L'Anse Creuse Public Schools

Financial Statements

June 30, 2026



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L'Anse Creuse Public Schools
Members of the Board of Education and Administration
June 30, 2026

Members of the Board of Education

Adam Lipski – President

Al Doss – Vice President

John Da Via – Treasurer

Jeff Cyprus – Secretary

Sharon Ross – Trustee

Sandra Hernden – Trustee

Shane Sellers – Trustee

Administration

Keith Howell – Superintendent

Katherine Konon – Assistant Superintendent for Business and Operations

Kim Sanner – Director for Finance

Independent Auditors' Report

Management and the Board of Education
L'Anse Creuse Public Schools
Clinton Township, Michigan

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of L'Anse Creuse Public Schools, as of June 30, 2026, and the respective changes in financial position, and, where applicable, cash flows 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of L'Anse Creuse Public Schools, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, during the year ended June 30, 2026, L'Anse Creuse Public Schools adopted new accounting guidance, GASB Statement No. 103, *Financial Reporting Model Improvements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of L'Anse Creuse 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 L'Anse Creuse Public Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability (asset), schedule of the school district's OPEB contributions, and notes to the required supplementary information identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental

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

Other Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2026, on our consideration of L'Anse Creuse 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 L'Anse Creuse 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 L'Anse Creuse Public Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Troy, Michigan
October 15, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand L'Anse Creuse Public Schools financially as a whole. The district-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds - the General Fund and the 2025 Capital Projects Fund and all other funds presented in one column as nonmajor funds. Three of the remaining statements, the statement of fiduciary net position, the statement of changes in fiduciary net position and the statement of changes in assets and liabilities present financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. The other remaining statements relate to the School District's Proprietary Funds (Internal Service Funds).

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

Basic Financial Statements

District-wide Financial Statements Fund Financial Statements

Notes to the Basic Financial Statements

Required Supplemental Information

Budgetary Comparison Schedule

Schedule of the School District's Proportionate Share of the Net Pension/OPEB Liability

Schedule of the School District's Contributions

Other Supplementary Information

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

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

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

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

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

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

Governmental Funds - All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending.

They are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliations.

Proprietary Funds – Proprietary fund reporting focuses on economic resources measurement and full accrual accounting. The proprietary fund statements present a long-term view of operations and the services it provides to other funds. Revenue and expenditures are recorded when earned or obligated, regardless of when the cash is actually paid.

The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for one fiduciary fund. The scholarship fund is considered a private purpose trust which includes contributions received by the School District to be awarded in the form of scholarships. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The School District as a Whole

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

	2026	2025
	(in millions)	
Assets		
Current and other assets	$ 120.3	$ 146.6
Net OPEB asset	47.6	30.3
Capital assets	231.8	201.5
Total assets	399.7	378.4
Deferred Outflows of Resources	51.9	65.9
Total assets and deferred outflows of resources	451.6	444.3
Liabilities		
Current liabilities	50.9	41.4
Net pension liability	139.6	172.6
Long-term liabilities	279.9	300.2
Total liabilities	470.4	514.2
Deferred Inflow of Resources	95.0	94.6
Total liabilities and deferred inflows of resources	565.4	608.8
Net Position		
Net investment in capital assets	2.9	(9.7)
Restricted	51.8	34.4
Unrestricted	(168.5)	(189.2)
Total net position	**$ (113.8)**	**$ (164.5)**

The following analysis focuses on the net position (see Table 1) of the School District's governmental activities is discussed below. The School District's net position was a deficit of $113.8 million at June 30, 2026, which is an improvement of $50.7 million. Capital assets, net of related debt totaling $2.9 million, compares the original cost, less depreciation, of the School Districts capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use this net position for day-to-day operations. Of the net position amount above, $51.8 million was restricted for food and net OPEB. The remaining amount of net position (a deficit of $168.5 million) was unrestricted.

The unrestricted net position balance enables the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. A total of $168.5 million of this deficit unrestricted net position is the School Districts proportionate share of the net pension liabilities related to the Michigan Public School Employees' Retirement System. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The key reason for the change in net position showing an increase was due to a decrease in net pension liability of roughly $33.0 million and increase to the net OPEB asset of $17.3 million. A reconciliation of the changes in net position appears in the basic financial statements.

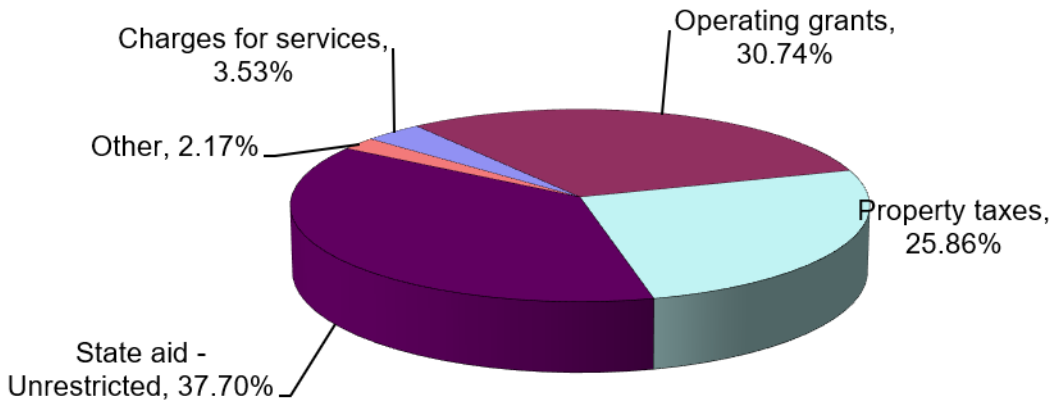
The results of this year's operations for the School District as a whole are reported in the statement of activities, which shows the changes in net position for fiscal years ending June 30:

