HOLT PUBLIC SCHOOLS

REPORT ON FINANCIAL STATEMENTS
(with required and additional supplementary information)

YEAR ENDED JUNE 30, 2026

Maner Costerisan

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT 1-3

MANAGEMENT'S DISCUSSION AND ANALYSIS 4-12

BASIC FINANCIAL STATEMENTS 13

Government-wide Financial Statements
Statement of Net Position 14
Statement of Activities 15

Fund Financial Statements
Balance Sheet - Governmental Funds 16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 19

Notes to Financial Statements 20-48

REQUIRED SUPPLEMENTARY INFORMATION 49

Budgetary Comparison Schedule - General Fund 50

Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability 51
Schedule of the Reporting Unit's Pension Contributions 52

Schedule of the Reporting Unit's Proportionate Share of the Net OPEB Liability (Asset) 53
Schedule of the Reporting Unit's OPEB Contributions 54

Notes to Required Supplementary Information 55-58

ADDITIONAL SUPPLEMENTARY INFORMATION 59

Nonmajor Governmental Fund Types
Combining Balance Sheet 60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 61

Long-term Debt
Bonded Debt 62-66

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS* 67-68

Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

2851 Charlevoix Dr SE #300,
Grand Rapids, MI 49546

517.323.7500

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Holt Public Schools

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Holt Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Holt Public Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Holt Public Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, 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 who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Holt Public Schools' basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, is presented for purposes 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 additional supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2026 on our consideration of Holt Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Holt Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Holt Public Schools' internal control over financial reporting and compliance.

Maner Costerisan PC

Lansing, Michigan
October 14, 2026

HOLT PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION & ANALYSIS

Holt Public Schools is a K-12 school district located in Ingham County, Michigan.

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

If you have any questions about this report or need any additional information, please contact Business Services Office, Holt Public Schools, Holt, Michigan 48842.

OVERVIEW OF THE FINANCIAL STATEMENTS

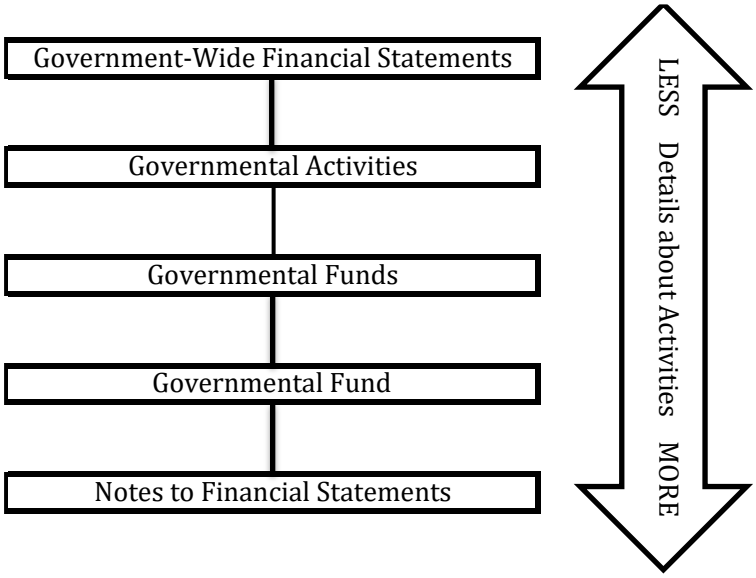
The District's financial report contains basic financial statements. Those financial statements present the District's finance at both an overall and a detailed level. The first two - the *government-wide financial statements* - cover the District's governmental activities. (See the diagram in Figure A-1.)

- *Governmental Activities* comprise the District's most basic functions, such as instruction, support services, community services, student/school activities, and food services. Governmental activities primarily are financed by property taxes from non-personal residence exemption properties, state aid foundation, and federal grants. These statements provide both short-term and long-term information.

The remaining basic financial statements present the District's finances in greater detail. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The District reports one group of funds:

- *Governmental Fund Financial Statements* report all of the governmental activities. In addition to the District's main operating fund - the general fund - those financial statements report special revenue funds that track the use of restricted or committed funding sources, debt service funds to record the repayment of outstanding bonds, and capital projects funds to account for resources used to acquire or construct long-lived assets.

Figure A-1. Contents of the District's Basic Financial Statements



The next section of this financial report contains *notes to financial statements*, which delve deeper into the District's finances as reported in the financial statements. The information in the notes is as important to understanding the District's finances as the information in the financial statements. The District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

All of the District's financial statements, except for the governmental fund financial statements, use the economic resources measurement focus and accrual basis of accounting. (See Figure A-2.) In other words, they comprehensively report all types of financial statement elements:

- *Assets* - resources the District controls, from short-term assets like cash and cash equivalents to long-term assets like buildings and transportation equipment.

- *Liabilities* - amounts the District owes, from short-term liabilities such as salaries and related items to long-term liabilities such as outstanding debt and pension obligations.

- *Deferred Outflows of Resources and Deferred Inflows of Resources* - flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.

- *Revenues and Expenses* - inflows and outflows of economic resources, respectively, related to the current year.

Governmental fund financial statements use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental funds do not report nonfinancial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing bonds or selling equipment, as well as principal and interest payments on bonds and spending on construction.

Figure A-2. Types of Information Reported in the District's Financial Statements

	Financial Statements	
	Government-wide	Governmental Funds
Types of assets and liabilities	* All assets and liabilities, both financial and nonfinancial, short term and long term	* Only current financial resources, such as cash, receivables, and accounts payable
Types of revenues/ additions	* All types of revenues/additions that flow into the District during the year that relate to that year, regardless of when cash is received	* Only revenues that are measurable and available to finance expenditures of that year
Types of expenses/ deductions/ expenditures	* All types of expenses/deductions that flow out of the District during the year that relate to that year, regardless of when cash is paid	* Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows of resources and deferred inflows of resources	* All types of resources that flow into and out of the District during the year that relate to a future year	* Current financial resources that flow into and out of the governmental funds during the year that related to a future year

More detail about the measurement focuses and bases of accounting can be found in the first note to financial statements, the summary of significant accounting policies.

ANALYSIS OF THE DISTRICT'S FINANCES

Table A-1
Holt Public Schools' Net Position

	2026	2025	Dollar Change	Total Percentage Change
ASSETS				
Current assets	$ 48,687,636	$ 76,340,658	$ (27,653,022)	-36.2%
Net other postemployment benefits asset	20,895,937	14,729,330	6,166,607	41.9%
Capital assets	142,734,924	114,806,520	27,928,404	24.3%
TOTAL ASSETS	212,318,497	205,876,508	6,441,989	3.1%
DEFERRED OUTFLOWS OF RESOURCES	22,799,407	29,755,774	(6,956,367)	-23.4%
LIABILITIES				
Long-term debt outstanding	110,518,378	117,352,016	(6,833,638)	-5.8%
Net pension liability	67,627,869	85,107,329	(17,479,460)	-20.5%
Other liabilities	20,810,651	17,686,369	3,124,282	17.7%
TOTAL LIABILITIES	198,956,898	220,145,714	(21,188,816)	-9.6%
DEFERRED INFLOWS OF RESOURCES	47,555,189	49,626,775	(2,071,586)	-4.2%
NET POSITION				
Net investment in capital assets	47,891,156	43,655,369	4,235,787	9.7%
Restricted for debt service	2,694,486	2,591,479	103,007	4.0%
Restricted for net other postemployment benefits	20,895,937	14,729,330	6,166,607	41.9%
Unrestricted	(82,875,762)	(95,116,385)	12,240,623	12.9%
TOTAL NET POSITION	$ (11,394,183)	$ (34,140,207)	$ 22,746,024	66.6%

Table A-1 shows that as of June 30, 2026, the District's total net position - assets and deferred outflows minus liabilities and deferred inflows - was $(11,394,183), an improvement of $22,746,024 or 66.6% compared with 2025. This increase is primarily due to a $12,240,623 or 12.9% improvement in unrestricted net position, a $6,166,607 or 41.9% improvement in net position restricted for net other postemployment benefits, and a $4,235,787 or 9.7% improvement in net investment in capital assets. The following sections of MD&A analyze the finances of the governmental activities.

