internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 23, 2026

This section of the annual financial report for Saline Area Schools (the "School District") presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2026. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Saline Area Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund and the 2025 Building and Site Fund, with all other funds presented in one column as nonmajor funds. The remaining statements, the statement of fiduciary net position and the statement of changes in fiduciary net position, present financial information about activities for which the School District acts solely as an agent for the benefit of others. This report is composed of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Information for Major Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Proportionate Share of the Net OPEB Liability (Asset)

Schedule of OPEB Contributions

Notes to Required Supplementary Information

Other Supplementary Information

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

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the School District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Fund Financial Statements

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

Governmental Funds

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

Fiduciary Funds

The School District has certain fiduciary responsibility for its custodial funds. All of the School District's fiduciary activities are reported in the separate statement of fiduciary net position and statement of changes in fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Overall Financial Summary

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

	Governmental Activities	
	2026	2025
	(in millions)	
Assets		
Current and other assets	$ 107.7	$ 135.0
Capital assets	222.0	199.7
Total assets	329.7	334.7
Deferred Outflows of Resources	24.8	30.3
Liabilities		
Current liabilities	18.7	22.8
Noncurrent liabilities	178.7	195.5
Net pension liability	70.6	85.6
Total liabilities	268.0	303.9
Deferred Inflows of Resources	51.3	52.9
Net Position		
Net investment in capital assets	80.6	71.0
Restricted	20.3	18.8
Unrestricted	(65.7)	(81.6)
Total net position	**$ 35.2**	**$ 8.2**

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was $35.2 million at June 30, 2026. Net investment in capital assets totaling $80.6 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations.

The $(65.7) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from adoption of Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 75 (recording the School District's share of the net pension liability and OPEB asset from the state-managed retirement system). The operating results of the General Fund and the change in the net pension liability and OPEB asset will have significant impacts on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2026 and 2025:

	Governmental Activities	
	2026	2025
	(in millions)	
Revenue		
Program revenue:		
Charges for services	$ 3.4	$ 3.1
Operating grants and contributions	40.1	41.2
General revenue:		
Property taxes	31.1	29.4
State foundation allowance	37.5	36.7
Other	8.2	5.0
Total revenue	120.3	115.4
Expenses		
Instruction	36.6	34.5
Support services	27.7	26.5
Athletics	1.2	1.2
Food services	2.5	2.5
Community services	3.6	3.4
Interdistrict payments	1.7	1.6
Interest on long-term debt	7.3	6.4
Depreciation expense (unallocated)	12.7	10.5
Total expenses	93.3	86.6
Change in Net Position	27.0	28.8
Net Position (Deficit) - Beginning of year	8.2	(20.6)
Net Position - End of year	**$ 35.2**	**$ 8.2**

As reported in the statement of activities, the cost of all of our governmental activities this year was $93.3 million. Certain activities were partially funded from those who benefited from the programs ($3.4 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($40.1 million). We paid for the remaining public benefit portion of our governmental activities with $31.1 million in taxes, $37.5 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of $27.0 million. This increase in net position was primarily due to a favorable change in the School District's overall net pension liability and OPEB asset and related deferred inflows and outflows of resources from the prior year.

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

Financial Summary of Individual Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of $70.5 million, which is a decrease of $27.9 million from last year. Primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, fund balance increased by $0.7 million, representing 0.8 percent of total revenue. By addressing current needs while keeping spending growth within revenue growth, the School District has preserved its reserves and continued earning interest income to support ongoing operational needs.

Combined, the fund balance of our special revenue funds increased from $5.8 million last year to $6.0 million this year mainly due to a small increase in each of the special revenue funds, except the Food Service Fund. The Food Service Fund revenue continues to remain strong with the change to state and federal funding. Participation has grown and the decrease to fund balance was negligible in the current year.

Combined, the fund balance of our debt service funds decreased from $0.5 million last year to $0.4 million this year. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt service fund balances are restricted since they can only be used to pay debt service obligations.

Combined, the fund balance of our capital projects funds decreased from $69.7 million last year to $41.0 million this year. This decrease is the result of the School District's closing out of the first phase of construction and improvements related to the 2022 bonds and continued spending in the second phase during the fiscal year through the 2025 Building and Site Fund. The School District collected $0.9 million in a voter-approved sinking fund millage. This millage is available to fund specific capital projects allowed by state law and approved by the voters.

Significant Capital Asset and Long-term Financing Activity

Capital Assets

As of June 30, 2026, the School District had $222.0 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately $22.3 million from last year.

	2026	2025
Land	$ 12,878,887	$ 12,878,887
Buildings and improvements	308,322,020	280,898,090
Furniture and equipment	27,968,050	26,327,309
Buses and other vehicles	4,550,837	3,424,083
Total capital assets	353,719,794	323,528,369
Less accumulated depreciation	131,724,750	123,864,093
Total capital assets - Net of accumulated depreciation	**$ 221,995,044**	**$ 199,664,276**

This year's additions of $35.0 million were primarily due to building improvements, furniture, and equipment. Capital projects planned for the 2026-2027 fiscal year will primarily relate to the bond issue passed in November 2022. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had $156.4 million in bonds outstanding versus $168.8 million in the previous year, a decrease of 7.3 percent, due to principal payments in the current year.

Those bonds consisted of the following:

	2026	2025
General obligation bonds	$ 156,440,000	$ 168,750,000

The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt is significantly below this statutorily imposed limit.

Other obligations include the School Loan Revolving Fund, compensated absences, and arbitrage liability. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Currently Known Facts, Decisions, or Conditions

Our elected officials and administration consider many factors when setting the School District's 2026-2027 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2026-2027 budget was adopted in June 2026 based on an estimate of students who would be enrolled in September 2026, and approximately 57.0 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2026-2027 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2026-2027 budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Contacting the School District's Management

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

Saline Area Schools

Statement of Net Position

June 30, 2026

	Governmental Activities
Assets	
Cash and cash equivalents (Note 4)	$ 28,562,756
Receivables:	
Other receivables	624,686
Due from other governments	12,680,651
Inventory	96,126
Prepaid expenses and other assets	357,713
Restricted assets (Notes 4 and 9)	45,604,315
Net OPEB asset (Note 11)	19,816,923
Capital assets - Net (Note 6)	221,995,044
Total assets	329,738,214
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 8)	1,224,852
Deferred pension costs (Note 11)	20,068,159
Deferred OPEB costs (Note 11)	3,463,963
Total deferred outflows of resources	24,756,974
Liabilities	
Accounts payable	6,537,934
Due to other governmental units	1,585,203
Accrued liabilities and other	9,864,194
Unearned revenue (Note 5)	655,138
Noncurrent liabilities:	
Due within one year (Note 8)	12,772,545
Due in more than one year (Note 8)	165,985,758
Net pension liability (Note 11)	70,575,121
Total liabilities	267,975,893
Deferred Inflows of Resources	
Deferred benefit on bond refunding	4,440,011
Revenue in support of pension contributions made subsequent to the measurement date (Note 11)	5,812,993
Deferred pension cost reductions (Note 11)	23,742,225
Deferred OPEB cost reductions (Note 11)	17,323,069
Total deferred inflows of resources	51,318,298
Net Position	
Net investment in capital assets	80,608,197
Restricted:	
Capital projects	445,056
Net OPEB asset	19,816,923
Unrestricted	(65,669,179)
Total net position	**$ 35,200,997**

See notes to financial statements.