	2026	2025
	(in millions)	
Revenue		
Program revenue:		
Charges for services	$ 6.5	$ 5.9
Operating grants	56.6	57.0
General revenue:		
Property taxes	47.6	44.4
State aid - Unrestricted	69.4	69.0
Other	4.0	2.1
Total revenue	184.1	178.4
Functions/Program Expenses		
Instruction	70.8	76.5
Support services	46.3	48.7
Food services	4.7	5.4
Community services	1.7	1.9
Interest and other expenses on long-term debt	9.9	7.2
Total functions/program expenses	133.4	139.7
Increase in Net Position	50.7	38.7
Net Position - Beginning of year	(164.5)	(203.2)
Net Position - End of year	**$ (113.8)**	**$ (164.5)**

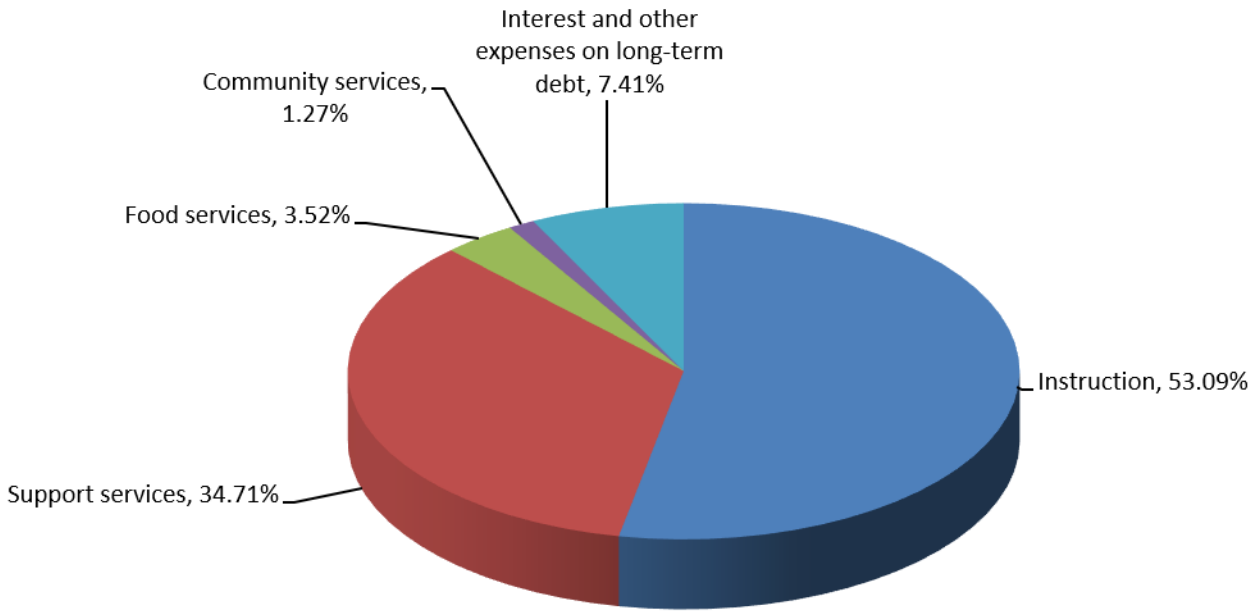
As reported in the statement of activities, the cost of all of our governmental activities this year was $133.4 million. Certain activities were partially funded from those who benefitted from the programs, $6.5 million, or by other governments and organizations that subsidized certain programs with grants and contributions, $56.6 million. We paid for the remaining "public benefit" portion of our governmental activities with $47.6 million in taxes, $69.4 million in unrestricted state aid, and $4.0 million of our other revenue comprised of interest and general entitlements.

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

Analysis of Revenue – Governmental Activities
Year Ended June 30, 2026



Analysis of Expenses - Governmental Activities
Year Ended June 30, 2026



The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of $88.7 million, which is a decrease from last year of $34.2 million. The primary reasons for changes within major funds are as follows:

- In the General Fund, our principal operating fund, the fund balance increased approximately $2.4 million to $18.5 million.
- The School District passed a bond during the prior fiscal year for the of $110.3 million (including the premium on the bond). This bond will be used for facility updates and renovations over the next several years. The net change in this fund was a decrease of $36.3 million. The fund balance in this fund as of year-end was $62.9 million.
- The total of the other funds, which consist of Debt Service Funds and Special Revenue Funds decreased $0.3 million with an ending fund balance of $7.4 million.

General Fund Budgetary Highlights

Over the course of the year, the School District reviews its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided as required supplementary information of these financial statements. A summary of the significant deviation from budget to actual is as follows:

- The variance between the budgeted and actual revenue was unfavorable by approximately $3.8 million. The majority of the variance is due to state and federal sources. These funds are required to be fully budgeted for in the year they are received.
- Overall, the General Fund resulted in a favorable variance of approximately $3.4 million.

Through prudent planning to address the operating shortfall, L'anse Creuse Public Schools made mid-year reductions, evidenced by the favorable variance of approximately $3.4 million. Additionally, for the upcoming 2026-2027 school year budget, the Board of Education approved approximately $2.9 million net in reductions and revenue enhancements, primarily through additional property taxes from operating millage renewal on the revenue side and on the expenditure side through attrition, some reductions in staffing and other non-staff areas, in continued effort to reach a balanced budget at the close of the 2026-2027 school year.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2026, the School District had $231.9 million invested in a broad range of net capital assets, including buildings improvements, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals and depreciation) of approximately $30.4 million.