GOVERNMENTAL ACTIVITIES

Table A-2 shows that revenues continued to exceed expenses in the current year, resulting in an improvement in net position, as noted above. The current year increase in net position of $22,746,024 was $2,658,720 greater than the increase in net position during the previous year. Various events contributed to this increase in net position; however, the primary factors affecting the change in net position in the current year when compared to the previous year are as follows:

1. Decrease in revenues from operating grants and contributions
2. Increase in revenue from property taxes
3. Increase in revenue from unrestricted state sources
4. Decrease in revenue from investment earnings
5. Decrease in expenses and Improvements from Pension/OPEB Adjustments

Table A-2
Changes in Holt Public Schools' Net Position

	2026	2025	Dollar Change	Total Percentage Change
REVENUES				
Program revenues				
Charges for services	$ 3,096,744	$ 2,888,099	$ 208,645	7.2%
Operating grants and contributions	25,379,872	29,142,562	(3,762,690)	-12.9%
General revenues				
Property taxes	16,076,273	15,258,784	817,489	5.4%
Investment earnings	1,733,514	2,388,292	(654,778)	-27.4%
State sources - unrestricted	39,803,983	39,277,242	526,741	1.3%
Intermediate sources	7,454,158	7,734,803	(280,645)	-3.6%
Other	213,281	160,316	52,965	33.0%
TOTAL REVENUES	93,757,825	96,850,098	(3,092,273)	-3.2%
EXPENSES				
Instruction	34,379,286	38,491,973	(4,112,687)	-10.7%
Support services	27,905,747	29,228,771	(1,323,024)	-4.5%
Community services	1,271,433	1,312,038	(40,605)	-3.1%
Student / school activities	687,304	661,068	26,236	4.0%
Food services	3,005,798	3,026,242	(20,444)	-0.7%
Interest on long-term debt	3,762,233	4,042,702	(280,469)	-6.9%
TOTAL EXPENSES	71,011,801	76,762,794	(5,750,993)	-7.5%
Change in net position	22,746,024	20,087,304	$ 2,658,720	13.2%
Net position, beginning of year	(34,140,207)	(54,227,511)		37.0%
Net position, end of year	$ (11,394,183)	$ (34,140,207)		66.6%

Decrease in Revenues from Operating Grants and Contributions

Operating grants and contributions decreased by $3.8 million, or 12.9%, during the fiscal year. The decrease was primarily attributable to a larger Section 147c funding deferral recognized at the government-wide level in the current year compared to the prior year. This year-over-year change in the related accounting adjustment reduced operating grants and contributions reported in the current year, while operating grant activity otherwise remained relatively consistent with the prior year.

Increase in Revenue from Property Taxes

Property tax revenue increased by $817,489 or 5.4% during the year, primarily due to growth in the District's taxable property values. Property taxes are levied on taxable property values in accordance with Michigan law, and increases in taxable values generally result in higher property tax collections. Taxable value growth is generally limited to the lesser of inflation or 5% annually, unless ownership of a property changes, at which time the taxable value may be reset based on the property's state equalized value.

Increase in Revenue from Unrestricted State Sources

Unrestricted state aid increased by $526,741 during the fiscal year primarily due to an increase in the State of Michigan's foundation allowance, which provides the District's core per-pupil operational funding. Although pupil membership declined during the year, the increase in the foundation allowance more than offset the reduction in per-pupil funding associated with lower enrollment.

Decrease in Revenue from Investment Earnings

Investment earnings decreased by $654,778 during the year, primarily due to a reduction in average invested cash balances as proceeds from the District's 2021 building and site bond continued to be expended on related capital projects. In addition, investment earnings were negatively impacted by slightly lower interest rates during the current fiscal year.

Decrease in Expenses and Improvements from Pension/OPEB Adjustments

Total expenses for the District decreased by 7.5% overall. Reported expenses were affected by pension and other postemployment benefit (OPEB) accounting adjustments. Although favorable pension and OPEB adjustments were recognized during both the current and prior years, current-year adjustments were significantly more favorable and contributed to the overall decrease in reported expenses. These adjustments are noncash and actuarially determined based on factors such as plan assumptions, investment performance, experience, and the District's proportionate share of plan activity. Because the plans are administered at the state level, the District has limited control over these adjustments, and the amounts may fluctuate significantly from year to year.

Excluding the effects of the pension and OPEB accounting adjustments, operating expenses increased during the year. The increase was primarily attributable to an increase in operating expenses in the instruction and support services functions, as discussed in the General Fund section of Management's Discussion and Analysis.

GOVERNMENTAL FUNDS

The District reports three major funds individually in the governmental fund financial statements. These funds are the general fund, debt service fund, and the 2021 B&S - Series I, II, III, & IV. Most of the discussion regarding governmental activities is equally applicable to the finances of these governmental funds. However, certain factors that are relevant to the District's current financial health are more apparent in the fund financial statements than in the government-wide statements. The changes are shown in Table A-3 and are discussed in more detail below.

Table A-3
Holt Public Schools' Revenues, Expenditures, and Changes in Fund Balances

	General Fund		Debt Service Fund		2021 B&S	
	2026	2025	2026	2025	2026	2025
REVENUES	$ 79,245,650	$ 78,723,351	$ 9,778,604	$ 9,355,865	$ 1,341,056	$ 2,285,788
EXPENDITURES	80,206,451	78,158,078	9,720,997	8,733,516	31,430,365	25,706,398
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(960,801)	565,273	57,607	622,349	(30,089,309)	(23,420,610)
OTHER FINANCING SOURCES (USES)						
Proceeds from bond issuance	-	-	-	-	-	38,055,000
Premium on bond issuance	-	-	-	-	-	2,411,182
Transfers in	178,660	209,793	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	178,660	209,793	-	-	-	40,466,182
Net change in fund balance	(782,141)	775,066	57,607	622,349	(30,089,309)	17,045,572
Fund balance, beginning of year	12,194,407	11,419,341	3,335,315	2,712,966	42,877,338	25,831,766
Fund balance, end of year	$ 11,412,266	$ 12,194,407	$ 3,392,922	$ 3,335,315	$ 12,788,029	$ 42,877,338

Fund balance represents the financial standing of a governmental fund at the end of the fiscal year from a short-term perspective.

General Fund

Fund balance in the General Fund decreased by 6.4% during the fiscal year. While revenues increased due to growth in property tax revenue and unrestricted state aid, as previously discussed, expenditures increased at a greater rate. The increase in expenditures was primarily attributable to expanded instructional and student support services, as well as higher operations and maintenance expenditures associated with utility costs, contracted services, and facility needs. As a result, expenditures exceeded revenues during the current year.

At June 30, 2026, General Fund fund balance represented approximately 14.2% of annual operating expenditures and General Fund unassigned fund balance represented about 9.0% of annual operating expenditures. In the General Fund, the goal of the District shall be to maintain a minimum unassigned fund balance of no less than 12% of operating expenditures. Of the total fund balance, 63.4% was unassigned and available to support future District operations. The remaining balance was classified as nonspendable, restricted, committed, or assigned, and was therefore not available for general appropriation.

Debt Service Fund

The fund balance for the debt service fund is considered to be 100% restricted. This means that the fund balance can only be used for the restricted purpose, which is paying the long-term obligations of the District.

2021 B&S Series I, II, III, and IV

The District issued building and site bonds for the purpose of constructing, remodeling, equipping, and furnishing District buildings, among other initiatives. The fund balance for the 2021 building and site fund is considered to be 100% restricted. This means that the fund balance can only be used for the restricted purpose of that fund, which is the capital projects approved by the community residents.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM OBLIGATIONS

Capital Assets

The discussion thus far has only touched upon certain significant transactions and events during 2026 with respect to capital assets and long-term obligations. Overall, the carrying value of capital assets-original cost minus accumulated depreciation, increased 24.3% over 2025. See Table A-4 for the carrying value of capital assets.

Table A-4
Holt Public Schools' Capital Assets

	2026			2025	Total
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	Percentage Change
Land	$ 1,566,242	$ -	$ 1,566,242	$ 1,566,242	0.0%
Construction in progress	23,033,327	-	23,033,327	2,457,966	837.1%
Buildings and additions	190,427,499	77,363,846	113,063,653	105,103,486	7.6%
Furniture and equipment	22,299,733	18,597,020	3,702,713	4,184,052	-11.5%
Buses and other vehicles	2,353,496	1,225,646	1,127,850	1,012,497	11.4%
Right to use - leased equipment	1,205,691	964,552	241,139	482,277	-50.0%
Total	$ 240,885,988	$ 98,151,064	$ 142,734,924	$ 114,806,520	24.3%

Significant factors contributing to the increase in net capital assets included the completion and placement into service of the new Dimondale Elementary building, continued investment in major capital projects reflected in increased construction in progress at Sycamore Elementary and Washington Woods Middle School, and additions of technology equipment, transportation equipment, and vehicles. As a result of these capital investments, additions to capital assets exceeded depreciation expense during the year, resulting in an overall increase in net capital assets.

Long-term Obligations

Overall, the carrying value of the District's long-term obligations decreased by 5.8% from the prior year. See Table A-5 for the carrying value of the District's long-term obligations.