Saline Area Schools

Statement of Activities

Year Ended June 30, 2026

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	$ 36,592,571	$ 4,343	$ 26,399,049	$ (10,189,179)
Support services	27,654,287	-	13,566,214	(14,088,073)
Athletics	1,226,262	219,894	-	(1,006,368)
Food services	2,537,125	514,575	173,864	(1,848,686)
Community services	3,623,611	2,632,902	-	(990,709)
Interdistrict payments	1,657,445	-	-	(1,657,445)
Interest	6,979,443	-	-	(6,979,443)
Other	328,804	-	-	(328,804)
Depreciation expense (unallocated) (Note 6)	12,681,087	-	-	(12,681,087)
Total primary government	**$ 93,280,635**	**$ 3,371,714**	**$ 40,139,127**	(49,769,794)
General revenue:				
Taxes:				
Property taxes levied for general purposes				9,766,858
Property taxes levied for debt service				19,205,853
Property taxes levied for Sinking Fund				875,091
Property taxes levied for community services				1,252,184
State aid not restricted to specific purposes				37,486,751
Interest and investment earnings				2,579,444
Penalties, interest, and other taxes				14,419
Other:				
Student activities				2,763,457
Other				2,845,424
Total general revenue				76,789,481
Change in Net Position				27,019,687
Net Position - Beginning of year				8,181,310
Net Position - End of year				**$ 35,200,997**

See notes to financial statements.

Governmental Funds
Balance Sheet

June 30, 2026

	General Fund	2025 Building and Site Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and cash equivalents (Note 4)	$ 23,197,679	$ 9,657	$ 5,355,420	$ 28,562,756
Receivables:				
Other receivables	48,096	-	576,590	624,686
Due from other governments	12,680,651	-	-	12,680,651
Due from other funds (Note 7)	97,014	-	1,791,390	1,888,404
Inventory	71,296	-	24,830	96,126
Prepaid expenses and other assets	313,156	-	44,557	357,713
Restricted assets (Note 9)	-	44,160,367	1,443,948	45,604,315
Total assets	**$ 36,407,892**	**$ 44,170,024**	**$ 9,236,735**	**$ 89,814,651**
Liabilities				
Accounts payable	$ 771,704	$ 5,271,071	$ 495,159	$ 6,537,934
Due to other governmental units	1,585,203	-	-	1,585,203
Due to other funds (Note 7)	1,791,390	-	97,014	1,888,404
Accrued liabilities and other	8,632,887	-	34,095	8,666,982
Unearned revenue (Note 5)	563,955	-	91,183	655,138
Total liabilities	13,345,139	5,271,071	717,451	19,333,661
Fund Balances				
Nonspendable - Inventory and prepaid costs	384,088	-	69,387	453,475
Restricted:				
Debt service	-	-	432,539	432,539
Capital projects	-	38,898,953	-	38,898,953
Food service	-	-	945,289	945,289
Community service	-	-	2,785,889	2,785,889
Sinking Fund	-	-	927,643	927,643
Vocational education	-	-	567,235	567,235
Committed - Student activities	-	-	1,621,498	1,621,498
Assigned:				
Subsequent year's budget	5,553,242	-	-	5,553,242
Capital projects	-	-	1,169,804	1,169,804
Unassigned	17,125,423	-	-	17,125,423
Total fund balances	23,062,753	38,898,953	8,519,284	70,480,990
Total liabilities and fund balances	**$ 36,407,892**	**$ 44,170,024**	**$ 9,236,735**	**$ 89,814,651**

See notes to financial statements.

Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2026

Fund Balances Reported in Governmental Funds	$ 70,480,990
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	353,719,794
Accumulated depreciation	(131,724,750)
Net capital assets used in governmental activities	221,995,044
Deferred inflows and outflows related to bond refundings are not reported in the funds	(3,215,159)
Bonds payable (and related unamortized issuance premiums/discounts) and loan obligations are not due and payable in the current period and are not reported in the funds	(175,914,749)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,197,212)
Some employee fringe benefits provide benefit (or are payable) over a long period of years and do not represent a benefit (or a claim) on current financial resources; therefore, they are not reported as fund assets (liabilities):	
Employee compensated absences	(991,000)
Net pension liability and related deferred inflows and outflows	(74,249,187)
Net OPEB asset and related deferred inflows and outflows	5,957,817
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(5,812,993)
Other long-term liabilities, such as arbitrage liabilities, do not present a claim on current financial resources and are not reported as fund liabilities	(1,852,554)
Net Position of Governmental Activities	**$ 35,200,997**