	2026	2025
Land & Construction in Progress	$ 39,338,194	$ 11,890,324
Buildings and building improvements	358,391,567	349,511,355
Buses and other vehicles	8,709,250	8,078,020
Furniture and equipment	45,504,307	43,375,425
Right to use assets	709,906	709,906
Total capital assets	452,653,224	413,565,030
Less accumulated depreciation	220,781,777	212,072,247
Net capital assets	**$ 231,871,447**	**$ 201,492,783**

This year's increase of net capital assets includes depreciation of approximately $9.0 million. New purchases for building improvements, furniture and equipment, technology, as well as buses comprise the balance of approximately $39.4 million. New debt funded majority of additions.

We present more detailed information about our capital assets in Note 5 to the financial statements.

Debt

At the end of this year, the School District had approximately $278.8 million in bonds and school bond revolving funds outstanding versus $295.8 million in the previous year.

	2026	2025
General obligation bonds	**$ 255,765,000**	**$ 272,720,000**
School loan revolving fund	**23,074,279**	**23,074,279**
Total	**$ 278,839,279**	**$ 295,794,279**

Other obligations include accrued compensated absences, leases, and bond premiums, totaling $20.3 million. We present more detailed information about our long-term liabilities in Note 9 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration considered 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 blended count for the 2026-2027 fiscal year will be 90 percent of the October 2026 count and 10 percent of the February 2026 student count. The 2026-2027 budget was adopted in June 2026. At the time of the adoption the state did not have an approved budget for the School Aid Fund, however, the budgets proposed by the house, senate, and governor originally included an increase to the foundation allowance. The 2026-2027 budget reflects a conservative decline of 150 students based on an enrollment projection summary prepared by Stanfred Consultants and historical data. Approximately 80 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot assess additional property tax revenue for general operations. The School District had an operating millage proposal on the ballot in August 2026, which successfully passed. This will allow the district to levy the full 18 mills on non-homestead properties, which will add approximately $900,000 additional tax revenue to the 2026-2027 budget that was not known at the time that the Original General Fund budget when it was approved in June 2026. In March 2020, the county's ten-year enhancement millage was approved and as a result added approximately $5.8 million to the district's revenue in 2027. School District funding remains heavily dependent on the State's ability to fund local school operations. The State finalized a school aid bill in July 2026, which will impact L'Anse Creuse Public Schools with a per -pupil foundation allowance increase of $250 or 2.5% per student FTE, which is below the average rate of inflation. Additionally since the Original General Fund budget was passed, the state made changes to categorical funding for former section 31a At Risk (economically disadvantaged students) and 41 Bilingual Education, which for the 2026-2027 fiscal year will be combined in the existing Section 22b formula. Other state categorical funding will have slight increases, such as early literacy, 51e Special Education Foundation to help with the cost of educating a special education student, dual enrollment and 61a for career and technical education. The district anticipates decreases in funding from the State of Michigan for the Michigan Public School Employees' Retirement System (MPSERS) due to the elimination of one-time appropriations and reductions in long-standing categorical funding. Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to school districts.

The School District currently has six unions as part of its workforce. The Clerical contract, MEA-NEA Local 1 will expire June 30, 2028. The teachers' contract, MEA Local 1 will expire August 31, 2028. The Administrators association agreement expires July 31, 2028. The transportation department, represented by the 214 Teamsters, has a contract through August 31, 2028. TPOAM represents two support services areas. The food service contract expires June 30, 2027, and the 52-week employees, which include custodians and maintenance workers' contract will expire January 1, 2027. The Parapro contract, AFSCME Local 1993 will expire December 31, 2027. The district is in current negotiations with the food service and the 52-week employees, which include custodians and maintenance workers unions.

As we plan for the future, the District remains focused on maintaining strong financial stewardship while meeting the needs of our students and staff. Inflation, competitive labor markets, and increases in operating costs continue to place pressure on school budgets across Michigan. Enrollment trends will also play an important role in shaping future revenue. At the same time, the District is committed to making thoughtful use of bond funds and other resources to maintain safe, modern learning environments. We will continue to monitor state funding decisions and economic conditions closely to ensure we can sustain quality educational programs and responsible long-term financial planning.

Contacting the School District's Financial Management

This financial report is designed to provide the School District's citizens, parents, and investors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the business office located at the Harry L. Wheeler Community Center, 24076 F.V. Pankow Boulevard, Clinton Township, Michigan 48036.

BASIC FINANCIAL STATEMENTS

L'Anse Creuse Public Schools
Statement of Net Position
June 30, 2026

	Governmental Activities
Assets	
Cash	$ 19,293,878
Accounts receivable	134,305
Due from other governmental units	21,033,512
Inventory	162,321
Investments	79,230,967
Prepaid items	406,752
Capital assets not being depreciated	39,338,194
Capital assets - net of accumulated depreciation	192,533,253
Net OPEB asset	47,556,814
Total assets	399,689,996
Deferred Outflows of Resources	
Deferred amount on debt refunding	690,037
Deferred amount relating to the net pension liability	41,895,231
Deferred amount relating to the net OPEB asset	9,332,153
Total deferred outflows of resources	51,917,421

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Statement of Net Position
June 30, 2026