Table A-5
Holt Public Schools
Outstanding Long-Term Obligations

	2026	2025	Total Percentage Change
General obligation bonds - net	$ 107,916,155	$ 114,200,096	-5.5%
Compensated absences	2,347,061	2,649,127	-11.4%
Notes from direct borrowing and direct placement	255,162	502,793	-49.3%
	$ 110,518,378	$ 117,352,016	-5.8%

The District's long-term obligations decreased during the fiscal year primarily as a result of scheduled principal payments on outstanding general obligation bonds and notes from direct borrowing and direct placement. The District did not issue any new long term obligations during the year. In addition, compensated absences decreased as a result of lower accrued PTO balances at June 30, 2026, compared to the prior year.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

There are several factors that could significantly affect the financial health of the District in the future.

- 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 2026-27 budget was adopted in June 2026 based on an estimate of students who will enroll in October 2026. Approximately 76.1 percent of total general fund revenue and incoming transfers budgeted for fiscal year 2027 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 2027 school year, we anticipate that the fall student count will decline for the 2026-27 budget. Once the final student count and related per pupil funding is validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations. Since the School District's revenue is heavily dependent on state funding and the health of State's School Aid fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District.

- In May of 2021, the taxpayers of Holt Public School approved $148,000,000 in new bonds for the refurbishment of existing buildings. Work started in the summer of 2022. The first series is completed in December 2025. The second series is estimated to be completed at the end of winter 2026. The third series is estimated to be completed in the winter of 2027. Changes in projected construction costs may affect the current and future construction projects with the district. The district went to the voters for a supplemental bond of $22,000,000, which passed. These dollars will not be realized until 2027. The debt tax rate was reduced from 8.23 to 8.20 mills.

- The district will be negotiating with the Holt Teachers Ingham Clinton Education Association /MEA on contracts that are set to expire June 30, 2027. The outcome of current negotiations will affect decisions on the original budget for 2027-2028.

- Holt was approved by the State for the community eligibility provision for food service Districtwide, which makes breakfast and lunch 100% free to students. The funding for the Districtwide program will be from state and federal revenues. The total financial impact to the food service fund is forecasted to have a positive impact as more students are participating. The District is monitoring the situation closely so that the food service program is not negatively impacted in total.

BASIC FINANCIAL STATEMENTS

HOLT PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 10,103,228
Investments	27,111,446
Receivables	
Accounts receivable	11,066,063
Interest receivable	100,189
Inventories	136,576
Prepaids	170,134
Net other postemployment benefits asset	20,895,937
Capital assets not being depreciated/amortized	24,599,569
Capital assets, net of accumulated depreciation/amortization	118,135,355
TOTAL ASSETS	212,318,497
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	539,520
Related to pensions	18,770,017
Related to other postemployment benefits	3,489,870
TOTAL DEFERRED OUTFLOWS OF RESOURCES	22,799,407
LIABILITIES	
Accounts payable	1,272,512
Construction and retainage payable	6,170,842
Arbitrage rebate	827,000
Accrued interest	698,436
Accrued salaries and related items	3,913,690
Accrued retirement	1,897,199
Unearned revenue	6,030,972
Noncurrent liabilities	
Due within one year	6,555,294
Due in more than one year	103,963,084
Net pension liability	67,627,869
TOTAL LIABILITIES	198,956,898
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	24,096,621
Related to other postemployment benefits	18,030,870
Related to state aid funding for pensions	5,427,698
TOTAL DEFERRED INFLOWS OF RESOURCES	47,555,189
NET POSITION	
Net investment in capital assets	47,891,156
Restricted for debt service	2,694,486
Restricted for net other postemployment benefits	20,895,937
Unrestricted	(82,875,762)
TOTAL NET POSITION	$ (11,394,183)

See notes to financial statements.

HOLT PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 34,379,286	$ 655,387	$ 15,005,317	$ (18,718,582)
Support services	27,905,747	1,262,284	6,301,615	(20,341,848)
Community services	1,271,433	941,323	35,808	(294,302)
Food services	3,005,798	237,750	3,365,578	597,530
Student/school activities	687,304	-	671,554	(15,750)
Interest on long-term debt	3,762,233	-	-	(3,762,233)
Total governmental activities	$ 71,011,801	$ 3,096,744	$ 25,379,872	(42,535,185)
General revenues				
Property taxes, levied for general purposes				6,423,478
Property taxes, levied for debt service				9,652,795
Investment earnings				1,733,514
State sources - unrestricted				39,803,983
Intermediate sources				7,454,158
Other				213,281
Total general revenues				65,281,209
CHANGE IN NET POSITION				22,746,024
NET POSITION, beginning of year				(34,140,207)
NET POSITION, end of year				$ (11,394,183)

See notes to financial statements.

HOLT PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Debt Service Fund	2021 B&S - Series I, II, III and IV	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 4,831,551	$ 3,390,925	$ 406,775	$ 1,473,977	$ 10,103,228
Investments	8,659,539	-	18,451,907	-	27,111,446
Receivables					
Interest receivable	-	-	100,189	-	100,189
Accounts receivable	10,982,393	1,797	-	81,873	11,066,063
Due from other funds	228,727	200	-	403,514	632,441
Inventories	-	-	-	136,576	136,576
Prepaids	170,134	-	-	-	170,134
TOTAL ASSETS	$ 24,872,344	$ 3,392,922	$ 18,958,871	$ 2,095,940	$ 49,320,077
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 1,252,966	$ -	$ -	$ 19,546	$ 1,272,512
Construction and retainage payable	-	-	6,170,842	-	6,170,842
Accrued salaries and related items	3,913,690	-	-	-	3,913,690
Accrued retirement	1,897,199	-	-	-	1,897,199
Due to other funds	403,453	-	-	228,988	632,441
Unearned revenue	5,992,770	-	-	38,202	6,030,972
TOTAL LIABILITIES	13,460,078	-	6,170,842	286,736	19,917,656
FUND BALANCES					
Nonspendable					
Inventories	-	-	-	136,576	136,576
Prepaids	170,134	-	-	-	170,134
Restricted for					
Debt service	-	3,392,922	-	-	3,392,922
Food service	-	-	-	940,589	940,589
Capital projects	-	-	12,788,029	-	12,788,029
Committed for					
Student / school activities	-	-	-	732,039	732,039
Carryover projects	207,061	-	-	-	207,061
Infrastructure	1,697,982	-	-	-	1,697,982
Assigned for					
Infrastructure	246,056	-	-	-	246,056
Subsequent year's expenditures	1,858,297	-	-	-	1,858,297
Unassigned	7,232,736	-	-	-	7,232,736
TOTAL FUND BALANCES	11,412,266	3,392,922	12,788,029	1,809,204	29,402,421
TOTAL LIABILITIES AND FUND BALANCES	$ 24,872,344	$ 3,392,922	$ 18,958,871	$ 2,095,940	$ 49,320,077

See notes to financial statements.

HOLT PUBLIC SCHOOLS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

Total governmental fund balances		$ 29,402,421
Amounts reported for governmental activities in the statement of:		
net position are different because		
Deferred outflows of resources - deferred charge on refunding		539,520
Deferred outflows of resources - related to pensions		18,770,017
Deferred outflows of resources - related to other postemployment benefits		3,489,870
Deferred inflows of resources - related to pensions		(24,096,621)
Deferred inflows of resources - related to other postemployment benefits		(18,030,870)
Deferred inflows of resources - related to state aid funding for pensions		(5,427,698)
Some assets are not current financial resources and therefore are not reported in the		
governmental funds balance sheet. Such noncurrent asset(s) at year-end consist of:		
Net other postemployment benefits asset		20,895,937
Capital assets used in governmental activities are not financial		
resources and are not reported in the funds:		
The cost of the capital assets is	$ 240,885,988	
Accumulated depreciation/amortization is	(98,151,064)	
		142,734,924
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
Arbitrage rebate		(827,000)
General obligation bonds		(107,916,155)
Direct borrowing and direct placements		(255,162)
Compensated absences		(2,347,061)
Accrued interest		(698,436)
Net pension liability		(67,627,869)
Net position of governmental activities		$ (11,394,183)

See notes to financial statements.