Saline Area Schools

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2026

	General Fund	Formerly Major - 2023 Building and Site Fund	2025 Building and Site Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	$ 11,081,639	$ -	$ 3,524,507	$ 28,068,298	$ 42,674,444
State sources	55,427,286	-	-	2,929,492	58,356,778
Federal sources	2,653,962	-	-	899,092	3,553,054
Interdistrict sources	13,636,093	-	-	3,130,321	16,766,414
Total revenue	82,798,980	-	3,524,507	35,027,203	121,350,690
Expenditures					
Current:					
Instruction	47,817,356	-	-	1,528,851	49,346,207
Support services	31,316,910	-	385	3,359,044	34,676,339
Athletics	1,480,027	-	-	-	1,480,027
Food services	-	-	-	2,895,728	2,895,728
Community services	36,818	-	-	4,225,418	4,262,236
Debt service:					
Principal	-	-	-	11,800,390	11,800,390
Interest	-	-	-	8,000,842	8,000,842
Other	-	-	-	379,558	379,558
Capital outlay	1,749,797	-	24,066,711	9,097,210	34,913,718
Interdistrict payments	21,523	-	-	1,635,922	1,657,445
Total expenditures	82,422,431	-	24,067,096	42,922,963	149,412,490
Excess of Revenue Over (Under) Expenditures	376,549	-	(20,542,589)	(7,895,760)	(28,061,800)
Other Financing Sources (Uses)					
Face value of debt issued (Note 8)	-	-	-	21,575,000	21,575,000
Premium on debt issued	-	-	-	2,075,151	2,075,151
Transfers in (Note 7)	300,000	-	-	23,268	323,268
Payment to bond refunding escrow agent (Note 8)	-	-	-	(23,505,874)	(23,505,874)
Transfers out (Note 7)	-	-	-	(323,268)	(323,268)
Total other financing sources (uses)	300,000	-	-	(155,723)	144,277
Net Change in Fund Balances	676,549	-	(20,542,589)	(8,051,483)	(27,917,523)
Fund Balances - Beginning of year, as previously reported	22,386,204	6,894,122	59,441,542	9,676,645	98,398,513
Change within the Financial Reporting Entity	-	(6,894,122)	-	6,894,122	-
Fund Balances - Beginning of year, as restated	22,386,204	-	59,441,542	16,570,767	98,398,513
Fund Balances - End of year	**$ 23,062,753**	**$ -**	**$ 38,898,953**	**$ 8,519,284**	**$ 70,480,990**

See notes to financial statements.

Governmental Funds
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2026

Net Change in Fund Balances Reported in Governmental Funds	$	(27,917,523)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Capitalized capital outlay		35,011,855
Depreciation expense		(12,681,087)
Revenue in support of pension contributions made subsequent to the measurement date		(1,050,368)
Issuing debt, net of premiums and discounts, provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position		(23,650,151)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds		36,283,664
Interest expense is recognized in the government-wide statements as it accrues		(42,541)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		20,928,544
Arbitrage rebate costs that do not use current financial resources are not reported as expenditures in the governmental funds		137,294
Change in Net Position of Governmental Activities	**$**	**27,019,687**

Fiduciary Fund
Statement of Fiduciary Net Position

June 30, 2026

	Private Purpose Trust Fund
Assets - Cash and cash equivalents	$ 60,826
Liabilities - Accounts payable	-
Net Position - Restricted	**$ 60,826**

Fiduciary Fund
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2026

	Private Purpose Trust Fund
Additions - Interest	$ 35
Deductions - Benefit payments	2,005
Net Decrease in Net Position	(1,970)
Net Position - Beginning of year	62,796
Net Position - End of year	**$ 60,826**

See notes to financial statements.

Note 1 - Nature of Business

Saline Area Schools (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the School District:

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. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives, the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Note 2 - Significant Accounting Policies (Continued)

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Accounting

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used.

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, and capital projects funds. The School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The 2025 Building and Site Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for remodeling, furnishing, and equipping school buildings and sites; purchasing school buses; and purchasing computing devices and classroom technology. The fund operates until the purpose for which it was created is accomplished.

Additionally, the School District reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.
- Capital projects funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology upgrades; and remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Note 2 - Significant Accounting Policies (Continued)

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the School District's programs. The School District maintains a private purpose trust fund that is used to account for resources legally held for others, including contributions received by the School District to be awarded in the form of scholarships.

Interfund Activity

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and fiduciary funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for investments in external investment pools, which are valued at amortized cost.

Receivables and Payables

In general, outstanding balances between funds are reported as due to/from other funds.

All trade receivables, primarily intergovernmental receivables, are shown net of an allowance for uncollectible amounts. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Inventories, including United States Department of Agriculture Commodities inventory received by the Food Service Fund, are recorded as expenditures when consumed rather than purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Restricted Assets

The unspent bond proceeds and related interest of the capital projects funds require amounts to be set aside for construction. In addition, the unspent property taxes levied in the debt service funds and Sinking Fund are required to be set aside for future bond principal and interest and approved sinking fund projects, respectively. These amounts have been classified as restricted assets.

Note 2 - Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings and improvements	20 to 50
Furniture and equipment	5 to 20
Buses and other vehicles	8

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The School District reports deferred outflows of resources related to deferred charges on bond refundings and deferred pension and OPEB costs.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan cost reductions.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Note 2 - Significant Accounting Policies (Continued)

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the superintendent to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential either to remove or revise a commitment.

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes become a lien on July 1 of the following year for 100 percent of the taxes that are due on August 31. Tax collections are forwarded to the School District as they are collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. Any delinquent taxes collected by the county are remitted to the School District by June 30. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Note 2 - Significant Accounting Policies (Continued)

Grants and Contributions

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported as other nonoperating revenue.

Pension and Other Postemployment Benefit (OPEB) Plans

For the purpose of measuring the net pension liability and net OPEB asset, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPSERS) and additions to/deductions from the MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

The School District's policy to permit certain employees to accumulate earned but unused sick and vacation pay benefits. In accordance with GASB Statement No. 101, *Compensated Absences*, the School District accrues for future absences recognizing the obligation relating to compensation for absences attributable to services already rendered. Compensated absences are accrued for in the government-wide financial statements based on the amount that is more likely than not expected to be used for time off or otherwise settled in cash or noncash means. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

Use of Estimates

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

Accounting Changes

Adoption of New Accounting Pronouncements

During the current year, the School District adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. The new accounting standard impacted the organization and disclosure requirements of management's discussion and analysis and budgetary comparison disclosures in the required supplementary information. The adoption of the new standard did not have a material impact on the School District's financial statements.

During the current year, the School District adopted GASB Statement No. 104, *Disclosure of Certain Capital Assets*, which requires expanded disclosures of certain types of capital assets by major category and assets held for sale by the School District. The adoption of the new standard did not have a material impact on the School District's financial statements.

Note 2 - Significant Accounting Policies (Continued)

Changes to or within the Financial Reporting Entity

Change in Major Funds

The 2023 Building and Site Fund was previously reported as a major fund but is now reported as a nonmajor fund for fiscal year 2026. The effects of this change in major funds are shown in the table below.

Adjustments to and Restatements of Beginning Balances

During fiscal year 2026, the changes noted above resulted in adjustments to and restatements of beginning net position and fund net position as follows:

	June 30, 2025 As Previously Reported	Change to or within the Financial Reporting Entity	June 30, 2025 As Restated
Governmental funds:			
Major funds:			
General Fund	$ 22,386,204	$ -	$ 22,386,204
Formerly major - 2023 Building and Site Fund	6,894,122	(6,894,122)	-
2025 Building and Site Fund	59,441,542	-	59,441,542
Nonmajor funds	9,676,645	6,894,122	16,570,767
Total governmental funds	$ 98,398,513	$ -	$ 98,398,513

Upcoming Accounting Pronouncement

In December 2025, the Governmental Accounting Standards Board issued Statement No. 105, *Subsequent Events*, which improves financial reporting requirements for subsequent events by clarifying the subsequent events time frame and the distinction between recognized and nonrecognized events. This statement also establishes specific note disclosure requirements and requires disclosure of the date through which subsequent events have been evaluated. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2027.