	Governmental Activities
Liabilities	
Accounts payable	7,536,326
Due to other governmental units	2,029,250
Due to fiduciary funds	25,960
Payroll deductions and withholdings	4,540,225
Accrued expenditures	1,845,607
Accrued salaries payable	7,574,155
Unearned revenue	6,957,094
Long-term liabilities	
Net pension liability	139,679,219
Due within one year	20,394,109
Due in more than one year	279,834,285
Total liabilities	470,416,230
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	55,080,373
Deferred amount relating to the net OPEB asset	39,888,673
Total deferred inflows of resources	94,969,046
Net Position	
Net investment in capital assets	2,885,864
Restricted for:	
Food and Nutrition	4,194,803
Net OPEB Asset	47,556,814
Unrestricted	(168,415,340)
Total net position	$ (113,777,859)

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Statement of Activities
For the Year Ended June 30, 2026

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Governmental activities				
Instruction	$ 70,787,689	$ -	$ 43,829,871	$ (26,957,818)
Supporting services	46,268,676	3,072,729	6,356,142	(36,839,805)
Food services	4,739,430	313,189	6,253,099	1,826,858
Community services	1,715,490	3,076,861	183,563	1,544,934
Interest and fiscal charges on long-term debt	9,862,893	-	-	(9,862,893)
Total governmental activities	$ 133,374,178	$ 6,462,779	$ 56,622,675	(70,288,724)
General revenues				
Property taxes, levied for general purposes				21,147,543
Property taxes, levied for debt service				26,411,384
State aid - unrestricted				69,402,332
Interest and investment earnings				3,725,781
Gain on sale of capital assets				-
Other				313,599
Total general revenues				121,000,639
Change in net position				50,711,915
Net position - beginning				(164,489,774)
Net position - ending				$ (113,777,859)

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Governmental Funds
Balance Sheet
June 30, 2026

	General Fund	2025 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 12,356,369	$ 818,500	$ 6,119,009	$ 19,293,878
Accounts receivable	133,030	-	1,275	134,305
Due from other funds	1,234,865	-	143,904	1,378,769
Due from other governmental units	20,739,219	-	294,293	21,033,512
Inventory	118,585	-	43,736	162,321
Investments	8,341,060	68,730,971	2,158,936	79,230,967
Prepaid items	228,335	178,417	-	406,752
Total assets	$ 43,151,463	$ 69,727,888	$ 8,761,153	$ 121,640,504
Liabilities				
Accounts payable	$ 629,780	$ 6,883,375	$ 23,171	$ 7,536,326
Due to other funds	2,732,544	-	1,347,575	4,080,119
Due to other governmental units	2,029,250	-	-	2,029,250
Due to fiduciary funds	19,568	-	6,392	25,960
Payroll deductions and withholdings	4,540,225	-	-	4,540,225
Accrued expenditures	229,830	-	-	229,830
Accrued salaries payable	7,574,155	-	-	7,574,155
Unearned revenue	6,923,503	-	33,591	6,957,094
Total liabilities	24,678,855	6,883,375	1,410,729	32,972,959

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Governmental Funds
Balance Sheet
June 30, 2026

	General Fund	2025 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances				
Non-spendable				
Inventory	118,585	-	43,736	162,321
Prepaid items	228,335	178,417	-	406,752
Restricted for				
Food and Nutrition	-	-	4,151,067	4,151,067
Debt service	-	-	1,400,383	1,400,383
Capital projects	-	62,666,096	-	62,666,096
Committed for				
Student activities	-	-	1,755,238	1,755,238
Assigned for				
26-27 budgeted excess expenditures over revenues	1,734,329	-	-	1,734,329
Unassigned	16,391,359	-	-	16,391,359
Total fund balances	18,472,608	62,844,513	7,350,424	88,667,545
Total liabilities and fund balances	$ 43,151,463	$ 69,727,888	$ 8,761,153	$ 121,640,504

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2026

Total fund balances for governmental funds	$ 88,667,545
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	39,338,194
Capital assets - net of accumulated depreciation	192,533,253
Net OPEB asset is not recorded as an asset in the governmental funds	47,556,814
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	690,037
Deferred outflows of resources resulting from the net pension liability	41,895,231
Deferred outflows of resources resulting from the net OPEB asset	9,332,153
Deferred inflows of resources resulting from the net pension liability	(55,080,373)
Deferred inflows of resources resulting from the net OPEB asset	(39,888,673)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(1,513,256)
Special termination benefits	(1,950)
Arbitrage	(47,988)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(139,679,219)
Compensated absences	(3,977,066)
Bonds payable	(269,189,923)
School bond loan payable including accrued interest	(24,156,707)
Other loans payable and liabilities	(255,931)
Net position of governmental activities	$ (113,777,859)

See Accompanying Notes to the Financial Statements

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

	General Fund	2025 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	$ 25,206,821	$ 2,963,915	$ 29,166,245	$ 57,336,981
State sources	105,046,218	-	2,581,234	107,627,452
Federal sources	5,854,288	818,500	4,407,505	11,080,293
Interdistrict sources	8,076,995	-	-	8,076,995
Total revenues	144,184,322	3,782,415	36,154,984	184,121,721
Expenditures				
Current				
Education				
Instruction	85,766,829	-	-	85,766,829
Supporting services	53,347,772	-	2,906,998	56,254,770
Food services	-	-	5,790,598	5,790,598
Community services	1,978,282	-	-	1,978,282
Capital outlay	745,240	40,023,878	-	40,769,118
Debt service				
Principal	119,950	-	16,955,000	17,074,950
Interest and other expenditures	13,832	46,503	10,624,441	10,684,776
Total expenditures	141,971,905	40,070,381	36,277,037	218,319,323
Excess (deficiency) of revenues over expenditures	2,212,417	(36,287,966)	(122,053)	(34,197,602)