HOLT PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2026

	General Fund	Debt Service Fund	2021 B&S - Series I, II, III and IV	Total Nonmajor Funds	Total Governmental Funds
REVENUES					
Local sources					
Property taxes	$ 6,423,478	$ 9,652,795	$ -	$ -	$ 16,076,273
Tuition	23,391	-	-	-	23,391
Investment earnings	279,676	124,738	1,311,262	17,838	1,733,514
Food sales	-	-	-	237,750	237,750
Athletics	277,600	-	-	-	277,600
Community services	2,558,003	-	-	-	2,558,003
Student/school activities	-	-	-	669,864	669,864
Other	182,416	1,071	29,794	1,690	214,971
Total local sources	9,744,564	9,778,604	1,341,056	927,142	21,791,366
State sources	60,919,571	-	-	547,829	61,467,400
Federal sources	1,127,357	-	-	2,817,749	3,945,106
Intermediate school districts	7,454,158	-	-	-	7,454,158
TOTAL REVENUES	79,245,650	9,778,604	1,341,056	4,292,720	94,658,030
EXPENDITURES					
Current					
Instruction	45,211,712	-	-	-	45,211,712
Supporting services	33,119,936	-	-	-	33,119,936
Food service activities	-	-	-	3,151,614	3,151,614
Student / school activities	-	-	-	687,304	687,304
Community service activities	1,391,025	-	-	-	1,391,025
Capital outlay	-	-	31,430,365	220,003	31,650,368
Debt service					
Principal repayment	407,631	5,320,000	-	-	5,727,631
Interest	76,147	4,398,569	-	-	4,474,716
Other	-	2,428	-	-	2,428
TOTAL EXPENDITURES	80,206,451	9,720,997	31,430,365	4,058,921	125,416,734
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(960,801)	57,607	(30,089,309)	233,799	(30,758,704)
OTHER FINANCING SOURCES (USES)					
Transfers in	178,660	-	-	-	178,660
Transfers out	-	-	-	(178,660)	(178,660)
TOTAL OTHER FINANCING SOURCES (USES)	178,660	-	-	(178,660)	-
NET CHANGE IN FUND BALANCES	(782,141)	57,607	(30,089,309)	55,139	(30,758,704)
FUND BALANCES					
Beginning of year	12,194,407	3,335,315	42,877,338	1,754,065	60,161,125
End of year	$ 11,412,266	$ 3,392,922	$ 12,788,029	$ 1,809,204	$ 29,402,421

See notes to financial statements.

HOLT PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Net Change in Fund Balances Total Governmental Funds	$ (30,758,704)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation/amortization:	
Depreciation/amortization expense	(5,049,649)
Capital outlay	33,032,525
Loss on disposal of capital assets	(54,472)
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable, beginning of the year	743,836
Accrued interest payable, end of the year	(698,436)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:	
Payments on bonded debt	5,480,000
Payments on notes from direct borrowing and direct placement	247,631
Amortization of deferred charges on refunding	(134,880)
Amortization of bond premium	803,941
Compensated absences are reported on the accrual method in the statement of activities and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued compensated absences, beginning of the year	2,649,127
Accrued compensated absences, end of the year	(2,347,061)
Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Pension related items	12,234,689
Other postemployment benefits related items	7,561,682
Arbitrage rebate, beginning of the year	763,000
Arbitrage rebate, end of the year	(827,000)
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to Section 147c pension contributions subsequent to the measurement period:	
State aid funding for pension, beginning of the year	4,527,493
State aid funding for pension, end of the year	(5,427,698)
Change in net position of governmental activities	$ 22,746,024

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Holt Public Schools (the "District") is governed by the Holt Public Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities, if any, are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds (currently none), even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *2021 Building and Site - Series I, II, III, and IV Fund* accounts for the receipt of debt proceeds and the acquisition of capital assets or construction of major capital projects. The *2021 Building and Site - Series I, II, III, and IV 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. The fund is not yet considered substantially complete, and a subsequent year audit is expected.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Major Governmental Funds (continued):

The following is a summary of the cumulative revenue, other financing sources (uses), and expenditures for the *2021 Building and Site - Series I, II, III, and IV Fund* activity:

Revenues and other financing sources	$ 106,659,820
Expenditures and other financing uses	$ 93,871,791

The above revenue and other financing sources figure does include $26,838,341, $33,775,480, and $40,466,182 of bond proceeds and related premium from the series I, series II, and series III issuances, respectively.

The District reports the following *Nonmajor Funds*:

The *Special Revenue Funds* account for revenue sources that are legally restricted or committed to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and student/school activities as special revenue funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, 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 the fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, deferred outflows of resources, deferred inflows of resources, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period, or shortly thereafter. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases/subscriptions are reported as other financing sources.

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end, or shortly thereafter).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the Foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the Foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as accounts receivable.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require reporting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers acceptances of United States banks.

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets

Capital assets, which include land, construction in progress, building and improvements, furniture and equipment, buses, and other vehicles, and right to use - leased equipment are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress, if any, are not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. The other capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Years
Building and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Buses and other vehicles	5 - 15 years
Right to use - leased equipment	5 years

Defined Benefit Plans

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

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding and pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows are recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the net pension liability and net other postemployment benefit asset and the actual results. The amounts are amortized over a period determined by the actuary.

Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) 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 District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Fund Balance Flow Assumptions

Sometimes the District will 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 District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, 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 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 District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a board action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the board action remains in place until a similar action is taken (the adoption of another board action) to remove or revise the limitation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance Policies (continued)

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. 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 only exist 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 to either remove or revise a commitment.

In the general fund, the goal of the District shall be to maintain a minimum unassigned fund balance of no less than 12% of expenditures.

Leases and Subscription-based IT Arrangements (SBITA)

Lessee/subscriber: At times, the District is a lessee for noncancelable leases/subscriptions of equipment and/or subscription-based IT arrangements. When significant, the District recognizes a lease/SBITA liability and an intangible right-to-use lease/subscription asset in the government-wide financial statements. The District recognizes lease/SBITA liabilities with an initial, individual value that it considers significant to the government-wide financial statements, or with annual lease payments that are considered significant to the fund in which they are accounted for.

At the commencement of a lease/subscription, the District initially measures the lease/SBITA liability at the present value of payments expected to be made during the lease/subscription term. Subsequently, the lease/SBITA liability is reduced by the principal portion of lease/subscription payments made. The lease/SBITA asset is initially measured as the initial amount of the lease/SBITA liability, adjusted for lease/subscription payments made at or before the lease/subscription commencement date, plus certain initial direct costs. Subsequently, the lease/SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgements related to leases/SBITAs include how the District determines (1) the discount rate it uses to discount the expected lease/subscription payments to present value, (2) lease/subscription term, and (3) lease/subscription payments.

- The District uses the interest rate charged by the lessor/SBITA vendor as the discount rate. When the interest rate charged by the lessor/SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITAs.

- The lease/subscription term includes the noncancelable period of the lease/subscription. Lease/subscription payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease/SBITA and will remeasure the lease/SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liability.

Lease/SBITA assets are reported with other capital assets and lease/SBITA liabilities are reported with long-term obligations in the statement of net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2026, the District levied the following amounts per $1,000 of assessed valuation:

Fund	Mills
General Fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property (CPP)	6.0000
Debt Service Fund	
PRE, Industrial Personal Property, Non-PRE, CPP	8.2300

Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary and related benefits, where applicable.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2026 the District had deposits and investments subject to the following risks:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned. As of June 30, 2026, $9,768,081 of the District's bank balance of $10,268,081 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was $10,103,228.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the 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 District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business.

Interest Rate Risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Investment Type	Fair Value	Weighted Average Maturity (years)
MILAF External Investment Pool - CMC	$ 525,855	N/A
MILAF External Investment Pool - MAX	12,185,591	N/A
MILAF External Investment Pool - TERM	14,400,000	0.1080
Total fair value	$ 27,111,446	
Portfolio weighted average maturity		0.1080

One day maturity equals 0.0027, one year equals 1.00.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Type	Fair Value	Rating	Rating Agency
MILAF External Investment Pool - CMC	$ 525,855	AAAm	Standard & Poor's
MILAF External Investment Pool - MAX	12,185,591	AAAm	Standard & Poor's
MILAF External Investment Pool - TERM	14,400,000	AAAf	Fitch
Total	$ 27,111,446		

Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

Fair Value Measurement

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

At June 30, 2026, the District does not have any investments subject to fair value measurement.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

The District voluntarily invests certain excess funds in an external pooled investment fund which included money market funds. The pooled investment fund utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
MILAF External Investment Pool - CMC	$ 525,855
MILAF External Investment Pool - MAX	12,185,591
	$ 12,711,446

Investments in Entities that Calculate Net Asset Value per Share

The District holds shares or interests in the Michigan Liquid Asset Fund (MILAF) Term Series, where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The MILAF Term Series includes investments that the District does not control. The investment pool invests primarily in high-quality money market instruments, including certificates of deposit, commercial paper, and U.S. government and agency obligations, to protect the investment principal and provide liquidity.