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds, with the exception that the General Fund budget includes capital outlay in the function category. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services are rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Note 3 - Stewardship, Compliance, and Accountability (Continued)

Capital Projects Fund Compliance

The 2025 Building and Site Fund includes capital project activities funded with bonds. For these capital projects, the School District has complied with the applicable provisions of §1351a of the Revised School Code. This capital project fund is not yet considered substantially complete, and a subsequent year audit is expected.

The 2021 Building and Site Fund and the 2023 Building and Site Fund were considered substantially complete in a previous year.

The 2018 Sinking Fund records capital project activities funded with sinking fund millage. For this fund, the School District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code.

Note 4 - Deposits and Investments

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 offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits and investments are in accordance with statutory authority.

The School District has designated three banks for the deposit of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools in the Michigan Liquid Asset Fund that are recorded at amortized cost, except there is a 1-day minimum investment period (Cash Management Class), and investments may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State of Michigan. Redemptions made prior to the end of the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed (MAX Class).

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk 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's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits. At year end, the School District had bank deposits of $16,530,666 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment policy states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. At June 30, 2026, the School District does not have investments with custodial credit risk.

Note 4 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of June 30, 2026, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
Primary Government			
Michigan Liquid Asset Fund - MAX Class	$ 57,481,954	AAAm	Standard & Poor's
Michigan Liquid Asset Fund - Cash Management Class	389	AAAm	Standard & Poor's
Total	$ 57,482,343		

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's investment policy prohibit investments in foreign currency.

Note 5 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2026, the School District had no unavailable revenue and $655,138 of unearned revenue, primarily related to grant and categorical aid received prior to meeting all eligibility requirements.

Note 6 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

	Balance July 1, 2025	Additions	Disposals and Adjustments	Balance June 30, 2026
Capital assets not being depreciated - Land	$ 12,878,887	$ -	$ -	$ 12,878,887
Capital assets being depreciated:				
Buildings and improvements	280,898,090	27,423,930	-	308,322,020
Furniture and equipment	26,327,309	6,221,775	(4,581,034)	27,968,050
Buses and other vehicles	3,424,083	1,366,150	(239,396)	4,550,837
Subtotal	310,649,482	35,011,855	(4,820,430)	340,840,907
Accumulated depreciation:				
Buildings and improvements	106,228,334	8,739,657	-	114,967,991
Furniture and equipment	15,244,190	3,458,778	(4,581,034)	14,121,934
Buses and other vehicles	2,391,569	482,652	(239,396)	2,634,825
Subtotal	123,864,093	12,681,087	(4,820,430)	131,724,750
Net capital assets being depreciated	186,785,389	22,330,768	-	209,116,157
Net governmental activities capital assets	$ 199,664,276	$ 22,330,768	$ -	$ 221,995,044

Depreciation expense was not charged to activities, as the School District's assets benefit multiple activities, and allocation is not practical.

Construction Commitments

The School District has active construction projects at year end. A total of $28,214,781 of funds from primarily the 2025 Building and Site Fund have been committed toward these projects.

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

	Fund Due From		
Fund Due To	General Fund	Nonmajor Funds	Total
General Fund	$ -	$ 97,014	$ 97,014
Nonmajor funds	1,791,390	-	1,791,390
Total	$ 1,791,390	$ 97,014	$ 1,888,404

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

During the current year, the Community Services and Programs Fund transferred $300,000 to the General Fund as a reimbursement for indirect operating costs and a portion of facility rental proceeds.

Note 8 - Long-term Debt

Long-term debt activity for the year ended June 30, 2026 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Direct borrowings and direct placements - School Loan Revolving Fund	$ 5,512,168	$ 214,075	$ (1,290,390)	$ 4,435,853	$ -
Other debt - General obligations	168,750,000	21,575,000	(33,885,000)	156,440,000	11,105,000
Unamortized bond premiums	19,032,318	2,161,691	(6,155,113)	15,038,896	1,501,455
Total bonds and contracts payable	193,294,486	23,950,766	(41,330,503)	175,914,749	12,606,455
Compensated absences and early retirement incentives	174,524	816,476	-	991,000	166,090
Arbitrage liability	1,989,848	-	(137,294)	1,852,554	-
Total governmental activities long-term debt	$ 195,458,858	$ 24,767,242	$ (41,467,797)	$ 178,758,303	$ 12,772,545

The School District had deferred outflows and inflows of $1,224,852 and $4,440,011, respectively, related to deferred charges on bond refundings at June 30, 2026.

General Obligation Bonds and Other Long-term Liabilities

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's qualified bonds are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. Arbitrage liability attributable to the 2023 and 2025 Capital Project Bonds will be liquidated by the related fund.

General obligations outstanding at June 30, 2026 are as follows:

Purpose	Remaining Payments	Interest Rates	Maturing	Outstanding
$58,265,000 Refunding Bonds	$4,560,000 - $4,735,000	5.00%	May 1, 2030	$ 18,595,000
$12,960,000 Qualified Bond - Series II	$600,000 - $1,010,000	4.00%	May 1, 2038	9,935,000
$11,905,000 Qualified Bond - Series III	$250,000	3.00 - 5.00%	May 1, 2036	2,500,000
$53,825,000 Qualified Bond - Series I	$2,080,000 - $4,235,000	4.125 - 5.00%	May 1, 2042	49,095,000
$56,185,000 Qualified Bond - Series II	$1,635,000 - $4,765,000	5.00%	May 1, 2045	54,740,000
$21,575,000 Refunding Bonds	$1,630,000 - $2,645,000	5.00%	May 1, 2036	21,575,000
Total governmental activities				$ 156,440,000

Note 8 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Other Debt Principal	Other Debt Interest	Total
2027	$ 11,105,000	$ 7,539,858	$ 18,644,858
2028	11,605,000	7,083,500	18,688,500
2029	9,495,000	6,509,750	16,004,750
2030	9,690,000	6,042,000	15,732,000
2031	7,920,000	5,565,000	13,485,000
2032-2036	45,705,000	21,660,250	67,365,250
2037-2041	38,890,000	11,036,600	49,926,600
2042-2046	22,030,000	2,486,500	24,516,500
Total	$ 156,440,000	$ 67,923,458	$ 224,363,458

School Loan Revolving Fund

The School Loan Revolving Fund payable represents a direct borrowing from the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board in accordance with Section 9 of Act No. 92 of the Public Acts of 2005 (the "Act"), as amended. The School Loan Revolving Fund is accessible to school districts for borrowings that initiated after July 19, 2005. Interest during the year ended June 30, 2026 ranged from 3.77 percent to 4.21 percent. Repayment begins as soon as annual tax collections exceed annual debt service payment requirements. The predetermined mandatory final loan repayment date is May 1, 2036. If the School District fails to levy the appropriate debt mills in accordance with the agreement or defaults in loan repayment, the School District shall increase its debt levy in the next succeeding year, and a default late charge of 3 percent will apply. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the School District, no provision for repayment has been included in the above debt maturity schedule. If the School District is in default of the loan agreement, the State of Michigan may withhold state aid funding until repayment terms satisfactory to the State of Michigan have been made.