See Accompanying Notes to the Financial Statements

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

	General Fund	2025 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	6,606	-	-	6,606
Transfers in	225,000	-	71,728	296,728
Transfers out	-	-	(296,728)	(296,728)
Total other financing sources (uses)	231,606	-	(225,000)	6,606
Net change in fund balances	2,444,023	(36,287,966)	(347,053)	(34,190,996)
Fund balances - beginning	16,028,585	99,132,479	7,697,477	122,858,541
Fund balances - ending	$ 18,472,608	$ 62,844,513	$ 7,350,424	$ 88,667,545

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2026

Net change in fund balances - Total governmental funds	$ (34,190,996)
Total change in net position reported for governmental activities in the statement of activities is different because:	
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Operating grants	(35,628)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(8,982,935)
Capital outlay	39,391,977
Sale of capital assets (net book value)	(30,378)
Expenses are recorded when incurred in the statement of activities.	
Interest	384,146
Arbitrage	(47,988)
Special termination benefits	47,100
Compensated absences	821,555
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	32,877,426
Net change in deferrals of resources related to the net pension liability	(14,018,922)
The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB asset	17,256,228
Net change in deferrals of resources related to the net OPEB asset	(272,357)
Bond and note proceeds and leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Repayments of long-term debt	17,074,950
Amortization of premiums	1,464,075
Amortization of deferred amount on debt refunding	(85,432)
Net change in interest accrual on school loan revolving fund	(940,906)
Change in net position of governmental activities	$ 50,711,915

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Proprietary Fund
Internal Service Fund
Statement of Net Position
June 30, 2026

	Internal Service Fund
Assets	
Due from other funds	$ 2,701,350
Liabilities	
Accrued expenditures	54,533
Compensated absences	2,646,817
Total liabilities	2,701,350
Net Position	
Unrestricted	$ -

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Proprietary Fund
Internal Service Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2026

	Internal Service Fund
Change in net position	$ -
Net position - beginning	-
Net position - ending	$ -

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2026

	Custodial Funds
Assets	
Due from other funds	$ 25,960
Investments	158,361
Total assets	184,321
Net Position	
Assets held for scholarships	$ 184,321

See Accompanying Notes to the Financial Statements

L'Anse Creuse Public Schools
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2026

	Custodial Funds
Deductions	
Scholarships	$ 17,418
Change in net position	(17,418)
Net position - beginning	201,739
Net position - ending	$ 184,321

See Accompanying Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

District-wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

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

2025 Capital Projects Fund - The 2025 Capital Projects Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

Additionally, the School District reports the following fund types:

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

Debt Service Funds - Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt. The School District's Debt Service Funds include the 2025 Debt Service, 2015 Refunding, 2021 Refunding, 2017A Refunding, and the 2023 Refunding.

Internal Service Fund – Internal Service Fund is a proprietary fund whose purpose is to account for certain services provided to other funds on a cost-reimbursement basis. The Compensated Absences Fund accounts for compensated absence liabilities due to employees upon separation from the School District based on negotiated terms in the collective bargaining agreements.

Fiduciary Funds - Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Private-Purpose Trust Funds are funds entrusted to the School District for scholarship awards and the related expenses the principal and interest of the trust may be spent.

Assets, Liabilities and Net Position or Fund Balance

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

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

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

General Fund	
Non-principal residence exemption	17.4227
Commercial personal property	5.4227
Debt Service Funds	7.0000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. 100% of the School District's tax roll lies within Macomb County.

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

taxes uncollected as of March 1 are purchased by the Macomb County and remitted to the School District by May 15.

Investments - Investments are stated at fair value, except for certain investments in external investment pools, which are valued at amortized cost which is not materially consistent with fair value.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of $10,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20 - 50 years
Equipment and furniture	5 - 20 years
Buses and other vehicles	5 - 15 years

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

Compensated Absences – The liability for compensated absences consists of earned but unused accumulated vacation and sick leave benefits. Compensated absences are earned and accumulated based on the provisions of the respective collective bargaining agreements.

Long-term Obligations - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

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

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

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

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Deferred inflow for leases is related to leases receivable and is being amortized to recognize lease revenue in a systematic and rational manner over the term of the lease. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

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

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

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

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

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

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

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

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's

policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

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

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

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale.

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

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

Note 2 - Stewardship, Compliance, and Accountability

Compliance - Bond Proceeds
The 2025 Capital Projects Fund includes capital project activities funded with bonds. For this capital project, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The fund is not yet considered substantially complete and a subsequent year audit is expected.

The following table is a summary of the revenue and expenditures in the 2025 Capital Projects Fund from the inception of the funds through the current fiscal year:

	2025 Capital Projects Fund
Revenues	$ 114,729,982
Expenditures	51,885,469

Note 3 - Deposits and Investments

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

	Governmental Activities	Fiduciary Funds	Total
Cash	$ 19,293,878	$ -	$ 19,293,878
Investments	79,230,967	158,361	79,389,328
	$ 98,524,845	$ 158,361	$ 98,683,206

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	$ 31,720,478
Investments in securities, mutual funds, and similar vehicles	66,955,728
Petty cash and cash on hand	7,000
Total	$ 98,683,206

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

Investment	Carrying Value	Maturities	Rating	Rating Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
Cash Management Class	$ 5,194,027	< 60 days	AAAm	S&P
MAX Class	2,377,223	< 60 days	AAAm	S&P
Michigan Term	3,087,107	< 60 days	AAAf	Fitch
U.S. Treasury Note	53,488,224	< 1 year	AA+	S&P
Federal Home Loan Banks	135,277	< 1 year	AA+	S&P
Federal Farm Credit Banks	2,673,870	< 1 year	AA+	S&P
	$ 66,955,728			