At the year ended June 30, 2026, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
MILAF External Investment Pool - TERM	$ 14,400,000	$ -	No restrictions	None

The deposits and investments referred to above have been reported in either the cash and cash equivalents or investment captions on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts as of June 30, 2026:

	Primary Government
Cash and cash equivalents	$ 10,103,228
Investments	27,111,446
	$ 37,214,674

NOTE 3 - ACCOUNTS RECEIVABLES

Accounts receivables at June 30, 2026 consist of the following:

	Government-wide
State aid	$ 10,143,848
Federal revenue	537,683
Other	384,532
	$ 11,066,063

No allowance for doubtful accounts is considered necessary based on previous experience.

NOTE 4 - CAPITAL ASSETS

A summary of changes in the District's capital assets follows:

	Balance July 1, 2025	Additions/ Reclassification	Deletions/ Reclassification	Balance June 30, 2026
Capital assets not being depreciated/amortized				
Land	$ 1,566,242	$ -	$ -	$ 1,566,242
Construction in progress	2,457,966	23,033,327	2,457,966	23,033,327
Total assets not being depreciated/amortized	4,024,208	23,033,327	2,457,966	24,599,569
Capital assets being depreciated/amortized				
Building and improvements	182,350,324	11,671,632	3,594,457	190,427,499
Furniture and equipment	22,044,639	457,520	202,426	22,299,733
Buses and other vehicles	2,922,756	328,012	897,272	2,353,496
Right to use - leased equipment	1,205,691	-	-	1,205,691
Subtotal	208,523,410	12,457,164	4,694,155	216,286,419
Accumulated depreciation/amortization				
Building and improvements	77,246,838	3,702,049	3,585,041	77,363,846
Furniture and equipment	17,860,587	893,803	157,370	18,597,020
Buses and other vehicles	1,910,259	212,659	897,272	1,225,646
Right to use - leased equipment	723,414	241,138	-	964,552
Total accumulated depreciation/amortization	97,741,098	5,049,649	4,639,683	98,151,064
Net capital assets being depreciated/amortized	110,782,312	7,407,515	54,472	118,135,355
Net governmental capital assets	$ 114,806,520	$ 30,440,842	$ 2,512,438	$ 142,734,924

NOTE 4 - CAPITAL ASSETS (continued)

Depreciation/amortization expense was charged to programs of the primary government as follows:

Instruction	$ 2,614,289
Support services	2,159,968
Community services	80,434
Food service	194,958
	$ 5,049,649

NOTE 5 - NOTES PAYABLE - STATE AID ANTICIPATION NOTE

The District did not obtain short-term borrowing during the 2025-2026 fiscal year.

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the District for the year ended June 30, 2026:

	General Obligation Bonds	Direct Borrowing and Direct Placement	Compensated Absences*	Total
Balance July 1, 2025	$ 114,200,096	$ 502,793	$ 2,649,127	$ 117,352,016
Deletions	(6,283,941)	(247,631)	(302,066)	(6,833,638)
Balance June 30, 2026	107,916,155	255,162	2,347,061	110,518,378
Due within one year	(6,155,000)	(255,162)	(145,132)	(6,555,294)
Due in more than one year	$ 101,761,155	$ -	$ 2,201,929	$ 103,963,084

*The change in the compensated absences liability is presented as a net change.

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2026 are comprised of the following issues:

General Obligation Bonds	
2019 Refunding bonds due in annual installments of $3,375,000 to $3,475,000 through May 1, 2030, with an interest rate of 5.00%.	$ 13,730,000
2021 Building and Site bonds (Series I) due in annual installments of $1,075,000 to $1,500,000 through May 1, 2046, with interest rates ranging from 2.00% to 5.00%.	20,735,000
2021 Energy Conservation and Improvement bonds due in annual installments of $165,000 to $225,000 through May 1, 2033, with interest rates ranging from 3.00% to 5.00%.	1,370,000
2023 Building and Site bonds (Series II) due in annual installments of $1,050,000 to $3,560,000 through May 1, 2048, with interest rates ranging from 4.00% to 5.00%.	29,380,000
2024 Building and Site bonds (Series III) due in annual installments of $500,000 to $4,935,000 through May 1, 2050, with interest rates ranging from 4.00% to 5.00%.	36,035,000
Plus issuance premium	6,666,155
Total general obligation bonds	107,916,155
Direct Borrowing and Direct Placement	
Copier lease due in monthly installments of $21,611 through June 1, 2027, with a stated interest rate of 3.00%.	255,162
Total general obligation bonds and direct borrowing and direct placement	108,171,317
Compensated absences	2,347,061
Total general long-term obligations	$ 110,518,378

The District's outstanding notes from direct borrowings and direct placement related to governmental activities of $255,162 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2026, $14,570,000 of bonds outstanding are considered defeased.

The annual requirements to amortize long-term obligations outstanding, exclusive of compensated absences payments as of June 30, 2026, are as follows:

Year Ending June 30,	General Obligation Bonds		Direct Borrowing and Direct Placement		Compensated Absences	Total
	Principal	Interest	Principal	Interest		
2027	$ 6,155,000	$ 4,190,618	$ 255,162	$ 4,165	$ -	$ 10,604,945
2028	3,615,000	3,884,518	-	-	-	7,499,518
2029	3,660,000	3,703,768	-	-	-	7,363,768
2030	3,640,000	3,520,768	-	-	-	7,160,768
2031	3,495,000	3,338,768	-	-	-	6,833,768
2032 - 2036	18,360,000	14,209,545	-	-	-	32,569,545
2037 - 2041	20,820,000	10,291,945	-	-	-	31,111,945
2042 - 2046	24,810,000	6,090,811	-	-	-	30,900,811
2047 - 2050	16,695,000	1,352,200	-	-	-	18,047,200
	101,250,000	50,582,941	255,162	4,165	-	152,092,268
Issuance premium	6,666,155	-	-	-	-	6,666,155
Compensated absences	-	-	-	-	2,347,061	2,347,061
	$ 107,916,155	$ 50,582,941	$ 255,162	$ 4,165	$ 2,347,061	$ 161,105,484

Interest expense reported in the governmental funds for the year ended June 30, 2026 was approximately $4,475,000.

The District has $3,392,922 in the debt service fund restricted for servicing the debt obligations.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2026 are as follows:

Receivable Fund		Payable Fund	
General fund	$ 228,727	General fund	$ 403,453
Debt service fund	200	Nonmajor funds	228,988
Nonmajor funds	403,514		
			$ 632,441
	$ 632,441		

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

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

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

Benefits Provided - Overall

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPSERS is as follows:

Plan Name	Plan Type	Plan Status
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

Benefits Provided - Pension

Benefit provisions of the defined benefit pension 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 (DB) pension plan. Retirement benefits for DB Plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB Plan members.

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan member's contributions range from 0% - 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990, or later including Pension Plus Plan members, contribute at various graduated permanently fixed contribution rates from 3.0% - 7.0%.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

Option 1 - Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic Plan Members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus Members: a flat 7% contribution

Option 2 - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 - Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

Option 4 - Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k)-account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012, and before February 1, 2018, choose between two retirement plans: The Pension Plus Plan and a Defined Contribution Plan that provides a 50% employer match (up to 3% of salary) on employee contributions.

Final Average Compensation (FAC) - Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected Option 4, in which case the FAC is calculated at the transition date.

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus Plan to newly hired employees as of February 1, 2018, and created a new, optional Pension Plus 2 Plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 Plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 Plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

New employees hired between February 1, 2018 and June 30, 2024, are automatically enrolled as members in the Pension Plus 2 Plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 Plan and become a qualified participant to the DC Plan; if no election is made they will default to the DC Plan. If they elect to opt out of the Pension Plus 2 Plan, their participation in the DC Plan will be retroactive to their date of hire.

Pension Reform of 2023

On November 29, 2023, the Governor signed Public Act 250 of 2023 into law. New employees hired after June 30, 2024, are automatically enrolled as members in the Pension Plus 2 Plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus 2 Plan and become a qualified participant in the DC Plan; if no election is made they will remain in the Pension Plus 2 Plan. If they elect to opt out of the Pension Plus 2 Plan, their participation in the DC Plan will be retroactive to their date of hire.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through their 60th birthday and has credited service in each of the last 5 school fiscal years immediately preceding the retirement effective date. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount - The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

Depending on the plan selected, member contributions range from 0% - 7% for pension and 0% - 3% for other postemployment benefits. Plan members electing the Defined Contribution Plan are not required to make additional contributions.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2025 were determined as of the September 30, 2022 actuarial valuations. The pension and OPEB unfunded (overfunded) actuarial accrued liabilities (UAAL) as of September 30, 2022 are amortized over a 14-year period beginning October 1, 2024 and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

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

The District's pension contributions for the year ended June 30, 2026 were equal to the required contribution total. Total pension contributions were approximately $15,105,000. Of the total pension contributions approximately $14,540,000 was contributed to fund the Defined Benefit Plan and approximately $565,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2026 were equal to the required contribution total. Total OPEB contributions were approximately $1,010,000. Of the total OPEB contributions approximately $647,000 was contributed to fund the Defined Benefit Plan and approximately $363,000 was contributed to fund the Defined Contribution Plan.