Current Bond Refunding

During the year, the School District issued $21,575,000 in general obligation (revenue) bonds with an average interest rate of 5.0 percent. The proceeds of these bonds were used to refund $23,375,000 of outstanding general obligation bonds with an average interest rate of 5.0 percent. The net proceeds of $23,505,874 (including original issuance premiums of $2,075,151 and after payment of $144,277 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent until the call date of the refunded bonds has occurred, which is not to exceed 90 days from the refunding. As a result, the bonds are considered to be defeased, and the liability for the bonds has been removed from long-term debt. The refunding reduced total debt service payments over the next 10 years by approximately $2,570,000, which represents an economic gain of approximately $2,129,000.

Note 9 - Restricted Assets

The School District's restricted assets are composed of unspent bond proceeds and unspent property taxes levied for sinking fund and debt service totaling $45,604,315 at June 30, 2026.

Note 10 - Risk Management

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

Note 11 - Michigan Public School Employees' Retirement System

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain school district employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment health care plans. That report is available on the web at http://www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care plan are established by state statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit pension plan and the postemployment health care plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of service times a pension factor ranging from 1.25 to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced by 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member’s date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplementary payment in those years when investment earnings exceed actuarial assumptions.

Note 11 - Michigan Public School Employees' Retirement System (Continued)

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree health care recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Contributions

Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

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

The School District's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The range of rates is as follows:

	Pension	OPEB
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%
October 1, 2025 - September 30, 2026	15.21% - 26.08%	0.00% - 3.83%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2026 were $17,772,057, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2026, the School District's required and actual pension contributions include an allocation of $5,812,993 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2026 were $1,276,820, which includes the School District's contributions required for those members with a defined contribution benefit.

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Net Pension Liability

At June 30, 2026, the School District reported a liability of $70,575,121 for its proportionate share of the 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 as of September 30, 2024, which used update procedures to roll forward the estimated liability to September 30, 2025. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2025 and 2024, the School District's proportion was 0.35 and 0.35 percent, respectively, representing a change of (6.62) percent..

Net OPEB Asset

At June 30, 2026, the School District reported an asset of $19,816,923 for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2026 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 as of September 30, 2024, which used update procedures to roll forward the estimated liability to September 30, 2025. The School District’s proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2025 and 2024, the School District’s proportion was 0.352 and 0.349 percent, respectively, representing a change of 0.71 percent.

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

For 2026, the School District recognized pension expense of $1,943,104, inclusive of payments to fund the MPSERS UAAL stabilization rate. 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
Difference between expected and actual experience	$ 2,733,577	$ (628,607)
Changes in assumptions	2,533,143	(3,730,065)
Net difference between projected and actual earnings on pension plan investments	-	(16,865,943)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	579,177	(2,517,610)
The School District's contributions to the plan subsequent to the measurement date	14,222,262	-
Total	$ 20,068,159	$ (23,742,225)

The $5,812,993 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2027. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2027	$ (1,924,149)
2028	(8,352,254)
2029	(5,970,569)
2030	(1,649,356)
Total	$ (17,896,328)

Note 11 - Michigan Public School Employees' Retirement System (Continued)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

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

For the year ended June 30, 2026, the School District recognized OPEB recovery of $6,837,666.

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
Difference between expected and actual experience	$ -	$ (13,567,605)
Changes in assumptions	2,644,781	(210,176)
Net difference between projected and actual earnings on OPEB plan investments	-	(2,784,710)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	193,888	(760,578)
Employer contributions to the plan subsequent to the measurement date	625,294	-
Total	$ 3,463,963	$ (17,323,069)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB asset and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2027	$ (3,914,847)
2028	(3,738,728)
2029	(3,507,706)
2030	(2,292,399)
2031	(789,018)
Thereafter	(241,702)
Total	$ (14,484,400)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2025 are based on the results of an actuarial valuation as of September 30, 2024 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75 percent
Health care cost trend rate - OPEB	6.50% - 7.75%	Year 1 graded to 3.5 percent in year 15
Mortality basis		PubT-2010 Male and Female Employee Mortality Tables, scaled 100 percent (retirees: 116 percent for males and 116 percent for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Assumption changes as a result of an experience study for the periods from 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension liability and OPEB liability as of September 30, 2025 are 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.

Significant assumption changes since the prior measurement date, September 30, 2024, for the OPEB plans include an increase in the health care cost trend rate of 0.50 percentage points for members under 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2024.

Discount Rate

The discount rate used to measure the total pension and OPEB liability was 6.00 percent as of September 30, 2025. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and 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 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (Pension)	Target Allocation (OPEB)	Long-term Expected Real Rate of Return
Domestic equity pools	21.00 %	16.00 %	5.80 %
Private equity pools	16.00	16.00	9.30
International equity pools	14.00	11.00	5.60
Fixed-income pools	15.00	26.00	2.50
Real estate and infrastructure pools	8.00	5.00	7.00
Absolute return pools	13.00	15.00	4.40
Real return/opportunistic pools	9.00	7.00	7.00
Short-term investment pools	4.00	4.00	1.30
Total	100.00 %	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.4 percent.

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	$ 111,371,433	$ 70,575,121	$ 36,597,015

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB asset of the School District	$ (17,073,533)	$ (19,816,923)	$ (22,217,984)

Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB asset of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB asset would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB asset of the School District	$ (22,196,074)	$ (19,816,923)	$ (17,318,893)

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan

At June 30, 2026, the School District reported a payable of $3,257,147 and $124,322 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2026.

Note 12 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) and brownfield redevelopment agreements granted by cities, villages, and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities, and brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2026, there was no reduction in the School District’s property tax revenue under these programs.