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

As of June 30, 2026, the net asset value of the School District's investment in MILAF + Portfolio was $7,571,250. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustee's may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of $1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

As of June 30, 2026, the net asset value of the School District's investment in the MILAF Term Series was $3,087,107. Participation in the investment pool has not resulted in any unfunded commitments. Shares are purchased to mature upon pre-determined maturity dates upon initiation of the investment. Districts may prematurely redeem shares, providing they give a minimum of seven days' notice, but may incur an early redemption penalty. The NAV per share for each series of the Michigan Term Series is calculated as of the close of business each business day, for purpose of computing fees, by dividing the total value of investments and other assets less any liabilities by the total outstanding shares. The value of an investors share redemption in a Michigan Term Series will be determined as of the close of business on any day when a share redemption occurs and is equal to the original purchase price for such share, plus dividends thereon at the projected yield, less losses incurred by the series allocable to such share, if any. It is the Trust's intent to manage each series of the Michigan Term Series in a manner that produces a NAV of $1.00 per share on each planned redemption date, however, there is no assurance that this objective will be achieved.

Interest rate risk - In accordance with its investment policy, the School 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.

Concentration of credit risk - The School District has no policy that would limit the amount that may be invested with any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, $19,596,514 of the School District's bank balance of $20,096,514 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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

Note 4 - Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The School District has the following recurring fair value measurements as of June 30, 2026:

• Federal Home Loan Banks, Federal Farm Credit Banks, and U.S. Treasury securities of $56.3 million are valued using quoted market prices (Level 2 inputs)

Note 5 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 6,636,613	$ -	$ -	$ 6,636,613
Construction-in-progress	5,253,711	32,701,581	5,253,711	32,701,581
Total capital assets not being depreciated	11,890,324	32,701,581	5,253,711	39,338,194
Capital assets being depreciated				
Buildings and additions	349,511,355	8,880,212	-	358,391,567
Equipment and furniture	43,375,425	2,128,882	-	45,504,307
Buses and other vehicles	8,078,020	935,013	303,783	8,709,250
Right to use asset - equipment and furniture	709,906	-	-	709,906
Total capital assets being depreciated	401,674,706	11,944,107	303,783	413,315,030
Less accumulated depreciation for				
Buildings and additions	168,370,333	6,843,140	-	175,213,473
Equipment and furniture	38,330,124	1,454,281	-	39,784,405
Buses and other vehicles	5,194,313	508,038	273,405	5,428,946
Right to use asset - equipment and furniture	177,477	177,476	-	354,953
Total accumulated depreciation	212,072,247	8,982,935	273,405	220,781,777
Net capital assets being depreciated	189,602,459	2,961,172	30,378	192,533,253
Net capital assets	$ 201,492,783	$ 35,662,753	$5,284,089	$ 231,871,447

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

Governmental activities	
Instruction	$ 5,120,274
Supporting services	3,413,515
Food services	359,317
Community services	89,829
Total governmental activities	$ 8,982,935

Construction Contracts

At year end, the School District had several uncompleted construction contracts in the capital projects fund. The remaining commitment on these construction contracts was approximately $17 million.

Note 6 - Interfund Receivables, Payables, and Transfers

Individual interfund receivable and payable balances at year end were:

Payable Fund	Receivable Fund	Amount
Nonmajor Governmental Funds	General Fund	$ 1,234,865
General Fund	Nonmajor Governmental Funds	31,194
Nonmajor Governmental Funds	Nonmajor Governmental Funds	112,710
General Fund	Internal Service Fund	2,701,350
		$ 4,080,119

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers consist of the following:

	Transfers out: Nonmajor Governmental Funds
Transfers in	
General Fund	$ 225,000
Nonmajor Governmental Funds	71,728
	$ 296,728

The transfers were made between debt funds to cover principal and interest payments made during the year. Also, a transfer was made from the Food and Nutrition Fund to the General Fund to cover indirect costs.

Note 7 - Unearned Revenue

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

Grant and categorical aid payments received prior to meeting all eligibility requirements	$ 6,724,258
Student meals	33,591
Other	199,245
Total	$ 6,957,094

Note 8 - Leases

During the 2025 fiscal year, the School District entered into a 4 year lease agreement as lessee for the use of electronic equipment. An initial lease liability was recorded in the amount of $709,906. As of June 30, 2026, the value of the lease liability was $255,931. The School District is required to make annual principal and interest payments of $133,782. The lease has an interest rate of 4.3%. The value of the right-to-use asset as of the end of the current fiscal year was $709,906 and had accumulated amortization of $354,953.

Annual requirements to amortize lease liabilities and related interest are as follows:

Year ending June 30,	Principal	Interest
2027	$ 125,217	$ 8,565
2028	130,714	3,068
Total	$ 255,931	$ 11,633

Note 9 - Long-Term Debt

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

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	$ 272,720,000	$ -	$ 16,955,000	$ 255,765,000	$ 18,755,000
Premium on bonds	14,888,998	-	1,464,075	13,424,923	-
Total bonds payable	287,608,998	-	18,419,075	269,189,923	18,755,000
Notes from direct borrowings and direct placements					
School Loan Revolving Fund	23,074,279	-	-	23,074,279	-
Accrued interest- SLRF	141,522	940,906	-	1,082,428	-
Total notes from direct borrowings and direct placements	23,215,801	940,906	-	24,156,707	-
Other liabilities					
Leases	375,881	-	119,950	255,931	125,217
Compensated absences	7,445,438	-	821,555	6,623,883	1,511,942
Severance liability	49,050	-	47,100	1,950	1,950
Total other liabilities	7,870,369	-	988,605	6,881,764	1,639,109
Total	$ 318,695,168	$ 940,906	$ 19,407,680	$ 300,228,394	$ 20,394,109