These amounts, for both pension and OPEB benefit, include contributions funded from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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 date of September 30, 2024 and rolled-forward using generally accepted actuarial procedures.

The 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.

MPSERS (Plan) Non-university Employers	September 30, 2025	September 30, 2024
Total Pension Liability	$ 97,436,103,863	$ 95,765,499,515
Plan Fiduciary Net Position	$ 77,403,114,236	$ 71,283,482,728
Net Pension Liability	$ 20,032,989,627	$ 24,482,016,787
Proportionate Share	0.33758%	0.34763%
Net Pension Liability for the District	$ 67,627,869	$ 85,107,329

For the year ended June 30, 2026, the District recognized pension expense of $2,305,451.

At June 30, 2026, the Reporting Unit 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
Net difference between projected and actual pension plan investment earnings	$ -	$ (16,161,613)
Differences between expected and actual experience	2,619,421	(602,356)
Changes in proportion and differences between employer contributions and proportionate share of contributions	458,595	(3,758,356)
Changes of assumptions	2,427,358	(3,574,296)
Reporting Unit's contributions subsequent to the measurement date	13,264,643	-
	$ 18,770,017	$ (24,096,621)

$13,264,643, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2027	$ (1,979,242)
2028	(8,197,209)
2029	(6,420,022)
2030	(1,994,774)

OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2024 and rolled-forward using generally accepted actuarial procedures.

The District's proportion of the net OPEB liability (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.

MPSERS (Plan) Non-university Employers	September 30, 2025	September 30, 2024
Total other postemployment benefits liability	$ 9,360,649,860	$ 9,991,545,923
Plan fiduciary net position	$ 15,439,767,833	$ 14,295,943,589
Net other postemployment benefits asset	$ (6,079,117,973)	$ (4,304,397,666)
Proportionate share	0.34373%	0.34219%
Net other postemployment benefits asset for the District	$ (20,895,937)	$ (14,729,330)

For the year ended June 30, 2026, the District recognized OPEB benefit of $6,914,895.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

At June 30, 2026, the Reporting Unit 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
Net difference between projected and actual other postemployment benefits plan investment earnings	$ -	$ (2,936,335)
Differences between expected and actual experience	-	(14,306,349)
Changes in proportion and differences between employer contributions and proportionate share of contributions	152,366	(566,566)
Changes of assumptions	2,788,787	(221,620)
Reporting Unit's contributions subsequent to the measurement date	548,717	-
	$ 3,489,870	$ (18,030,870)

$548,717, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

Other amounts reported as deferred outflows of resources and (deferred inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2027	$ (4,030,265)
2028	(3,977,893)
2029	(3,624,496)
2030	(2,372,146)
2031	(833,543)
2032	(251,374)

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions

Investment Rate of Return for Pension - 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, Pension Plus, and Pension Plus 2 Plan groups.

Investment Rate of Return for OPEB - 6.00% a year, compounded annually net of investment and administrative expenses.

Salary Increases - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

Inflation - 3.0%.

Mortality Assumptions -

Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Disabled Retirees: PubNS-2010 Male and Female Disabled Retiree Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Experience Study - Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2023 valuation.

The Long-term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan, and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Cost of Living Pension Adjustments - 3.0% annual non-compounded for MIP members.

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.75% for year one and graded to 3.50% in year fifteen. Post 65, 6.50% for year one and graded to 3.50% in year fifteen.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Additional Assumptions for Other Postemployment Benefit Only - Applies to Individuals Hired Before September 4, 2012:

Opt Out Assumption - 21% of eligible participants hired before July 1, 2008, and 30% of those hired after June 30, 2008, are assumed to opt out of the retiree health plan.

Survivor Coverage - 80% of male retirees and 67% of female retirees electing two-person coverage are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement - 75% of male and 60% of female future retirees who elected coverage are assumed to elect coverage for 1 or more dependents.

The target asset allocation at September 30, 2025, and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Target Allocation		
Investment Category	Pension	OPEB	Long-term Expected Real Rate of Return*
Domestic Equity Pools	21.0%	16.0%	5.8%
International Equity Pools	14.0%	11.0%	5.6%
Private Equity Pools	16.0%	16.0%	9.3%
Real Estate and Infrastructure Pools	8.0%	5.0%	7.0%
Fixed Income Pools	15.0%	26.0%	2.5%
Absolute Return Pools	13.0%	15.0%	4.4%
Real Return/Opportunistic Pools	9.0%	7.0%	7.0%
Short Term Investment Pools	4.0%	4.0%	1.3%
	100.0%	100.0%	

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

Rate of Return - For fiscal year ended September 30, 2025, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 9.81% and 9.24%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	$ 106,720,508	$ 67,627,869	$ 35,068,706

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability (asset) calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net OPEB liability (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:

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability (asset)	$ (18,003,172)	$ (20,895,937)	$ (23,427,733)

Sensitivity to the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability (asset) calculated using the healthcare cost trend rate, as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability (asset)	$ (23,404,630)	$ (20,895,937)	$ (18,261,891)

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System Annual Comprehensive Financial Report.

Payable to the Pension and OPEB Plan - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of $500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for the year ended June 30, 2026, or any of the prior three years.

NOTE 10 - TRANSFERS

During the year, the food service fund transferred $178,660 to the general fund for indirect cost reimbursement.

NOTE 11 - CONTINGENT LIABILITIES

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

NOTE 12 - COMMITMENTS

The District has active capital projects outstanding at June 30, 2026. The District has $12,788,029 recorded as restricted fund balance in the 2021 building and site - series I, II, III, and IV fund.

NOTE 12 - COMMITMENTS (continued)

During the year ended June 30, 2026, the District entered into a long-term transportation equipment services agreement for ten electric school buses, related charging infrastructure, and associated fleet management services. The agreement provides for annual service payments beginning upon commencement of operations, which is anticipated in fiscal year 2027.

NOTE 13 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement 77 (*Tax Abatements*).

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by Delhi Charter Township. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly. The property taxes abated for the general fund and debt service fund by municipality under these programs are as follows:

Municipality	Taxes Abated
Delhi Charter Township	$ 971,896

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's Section 22 funding of the State School Aid Act.

There are no abatements made by the District.

NOTE 14 - CHANGES IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2026, the District implemented the following GASB standards:

GASB Statement No. 103, *Financial Reporting Model Improvements.* The Standard addressed the following areas:

a. Management's discussion and analysis (MD&A)
b. Unusual or infrequent items
c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements;
e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. This Statement also requires additional disclosures for capital assets held for sale.

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026-2027 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

HOLT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original and Final Budget	Actual	Variance with Final Budget and Actual
	Original	Final			
REVENUES					
Local sources	$ 9,086,730	$ 9,721,800	$ 635,070	$ 9,744,564	$ 22,764
State sources	57,169,676	62,054,374	4,884,698	60,919,571	(1,134,803)
Federal sources	1,233,653	1,270,092	36,439	1,127,357	(142,735)
Intermediate school districts	7,174,210	7,652,561	478,351	7,454,158	(198,403)
TOTAL REVENUES	74,664,269	80,698,827	6,034,558	79,245,650	(1,453,177)
EXPENDITURES					
Current					
Instruction					
Basic programs	32,157,090	33,207,191	(1,050,101)	33,139,655	67,536
Added needs	11,719,682	12,728,690	(1,009,008)	12,072,057	656,633
Total instruction	43,876,772	45,935,881	(2,059,109)	45,211,712	724,169
Supporting services					
Pupil	5,821,208	6,058,017	(236,809)	5,686,467	371,550
Instructional staff	5,102,533	6,247,299	(1,144,766)	5,927,855	319,444
General administration	689,876	757,916	(68,040)	821,834	(63,918)
School administration	4,738,149	4,731,137	7,012	4,817,231	(86,094)
Business	1,025,200	968,542	56,658	951,784	16,758
Operation/maintenance	6,498,176	8,640,620	(2,142,444)	8,989,558	(348,938)
Pupil transportation	2,128,500	2,290,792	(162,292)	2,250,190	40,602
Central	1,896,755	2,414,279	(517,524)	2,616,127	(201,848)
Athletics	1,112,352	1,223,094	(110,742)	1,058,890	164,204
Total supporting services	29,012,749	33,331,696	(4,318,947)	33,119,936	211,760
Community services	1,417,399	1,437,932	(20,533)	1,391,025	46,907
Debt service					
Principal repayment	420,000	395,000	25,000	407,631	(12,631)
Interest	69,000	64,000	5,000	76,147	(12,147)
Total debt service	489,000	459,000	30,000	483,778	(24,778)
TOTAL EXPENDITURES	74,795,920	81,164,509	(6,368,589)	80,206,451	958,058
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(131,651)	(465,682)	(334,031)	(960,801)	(495,119)
OTHER FINANCING SOURCES (USES)					
Transfers in	240,000	220,000	(20,000)	178,660	(41,340)
NET CHANGE IN FUND BALANCE	108,349	(245,682)	(354,031)	(782,141)	(536,459)
FUND BALANCE					
Beginning of year	12,194,407	12,194,407	-	12,194,407	-
End of year	$ 12,302,756	$ 11,948,725	$ (354,031)	$ 11,412,266	$ (536,459)