Note 12 - Tax Abatements (Continued)

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the school aid formula. The School District did not receive any reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the sinking fund or debt service millages. There are no abatements made by the School District.

Required Supplementary Information

Required Supplementary Information
Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget - Over (Under) Final Budget	Actual	Variance with Final Budget - Over (Under) Actual Amounts
Revenue					
Local sources	$ 9,849,304	$ 10,842,729	$ 993,425	$ 11,081,639	$ 238,910
State sources	51,113,501	55,300,223	4,186,722	55,427,286	127,063
Federal sources	1,643,674	2,642,498	998,824	2,653,962	11,464
Interdistrict sources	14,446,630	13,165,859	(1,280,771)	13,636,093	470,234
Total revenue	77,053,109	81,951,309	4,898,200	82,798,980	847,671
Expenditures					
Current:					
Instruction:					
Basic programs	31,175,031	31,369,856	194,825	31,236,234	(133,622)
Added needs	15,753,998	17,654,803	1,900,805	16,586,325	(1,068,478)
Support services:					
Pupil	9,881,297	9,107,090	(774,207)	9,036,711	(70,379)
Instructional staff	4,246,384	4,020,922	(225,462)	3,932,923	(87,999)
General administration	824,162	764,040	(60,122)	686,069	(77,971)
School administration	4,155,831	4,252,193	96,362	4,225,594	(26,599)
Business	1,068,582	1,132,100	63,518	1,105,378	(26,722)
Operations and maintenance	7,333,928	8,197,252	863,324	8,451,005	253,753
Pupil transportation services	2,872,045	3,930,732	1,058,687	3,727,011	(203,721)
Central	1,934,197	1,905,779	(28,418)	1,830,952	(74,827)
Other	38,836	445,006	406,170	20,000	(425,006)
Athletics	1,481,968	1,538,980	57,012	1,525,888	(13,092)
Community services	55,482	73,541	18,059	36,818	(36,723)
Interdistrict payments	-	-	-	21,523	21,523
Total expenditures	80,821,741	84,392,294	3,570,553	82,422,431	(1,969,863)
Excess of Revenue (Under) Over Expenditures	(3,768,632)	(2,440,985)	1,327,647	376,549	2,817,534
Other Financing Sources - Transfers in	300,000	300,000	-	300,000	-
Net Change in Fund Balance	(3,468,632)	(2,140,985)	1,327,647	676,549	2,817,534
Fund Balance - Beginning of year	22,386,204	22,386,204	-	22,386,204	-
Fund Balance - End of year	**$ 18,917,572**	**$ 20,245,219**	**$ 1,327,647**	**$ 23,062,753**	**$ 2,817,534**

See notes to required supplementary information.

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Michigan Public School Employees' Retirement System

Last Ten Plan Years

Plan Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
School District's proportion of the net pension liability	0.35229 %	0.34981 %	0.35985 %	0.36538 %	0.36473 %	0.37944 %	0.39440 %	0.39374 %	0.38353 %	0.37190 %
School District's proportionate share of the net pension liability	$ 70,575,121	$ 85,641,067	$ 116,470,219	$ 137,415,457	$ 86,351,945	$ 130,341,366	$ 130,611,635	$ 118,365,313	$ 99,389,715	$ 92,784,977
School District's covered payroll	$ 39,430,238	$ 37,279,699	$ 35,204,256	$ 35,939,376	$ 32,515,852	$ 32,900,795	$ 34,308,225	$ 34,000,021	$ 32,877,547	$ 30,839,024
School District's proportionate share of the net pension liability as a percentage of its covered payroll	178.99 %	229.73 %	330.84 %	382.35 %	265.57 %	396.16 %	380.70 %	348.13 %	302.30 %	300.87 %
Plan fiduciary net position as a percentage of total pension liability	79.44 %	74.44 %	65.91 %	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %

See notes to required supplementary information.

Required Supplementary Information
Schedule of Pension Contributions
Michigan Public School Employees' Retirement System

Last Ten Fiscal Years

Years Ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	$ 17,025,352	$ 15,678,784	$ 15,099,472	$ 16,956,882	$ 12,470,791	$ 11,085,118	$ 10,650,304	$ 10,571,853	$ 10,145,632	$ 9,335,716
Contributions in relation to the statutorily required contribution	17,025,352	15,678,784	15,099,472	16,956,882	12,470,791	11,085,118	10,650,304	10,571,853	10,145,632	9,335,716
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's Covered Payroll	$ 43,536,549	$ 38,895,088	$ 36,913,535	$ 34,563,231	$ 34,489,660	$ 32,094,767	$ 33,390,048	$ 34,192,993	$ 33,808,716	$ 34,530,890
Contributions as a Percentage of Covered Payroll	39.11 %	40.31 %	40.90 %	49.06 %	36.16 %	34.54 %	31.90 %	30.92 %	30.01 %	27.04 %

See notes to required supplementary information.

Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability (Asset)
Michigan Public School Employees' Retirement System

Last Nine Plan Years

Plan Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB (asset) liability	0.32598 %	0.34909 %	0.35048 %	0.36864 %	0.35952 %	0.37100 %	0.39215 %	0.39888 %	0.38234 %
School District's proportionate share of the net OPEB (asset) liability	$ (19,816,923)	$ (15,026,314)	$ (1,982,639)	$ 7,807,928	$ 5,487,582	$ 19,875,332	$ 28,147,410	$ 31,707,172	$ 33,857,577
School District's covered payroll	$ 39,430,238	$ 37,279,699	$ 35,204,256	$ 35,939,376	$ 32,515,852	$ 32,900,795	$ 34,308,225	$ 34,000,021	$ 32,877,547
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(50.26)%	(40.31)%	(5.63)%	21.73 %	16.88 %	60.41 %	82.04 %	93.26 %	102.98 %
Plan fiduciary net position as a percentage of total OPEB liability	164.94 %	143.08 %	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

See notes to required supplementary information.

Required Supplementary Information
Schedule of OPEB Contributions
Michigan Public School Employees' Retirement System

Last Nine Fiscal Years

Years Ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 833,725	$ 1,158,101	$ 3,032,604	$ 2,782,064	$ 2,810,631	$ 2,670,846	$ 2,683,091	$ 2,685,868	$ 2,441,911
Contributions in relation to the statutorily required contribution	833,725	1,158,101	3,032,604	2,782,064	2,810,631	2,670,846	2,683,091	2,685,868	2,441,911
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's Covered Payroll	$ 43,536,549	$ 38,895,088	$ 36,913,535	$ 34,563,231	$ 34,489,660	$ 32,094,767	$ 33,390,048	$ 34,192,993	$ 33,808,716
Contributions as a Percentage of Covered Payroll	1.92 %	2.98 %	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	7.22 %

See notes to required supplementary information.