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

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

$149,500,000 original issue refunding bonds due in annual installments of $6,300,000 to $15,395,000 through May 1, 2035, interest at 1.44% to 2.41%	$ 108,370,000
$101,465,000 original issue refunding bonds due in annual installments of $1,150,000 to $8,115,000 through May 1, 2049, interest at 5.00%	101,465,000
$39,580,000 original issue refunding bonds due in annual installments of $2,920,000 to $4,135,000 through May 1, 2035, interest at 5.00%	31,655,000
$118,685,000 original issue serial bonds due in annual installments of $2,835,000 to $2,885,000 through May 1, 2040, interest at 3.75% to 5.00%	14,275,000
Total general obligation bonded debt	$ 255,765,000

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

	Bonds	
Year Ending June 30,	Principal	Interest
2027	$ 18,755,000	$ 9,281,302
2028	18,765,000	8,853,448
2029	19,200,000	8,403,640
2030	19,665,000	7,910,856
2031	20,155,000	7,388,140
2032-2036	63,895,000	29,300,856
2037-2041	37,600,000	19,560,564
2042-2046	33,775,000	11,215,750
2047-2049	23,955,000	2,413,750
Total	$ 255,765,000	$ 104,328,306

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of $1,400,383 to pay this debt. Future debt and interest will be payable from future tax levies.

Interest expenditures for the fiscal year in the General Fund and Debt Service Funds were $13,832 and $10,623,241, respectively.

School Loan Revolving Fund

The School Loan Revolving Fund payable represents notes payable to the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board in accordance with Section 9 of Act No. 92 of the Public Acts of 2005, as amended. Interest was charged at 3.76709 percent during the year ended June 30, 2026. Repayment is required when the revenue from the computed millage rate exceeds the amount sufficient to pay debt service on qualified bonds. The School District is required to levy at least 7.0 mills and repay to the State any excess of the amount levied over the bonded

debt service requirements. Due to recent legislated changes to the School Loan Revolving Fund program, participating districts are now required to adjust their annual millage rate to amounts between 7.0 and 13.0 mills, depending on a specified formula. Additionally, the School District has been provided a mandatory repayment date of May 1, 2046, although there are no required principal and interest payments each year. Due to the variability of the factors that affect the timing of repayment, including the future amount of state equalized value of property in the School District, no provision for repayment has been included in the above amortization schedule.

Compensated Absences
The compensated absences liability of $6,623,883 at year end, has been calculated based on anticipated amounts of leave time that will either be used or paid out upon termination. Compensated absences additions and deductions are reported net.

Of the balance above, $2,646,817 is included in the Internal Service Fund.

Retirement Benefits
The School District offered a severance incentive plan to employees. The balance as of year end was $1,950.

Deferred Amount on Refunding
The School Districts various refunding's resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $690,037. This amount is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2040.

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

The final payment date is May 1, 2035. As of year end, the amount of defeased debt outstanding but removed from the School District's financial statements is as follows:

2015 Issue refunded	$51,460,000

Note 10 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees. The School District has purchased commercial insurance for property loss, torts, errors and omissions, and medical benefit claims; the School District is self-insured for workers' compensation claims up to $500,000 per occurrence. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years. There were no changes in insurance coverage by major category of risk from that of the preceding year.

The School District is insured under a retrospectively rated policy and estimates the liability for employee injury claims that have been incurred through the end of the fiscal year, including both those claims that have been reported as well as those that have not yet been reported. These estimates are recorded in the basic financial statements. The estimates and changes in estimates were not material to the financial statements.

Note 11 - Pension Plan

Plan Description
The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act

300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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

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

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

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

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

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

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

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

Pension Contribution Rates

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

Required contributions to the pension plan from the School District were $29,040,493 for the year ending September 30, 2025.

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

At June 30, 2026, the School District reported a liability of $139,679,219 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2024. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2025, the School District's proportion was .6972 percent, which was a decrease of .0076 percent from its proportion measured as of September 30, 2024.

For the plan year ending September 30, 2025, the School District recognized pension expense of $8,475,853 for the measurement period. For the reporting period ending June 30, 2026, the School District recognized total pension contribution expense of $29,232,419.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 5,410,177	$ (1,244,111)	$ 4,166,066
Changes of assumptions	5,013,487	(7,382,383)	(2,368,896)
Net difference between projected and actual earnings on pension plan investments	-	(33,380,342)	(33,380,342)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	4,069,966	(1,917,684)	2,152,282
Total to be recognized in future	14,493,630	(43,924,520)	(29,430,890)
School District contributions subsequent to the measurement date	27,401,601	(11,155,853)	16,245,748
Total	$ 41,895,231	$ (55,080,373)	$ (13,185,142)

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

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

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2026	$ (357,310)
2027	(14,082,947)
2028	(11,376,811)
2029	(3,613,822)
	$ (29,430,890)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2024
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
  - MIP and Basic Plans: 6.80% net of investment expenses
  - Pension Plus Plan: 6.80% net of investment expenses
  - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%
- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
  - Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
  - Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

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

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

Recognition period for assets in years is 5.0000.

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

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

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

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

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

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

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

1% Decrease *	Current Single Discount Rate Assumption *	1% Increase *
5.00%	6.00%	7.00%
$ 220,421,511	$ 139,679,219	$ 72,431,225

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

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

Note 12 - Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

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

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

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

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

date, and their prior contributions were deposited into their 401(k) account.