HOLT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Reporting Unit's proportion of net pension liability (%)	0.33758%	0.34763%	0.35071%	0.34611%	0.35496%	0.35253%	0.35422%	0.35860%	0.35814%	0.35427%
Reporting Unit's proportionate share of net pension liability	$ 67,627,869	$ 85,107,329	$ 113,509,630	$ 130,167,903	$ 84,039,416	$ 121,098,144	$ 117,307,298	$ 107,802,731	$ 92,809,234	$ 88,386,461
Reporting Unit's covered-employee payroll	$ 37,337,683	$ 36,108,806	$ 35,396,735	$ 33,781,118	$ 32,025,575	$ 31,292,487	$ 30,725,572	$ 30,454,316	$ 30,153,862	$ 29,775,976
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	181.12%	235.70%	320.68%	385.33%	262.41%	386.99%	381.79%	353.98%	307.79%	296.84%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

HOLT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED
OF THE YEAR ENDED JUNE 30)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required pension contributions	$ 14,540,140	$ 14,878,574	$ 14,250,895	$ 15,955,978	$ 11,594,435	$ 10,368,074	$ 9,508,311	$ 9,463,645	$ 9,188,979	$ 8,368,719
Pension contributions in relation to statutorily required contributions	14,540,140	14,878,574	14,250,895	15,955,978	11,594,435	10,368,074	9,508,311	9,463,645	9,188,979	8,368,719
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll (pension)	$ 38,406,183	$ 36,919,935	$ 35,955,974	$ 35,193,303	$ 33,581,074	$ 31,152,988	$ 31,441,425	$ 30,591,845	$ 30,369,225	$ 29,925,467
Pension contributions as a percentage of covered-employee payroll	37.86%	40.30%	39.63%	45.34%	34.53%	33.28%	30.24%	30.94%	30.26%	27.97%

HOLT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net other postemployment benefits liability/asset (%)	0.34373%	0.34219%	0.35350%	0.34895%	0.35618%	0.35421%	0.35173%	0.35811%	0.35764%
Reporting Unit's proportionate share of net other postemployment benefits liability (asset)	$ (20,895,937)	$ (14,729,330)	$ (1,999,739)	$ 7,390,874	$ 5,436,643	$ 18,976,111	$ 25,246,460	$ 28,465,607	$ 31,670,737
Reporting Unit's covered-employee payroll	$ 37,337,683	$ 36,108,806	$ 35,396,735	$ 33,781,118	$ 32,025,575	$ 31,292,487	$ 30,725,572	$ 30,454,316	$ 30,153,862
Reporting Unit's proportionate share of net other postemployment benefits liability/asset as a percentage of its covered-employee payroll	55.96%	40.79%	5.65%	21.88%	16.98%	60.64%	82.17%	93.47%	105.03%
Plan fiduciary net position as a percentage of total other postemployment benefits liability (Non-university employers)	164.94%	143.08%	105.04%	83.09%	87.33%	59.76%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

HOLT PUBLIC SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED
OF THE YEAR ENDED JUNE 30)

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required other postemployment benefits contributions	$ 646,787	$ 191,403	$ 2,999,982	$ 2,903,440	$ 2,794,470	$ 2,734,993	$ 2,661,719	$ 2,402,997	$ 2,193,486
Other postemployment benefits contributions in relation to statutorily required contributions	646,787	191,403	2,999,982	2,903,440	2,794,470	2,734,993	2,661,719	2,402,997	2,193,486
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll (OPEB)	$ 38,406,183	$ 36,919,935	$ 35,955,974	$ 35,193,303	$ 33,581,074	$ 31,152,988	$ 31,441,425	$ 30,591,845	$ 30,369,225
Other post employment benefit contributions as a percentage of covered-employee payroll	1.68%	0.52%	8.34%	8.25%	8.32%	8.78%	8.47%	7.86%	7.22%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

HOLT PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2026

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

b. Public hearings are conducted to obtain taxpayer comments.

c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the budgetary comparison schedule.

d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

e. The final budget was approved prior to the June 30, 2026 year-end.

NOTE 2 - BUDGETARY COMPARISON

Significant Variances Between Original and Final Budget

	Variance	Explanation
REVENUES		
Local sources	$ 635,070	The increase in the final budget for local source revenue is primarily attributable to higher than anticipated property taxes and increased Medicaid reimbursement revenue recognized during the fiscal year.
State sources	4,884,698	The increase in state source revenue reflects budget amendments for new grant awards received during the fiscal year, as well as additional funding received under existing grant programs.
EXPENDITURES		
Instruction - Basic programs	(1,050,101)	The increase in the final budget for basic programs expenditures is primarily attributable to additional planned spending supported by grant-funded instructional programs, including GSRP and Title grant activities.
Instruction - Added needs	(1,009,008)	The increase in added needs expenditures reflects expanded grant-funded programming, primarily related to Title-funded initiatives, as well as increased staffing and contracted service needs to support student intervention and specialized student services.
Supporting services - Instructional staff	(1,144,766)	The increase in supporting services - instructional staff expenditures is primarily attributable to additional grant-funded activities, including Section 35m, At-Risk, and GSRP programs, resulting in increased personnel and related support costs.
Supporting services - Operation/maintenance	(2,142,444)	The increase in operations and maintenance expenditures reflects higher projected utility costs, increased contracted maintenance and facility-related services, unanticipated facility needs arising during the fiscal year, and additional expenditures associated with grant-funded projects.

NOTE 2 - BUDGETARY COMPARISON (continued)

Significant Variances Between Final Budget and Actual

	Variance	Explanation
REVENUES		
State sources	$ (1,134,803)	Actual state source revenue was less than budgeted primarily because expenditures under the GSRP and At-Risk grant programs were lower than anticipated during the fiscal year. As a result, the corresponding grant revenue recognized was less than the amount included in the final budget.
EXPENDITURES		
Instruction - Added needs	656,633	Actual added needs expenditures were less than budgeted primarily because certain positions planned within grant-funded programs, including At-Risk initiatives, remained vacant or were not filled for the full fiscal year. As a result, personnel and related program expenditures were lower than anticipated.

NOTE 3 - 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 benefit 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 periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016, actuarial valuation decreased by 0.50 percentage points.

NOTE 4 - OPEB 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 benefit 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, 2024, actuarial valuation increased by 0.50 percentage points for members under 65. This increased the plan's total OPEB liability by $267 million in 2025.

- 2024 - 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 0.25 percentage points for members over 65.

- 2023 - The health care cost trend rate used in the September 30, 2022, 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 and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $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 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 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.