Budgetary Information

State source revenue increased from the original budget to the amended budget. Significant reasons for this increase are due to the original budget being required before the State has adopted its budget. The significant budget revision was primarily due to significant changes to UAAL and state grants, including, but not limited to, 27L Educator Compensation, 74b Clean Bus Energy, and Special Education.

Interdistrict revenue sources decreased from the original budget to the amended budget. Significant reasons for this are due to Special Education Act 18 millage funding not being known at the time of budget adoption. Estimates were higher than the actual allocation given during the year.

Instruction added needs expenditures increased from the original budget to the amended budget. A significant reason for this is due to increases in Special Education LRE Aide staffing due to student need and salary increases to ESP contracts that were not yet known at the time the original budget was adopted.

Pupil transportation expenditures increased from the original budget to the amended budget. Significant reasons for this are due to, as of the time the original budget was adopted, it was uncertain if electric buses would be delivered during the fiscal year as part of the state grant 74b Clean Bus Energy Grant. The budget was adjusted accordingly once this was known.

Instruction added needs expenditures decreased from the amended budget to actual. Significant reasons for this are due to final health care benefit costs being less than projected at the time the final budget was approved.

Pension Information

Benefit Changes

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

Changes in Assumptions

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

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

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

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

Changes in Assumptions

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

- 2025 - The health care cost trend rate used in the September 30, 2025 actuarial valuation increased by 0.50 percentage points for members under 65.
- 2024 - The health care cost trend rate used in the September 30, 2024 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage points for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional $1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by $1.4 billion in 2018.

Other Supplementary Information

Saline Area Schools

Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2026

	Special Revenue Funds				Debt Service Funds						Capital Project Funds				
	Food Service Fund	Community Services and Programs Fund	Vocational Education Fund	Student Activities Fund	Refunding Debt Service Fund	2018 Debt Service Fund	2021 Debt Service Fund	2023 Debt Service Fund	2025 Debt Service Fund	2026 Debt Refunding Fund	Maintenance and Equipment Fund	2018 Sinking Fund	2021 Building and Site Fund	2023 Building and Site Fund	Total Nonmajor Governmental Funds
Assets															
Cash and cash equivalents	$ 699,034	$ 3,074,664	$ -	$ 1,581,722	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,355,420
Receivables	230,133	2,274	291,900	52,283	-	-	-	-	-	-	-	-	-	-	576,590
Due from other funds	124,598	-	311,558	185,430	-	-	-	-	-	-	1,169,804	-	-	-	1,791,390
Inventory	24,830	-	-	-	-	-	-	-	-	-	-	-	-	-	24,830
Prepaid expenses and other assets	213	1,000	5,370	37,974	-	-	-	-	-	-	-	-	-	-	44,557
Restricted assets	-	-	-	-	135,279	21,779	6,954	103,662	96,722	68,143	-	1,011,409	-	-	1,443,948
Total assets	**$ 1,078,808**	**$ 3,077,938**	**$ 608,828**	**$ 1,857,409**	**$ 135,279**	**$ 21,779**	**$ 6,954**	**$ 103,662**	**$ 96,722**	**$ 68,143**	**$ 1,169,804**	**$ 1,011,409**	**$ -**	**$ -**	**$ 9,236,735**
Liabilities															
Accounts payable	$ 17,293	$ 166,846	$ 29,317	$ 197,937	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 83,766	$ -	$ -	$ 495,159
Due to other funds	-	97,014	-	-	-	-	-	-	-	-	-	-	-	-	97,014
Accrued liabilities and other	-	27,189	6,906	-	-	-	-	-	-	-	-	-	-	-	34,095
Unearned revenue	91,183	-	-	-	-	-	-	-	-	-	-	-	-	-	91,183
Total liabilities	108,476	291,049	36,223	197,937	-	-	-	-	-	-	-	83,766	-	-	717,451
Fund Balances															
Nonspendable - Inventory and prepaid costs	25,043	1,000	5,370	37,974	-	-	-	-	-	-	-	-	-	-	69,387
Restricted:															
Debt service	-	-	-	-	135,279	21,779	6,954	103,662	96,722	68,143	-	-	-	-	432,539
Food service	945,289	-	-	-	-	-	-	-	-	-	-	-	-	-	945,289
Community service	-	2,785,889	-	-	-	-	-	-	-	-	-	-	-	-	2,785,889
Sinking Fund	-	-	-	-	-	-	-	-	-	-	-	927,643	-	-	927,643
Vocational education	-	-	567,235	-	-	-	-	-	-	-	-	-	-	-	567,235
Committed - Student activities	-	-	-	1,621,498	-	-	-	-	-	-	-	-	-	-	1,621,498
Assigned - Capital projects	-	-	-	-	-	-	-	-	-	-	1,169,804	-	-	-	1,169,804
Total fund balances	970,332	2,786,889	572,605	1,659,472	135,279	21,779	6,954	103,662	96,722	68,143	1,169,804	927,643	-	-	8,519,284
Total liabilities and fund balances	**$ 1,078,808**	**$ 3,077,938**	**$ 608,828**	**$ 1,857,409**	**$ 135,279**	**$ 21,779**	**$ 6,954**	**$ 103,662**	**$ 96,722**	**$ 68,143**	**$ 1,169,804**	**$ 1,011,409**	**$ -**	**$ -**	**$ 9,236,735**