ADDITIONAL SUPPLEMENTARY INFORMATION

HOLT PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2026

	Special Revenue		Total
	Food Service	Student/School Activities	Nonmajor Funds
ASSETS			
Cash and cash equivalents	$ 727,025	$ 746,952	$ 1,473,977
Accounts receivable	81,873	-	81,873
Due from other funds	398,937	4,577	403,514
Inventories	136,576	-	136,576
TOTAL ASSETS	$ 1,344,411	$ 751,529	$ 2,095,940
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 5,132	$ 14,414	$ 19,546
Due to other funds	223,912	5,076	228,988
Unearned revenue	38,202	-	38,202
TOTAL LIABILITIES	267,246	19,490	286,736
FUND BALANCES			
Nonspendable			
Inventories	136,576	-	136,576
Restricted	940,589	-	940,589
Committed	-	732,039	732,039
TOTAL FUND BALANCES	1,077,165	732,039	1,809,204
TOTAL LIABILITIES AND FUND BALANCES	$ 1,344,411	$ 751,529	$ 2,095,940

HOLT PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2026

	Special Revenue		Total
	Food Service	Student/School Activities	Nonmajor Funds
REVENUES			
Food sales	$ 237,750	$ -	$ 237,750
Student/school activities	-	669,864	669,864
State sources	547,829	-	547,829
Federal sources	2,817,749	-	2,817,749
Investment earnings	17,414	424	17,838
Other	-	1,690	1,690
TOTAL REVENUES	3,620,742	671,978	4,292,720
EXPENDITURES			
Current			
Salaries	850,657	-	850,657
Benefits	501,912	-	501,912
Purchased services	86,240	-	86,240
Supplies and materials	96,858	-	96,858
Food purchases	980,305	-	980,305
Donated commodities	575,798	-	575,798
Student/school activities	-	684,504	684,504
Other expenses	59,844	2,800	62,644
Capital outlay	220,003	-	220,003
TOTAL EXPENDITURES	3,371,617	687,304	4,058,921
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	249,125	(15,326)	233,799
OTHER FINANCING USES			
Transfers out	(178,660)	-	(178,660)
NET CHANGE IN FUND BALANCES	70,465	(15,326)	55,139
FUND BALANCES			
Beginning of year	1,006,700	747,365	1,754,065
End of year	$ 1,077,165	$ 732,039	$ 1,809,204

HOLT PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2026

2019 Refunding Bonds.

Principal Due May 1	Interest Due May 1	Interest Due November 1	Debt Service Requirement for Fiscal Year June 30,	Debt Service Requirement for Fiscal Year Amount
$ 3,375,000	$ 343,250	$ 343,250	2027	$ 4,061,500
3,440,000	258,875	258,875	2028	3,957,750
3,475,000	172,875	172,875	2029	3,820,750
3,440,000	86,000	86,000	2030	3,612,000
$ 13,730,000	$ 861,000	$ 861,000		$ 15,452,000

HOLT PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2026

2021 Building and Site Bonds - Series I.

Principal Due May 1	Interest Due May 1	Interest Due November 1	Debt Service Requirement for Fiscal Year June 30,	Debt Service Requirement for Fiscal Year Amount
$ -	$ 258,634	$ 258,634	2027	$ 517,268
-	258,634	258,634	2028	517,268
-	258,634	258,634	2029	517,268
-	258,634	258,634	2030	517,268
1,075,000	258,634	258,634	2031	1,592,268
1,115,000	231,760	231,759	2032	1,578,519
1,145,000	209,460	209,459	2033	1,563,919
1,175,000	192,285	192,284	2034	1,559,569
1,210,000	174,660	174,659	2035	1,559,319
1,240,000	156,510	156,509	2036	1,553,019
1,265,000	144,110	144,109	2037	1,553,219
1,290,000	131,460	131,459	2038	1,552,919
1,315,000	118,560	118,559	2039	1,552,119
1,340,000	105,410	105,409	2040	1,550,819
1,360,000	92,010	92,009	2041	1,544,019
1,385,000	78,410	78,409	2042	1,541,819
1,410,000	63,695	63,694	2043	1,537,389
1,440,000	48,713	48,712	2044	1,537,425
1,470,000	33,414	33,413	2045	1,536,827
1,500,000	16,876	16,875	2046	1,533,751
$ 20,735,000	$ 3,090,503	$ 3,090,488		$ 26,915,991

HOLT PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2026

2021 Energy Conservation and Improvement Bonds.

Principal Due May 1	Interest Due May 1	Interest Due November 1	Debt Service Requirement for Fiscal Year June 30,	Debt Service Requirement for Fiscal Year Amount
$ 165,000	$ 29,025	$ 29,025	2027	$ 223,050
175,000	25,725	25,725	2028	226,450
185,000	21,350	21,350	2029	227,700
200,000	16,725	16,725	2030	233,450
205,000	11,725	11,725	2031	228,450
215,000	6,600	6,600	2032	228,200
225,000	3,375	3,375	2033	231,750
$ 1,370,000	$ 114,525	$ 114,525		$ 1,599,050

HOLT PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2026

2023 Building and Site Bonds - Series II.

Principal Due May 1	Interest Due May 1	Interest Due November 1	Debt Service Requirement for Fiscal Year June 30,	Debt Service Requirement for Fiscal Year Amount
$ -	$ 637,350	$ 637,350	2027	$ 1,274,700
-	637,350	637,350	2028	1,274,700
-	637,350	637,350	2029	1,274,700
-	637,350	637,350	2030	1,274,700
1,050,000	637,350	637,350	2031	2,324,700
1,100,000	611,100	611,100	2032	2,322,200
1,160,000	583,600	583,600	2033	2,327,200
1,220,000	554,600	554,600	2034	2,329,200
1,275,000	524,100	524,100	2035	2,323,200
1,320,000	492,225	492,225	2036	2,304,450
1,380,000	459,225	459,225	2037	2,298,450
1,445,000	424,725	424,725	2038	2,294,450
1,510,000	388,600	388,600	2039	2,287,200
1,565,000	358,400	358,400	2040	2,281,800
1,635,000	327,100	327,100	2041	2,289,200
1,700,000	294,400	294,400	2042	2,288,800
1,765,000	260,400	260,400	2043	2,285,800
1,835,000	225,100	225,100	2044	2,285,200
1,910,000	188,400	188,400	2045	2,286,800
1,975,000	150,200	150,200	2046	2,275,400
3,560,000	110,700	110,700	2047	3,781,400
1,975,000	39,500	39,500	2048	2,054,000
$ 29,380,000	$ 9,179,125	$ 9,179,125		$ 47,738,250

HOLT PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2026

2024 Building and Site Bonds - Series III.

Principal Due May 1	Interest Due May 1	Interest Due November 1	Debt Service Requirement for Fiscal Year June 30,	Debt Service Requirement for Fiscal Year Amount
$ 2,615,000	$ 827,050	$ 827,050	2027	$ 4,269,100
-	761,675	761,675	2028	1,523,350
-	761,675	761,675	2029	1,523,350
-	761,675	761,675	2030	1,523,350
1,165,000	761,675	761,675	2031	2,688,350
1,185,000	732,550	732,550	2032	2,650,100
1,190,000	702,925	702,925	2033	2,595,850
1,215,000	673,175	673,175	2034	2,561,350
1,190,000	642,800	642,800	2035	2,475,600
1,180,000	613,050	613,050	2036	2,406,100
1,230,000	583,550	583,550	2037	2,397,100
1,285,000	552,800	552,800	2038	2,390,600
1,340,000	520,675	520,675	2039	2,381,350
1,400,000	487,175	487,175	2040	2,374,350
1,460,000	452,175	452,175	2041	2,364,350
1,530,000	415,675	415,675	2042	2,361,350
1,605,000	377,425	377,425	2043	2,359,850
1,680,000	337,300	337,300	2044	2,354,600
1,760,000	295,300	295,300	2045	2,350,600
1,845,000	260,100	260,100	2046	2,365,200
1,960,000	223,200	223,200	2047	2,406,400
3,765,000	184,000	184,000	2048	4,133,000
4,935,000	108,700	108,700	2049	5,152,400
500,000	10,000	10,000	2050	520,000
$ 36,035,000	$ 12,046,325	$ 12,046,325		$ 60,127,650

Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

2851 Charlevoix Dr SE #300,
Grand Rapids, MI 49546

517.323.7500

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

To the Board of Education of
Holt Public Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holt Public Schools, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Holt Public Schools' basic financial statements, and have issued our report thereon dated October 14, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Maner Costerisan PC

Lansing, Michigan
October 14, 2026

Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

2851 Charlevoix Dr SE #300,
Grand Rapids, MI 49546

517.323.7500

October 14, 2026

To the Board of Education
Holt Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holt Public Schools for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information orally during our discussion on September 25, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Holt Public Schools are described in Note 1 to the financial statements. As described in Note 14 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statements No. 103, *Financial Reporting Model Improvements* and No. 104, *Disclosure of Certain Capital Assets* during the year ended June 30, 2026. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by Holt Public Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's calculation of the depreciation expense is based on the estimated useful lives of the capital assets.

Management's calculation of the accrued compensated absences is based on current hourly rates, historical usage, and policies regarding payment of sick and vacation banks.

The calculation of the net pension liability and related deferred outflows and inflows of resources is based on an actuarial study which utilized certain actuarial assumptions.

The calculation of the net other post-employment benefits asset and related deferred outflows and inflows of resources is based upon an actuarial study which utilized certain actuarial assumptions.

Management's estimate in calculating the positive arbitrage rebate liability.

We evaluated the key factors and assumptions used to develop these accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 14, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Holt Public Schools' financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Holt Public Schools' auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on other supplementary information, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the management and members of the Board of Education of Holt Public Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maner Costerisan PC

Lansing, Michigan