Saline Area Schools

Other Supplementary Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2026

	Special Revenue Funds				Debt Service Funds							Capital Project Funds				
	Food Service Fund	Community Services and Programs Fund	Vocational Education Fund	Student Activities Fund	Refunding Debt Service Fund	2016 Debt Service Fund	2018 Debt Service Fund	2021 Debt Service Fund	2023 Debt Service Fund	2025 Debt Service Fund	2026 Debt Refunding Fund	Maintenance and Equipment Fund	2018 Sinking Fund	2021 Building and Site Fund	2023 Building and Site Fund	Total
Revenue																
Local sources	$ 515,366	$ 4,437,038	$ 49,372	$ 2,763,457	$ 6,057,526	$ 2,830,377	$ 975,189	$ 337,645	$ 4,668,698	$ 4,328,811	$ 40,913	$ 63,251	$ 877,240	$ 17,809	$ 105,606	$ 28,068,298
State sources	1,732,380	224,303	493,482	-	143,771	68,230	23,150	7,920	110,874	102,955	-	-	22,427	-	-	2,929,492
Federal sources	675,376	-	223,716	-	-	-	-	-	-	-	-	-	-	-	-	899,092
Interdistrict sources	-	-	3,130,321	-	-	-	-	-	-	-	-	-	-	-	-	3,130,321
Total revenue	2,923,122	4,661,341	3,896,891	2,763,457	6,201,297	2,898,607	998,339	345,565	4,779,572	4,431,766	40,913	63,251	899,667	17,809	105,606	35,027,203
Expenditures																
Current:																
Instruction	-	-	1,528,851	-	-	-	-	-	-	-	-	-	-	-	-	1,528,851
Support services	-	-	708,381	2,650,663	-	-	-	-	-	-	-	-	-	-	-	3,359,044
Food services	2,895,728	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,895,728
Community services	-	4,225,418	-	-	-	-	-	-	-	-	-	-	-	-	-	4,225,418
Debt service:																
Principal	-	-	-	-	5,157,776	1,710,200	607,270	299,881	2,260,111	1,765,152	-	-	-	-	-	11,800,390
Interest	-	-	-	-	1,169,000	1,243,750	419,400	112,500	2,488,850	2,567,342	-	-	-	-	-	8,000,842
Other	-	-	-	-	3,363	1,859	960	658	2,708	2,550	140,315	-	-	227,145	-	379,558
Capital outlay	53,894	53,248	1,596	-	-	-	-	-	-	-	-	20,649	1,045,059	923,036	6,999,728	9,097,210
Interdistrict payments	-	-	1,635,922	-	-	-	-	-	-	-	-	-	-	-	-	1,635,922
Total expenditures	2,949,622	4,278,666	3,874,750	2,650,663	6,330,139	2,955,809	1,027,630	413,039	4,751,669	4,335,044	140,315	20,649	1,045,059	1,150,181	6,999,728	42,922,963
Excess of Revenue (Under) Over Expenditures	(26,500)	382,675	22,141	112,794	(128,842)	(57,202)	(29,291)	(67,474)	27,903	96,722	(99,402)	42,602	(145,392)	(1,132,372)	(6,894,122)	(7,895,760)
Other Financing Sources (Uses)																
Face value of debt issued	-	-	-	-	-	-	-	-	-	-	21,575,000	-	-	-	-	21,575,000
Premium on debt issued	-	-	-	-	-	-	-	-	-	-	2,075,151	-	-	-	-	2,075,151
Transfers in	-	-	-	-	-	-	-	-	-	-	23,268	-	-	-	-	23,268
Payment to bond refunding escrow agent	-	-	-	-	-	-	-	-	-	-	(23,505,874)	-	-	-	-	(23,505,874)
Transfers out	-	(300,000)	-	-	-	(23,268)	-	-	-	-	-	-	-	-	-	(323,268)
Total other financing (uses) sources	-	(300,000)	-	-	-	(23,268)	-	-	-	-	167,545	-	-	-	-	(155,723)
Net Change in Fund Balances	(26,500)	82,675	22,141	112,794	(128,842)	(80,470)	(29,291)	(67,474)	27,903	96,722	68,143	42,602	(145,392)	(1,132,372)	(6,894,122)	(8,051,483)
Fund Balances - Beginning of year, as previously reported	996,832	2,704,214	550,464	1,546,678	264,121	80,470	51,070	74,428	75,759	-	-	1,127,202	1,073,035	1,132,372	-	9,676,645
Change within the Financial Reporting Entity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,894,122	6,894,122
Fund Balances - Beginning of year, as restated	996,832	2,704,214	550,464	1,546,678	264,121	80,470	51,070	74,428	75,759	-	-	1,127,202	1,073,035	1,132,372	6,894,122	16,570,767
Fund Balances - End of year	**$ 970,332**	**$ 2,786,889**	**$ 572,605**	**$ 1,659,472**	**$ 135,279**	**$ -**	**$ 21,779**	**$ 6,954**	**$ 103,662**	**$ 96,722**	**$ 68,143**	**$ 1,169,804**	**$ 927,643**	**$ -**	**$ -**	**$ 8,519,284**

Other Supplementary Information
Schedule of Bonded Indebtedness

June 30, 2026

Years Ending June 30	2018 Refunding Debt Service Principal	Building and Site - Series II Principal	Building and Site - Series III Principal	2023 Building and Site - Series I Principal	2025 Building and Site - Series II Principal	2016 Bond Refunding Debt Service Principal	Total
2027	$ 4,735,000	$ 600,000	$ 250,000	$ 2,080,000	$ 1,635,000	$ 1,805,000	$ 11,105,000
2028	4,680,000	650,000	250,000	2,185,000	1,995,000	1,845,000	11,605,000
2029	4,620,000	700,000	250,000	2,295,000	-	1,630,000	9,495,000
2030	4,560,000	750,000	250,000	2,410,000	-	1,720,000	9,690,000
2031	-	800,000	250,000	2,530,000	2,130,000	2,210,000	7,920,000
2032	-	825,000	250,000	2,655,000	2,280,000	2,300,000	8,310,000
2033	-	850,000	250,000	2,790,000	2,435,000	2,385,000	8,710,000
2034	-	875,000	250,000	2,930,000	2,605,000	2,475,000	9,135,000
2035	-	900,000	250,000	3,075,000	2,770,000	2,560,000	9,555,000
2036	-	975,000	250,000	3,230,000	2,895,000	2,645,000	9,995,000
2037	-	1,000,000	-	3,390,000	3,330,000	-	7,720,000
2038	-	1,010,000	-	3,560,000	3,490,000	-	8,060,000
2039	-	-	-	3,730,000	3,615,000	-	7,345,000
2040	-	-	-	3,920,000	3,790,000	-	7,710,000
2041	-	-	-	4,080,000	3,975,000	-	8,055,000
2042	-	-	-	4,235,000	4,165,000	-	8,400,000
2043	-	-	-	-	4,325,000	-	4,325,000
2044	-	-	-	-	4,540,000	-	4,540,000
2045	-	-	-	-	4,765,000	-	4,765,000
Total remaining payments	**$ 18,595,000**	**$ 9,935,000**	**$ 2,500,000**	**$ 49,095,000**	**$ 54,740,000**	**$ 21,575,000**	**$ 156,440,000**
Principal payments due	May 1	May 1	May 1	May 1	May 1	May 1	
Interest payments due	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	
Interest rate	5.00%	4.00%	3.00% - 5.00%	4.125% - 5.00%	5.00%	5.00%	
Original issue	**$ 58,265,000**	**$ 12,960,000**	**$ 11,905,000**	**$ 53,825,000**	**$ 56,185,000**	**$ 21,575,000**	