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

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

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

OPEB Contribution Rates

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

Required contributions to the OPEB plan from the School District were $735,734 for the year ended September 30, 2025.

OPEB Liabilities or Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
At June 30, 2026, the School District reported an asset of $47,556,814 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2024. The School District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2025, the School District's proportion was .7823 percent, which was an increase of .0784 percent from its proportion measured as of September 30, 2024.

For the plan year ending September 30, 2025, the School District recognized OPEB expense of $(15,109,181) for the measurement period. For the reporting period ending June 30, 2026, the School District recognized total OPEB contribution expense of $1,804,154.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ -	$ (32,559,649)	$ (32,559,649)
Changes of assumptions	6,346,967	(504,382)	5,842,585
Net difference between projected and actual earnings on OPEB plan investments	-	(6,682,770)	(6,682,770)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	1,218,260	(141,872)	1,076,388
Total to be recognized in future	7,565,227	(39,888,673)	(32,323,446)
School District contributions subsequent to the measurement date	1,766,926	-	1,766,926
Total	$ 9,332,153	$ (39,888,673)	$ (30,556,520)

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

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

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2026	$ (8,455,052)
2027	(8,491,948)
2028	(7,861,890)
2029	(5,135,028)
2030	(1,822,529)
Thereafter	(556,999)
	$ (32,323,446)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2024
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.95% net of investment expenses

- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.75% Year 1 graded to 3.5% Year 15; Post-65: 6.50% Year 1 graded to 3.5% Year 15
- Mortality:
    - Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
    - Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other Assumptions:

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

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

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

Recognition period for assets in years is 5.0000.

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

Long-Term Expected Return on Plan Assets

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	16.0 %	5.8%
Private Equity Pools	16.0	9.3
International Equity Pools	11.0	5.6
Fixed Income Pools	26.0	2.5
Real Estate and Infrastructure Pools	5.0	7.0
Absolute Return Pools	15.0	4.4
Real Return/Opportunistic Pools	7.0	7.0
Short Term Investment Pools	4.0	1.3
	100.0%	

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

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

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

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

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
$ (40,973,204)	$ (47,556,814)	$ (53,319,899)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Healthcare Cost Trend Rate
The following presents the School District's proportionate share of the net OPEB liability or asset calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability or asset would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$ (53,266,320)	$ (47,556,814)	$ (41,562,021)

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

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

Note 13 - Contingent Liabilities

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

Note 14 - Tax Abatements

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

For the fiscal year ended June 30, 2026, the School District's property tax revenues were reduced by $63,454 under these programs.

REQUIRED SUPPLEMENTARY INFORMATION

L'Anse Creuse Public Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2026

	Budgeted Amounts		Variance - Final Budget Over (Under)		Variance - Actual Over (Under)
	Original	Final	Original Budget	Actual	Final Budget
Revenues					
Local sources	$ 23,826,145	$ 25,115,837	$ 1,289,692	$ 25,206,821	$ 90,984
State sources	103,512,149	107,727,204	4,215,055	105,046,218	(2,680,986)
Federal sources	7,092,164	7,120,431	28,267	5,854,288	(1,266,143)
Interdistrict sources	7,857,505	8,042,933	185,428	8,076,995	34,062
Total revenues	142,287,963	148,006,405	5,718,442	144,184,322	(3,822,083)
Expenditures					
Instruction					
Basic programs	66,563,616	64,755,192	(1,808,424)	63,467,730	(1,287,462)
Added needs	22,005,832	24,076,577	2,070,745	21,887,410	(2,189,167)
Adult and continuing education	415,026	425,032	10,006	411,689	(13,343)
Supporting services					
Pupil	11,250,010	11,797,369	547,359	11,633,615	(163,754)
Instructional staff	5,377,278	5,274,041	(103,237)	4,697,483	(576,558)
General administration	868,484	891,812	23,328	765,856	(125,956)
School administration	8,910,455	9,587,200	676,745	9,218,919	(368,281)
Business	1,610,115	1,787,221	177,106	1,704,552	(82,669)
Operations and maintenance	12,409,004	12,635,958	226,954	12,149,860	(486,098)
Pupil transportation services	6,501,596	6,849,904	348,308	6,313,552	(536,352)
Central	4,540,336	4,867,518	327,182	4,162,156	(705,362)
Athletic activities	2,719,822	2,789,229	69,407	2,629,313	(159,916)
Other	-	72,466	72,466	72,466	-
Community services	2,715,762	2,262,072	(453,690)	1,978,282	(283,790)
Capital outlay	563,165	997,787	434,622	745,240	(252,547)
Debt service					
Principal	-	119,950	119,950	119,950	-
Interest and fiscal charges	-	13,832	13,832	13,832	-
Total expenditures	146,450,501	149,203,160	2,752,659	141,971,905	(7,231,255)
Excess (deficiency) of revenues over expenditures	(4,162,538)	(1,196,755)	2,965,783	2,212,417	3,409,172

See Accompanying Notes to the Required Supplementary Information

L'Anse Creuse Public Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2026

	Budgeted Amounts		Variance - Final Budget Over (Under)		Variance - Actual Over (Under)
	Original	Final	Original Budget	Actual	Final Budget
Other Financing Sources					
Proceeds from sale of capital assets	6,000	6,606	606	6,606	-
Transfers in	225,000	225,000	-	225,000	-
Total other financing sources	231,000	231,606	606	231,606	-
Net change in fund balance	(3,931,538)	(965,149)	2,966,389	2,444,023	3,409,172
Fund balance - beginning	16,028,585	16,028,585	-	16,028,585	-
Fund balance - ending	$ 12,097,047	$ 15,063,436	$ 2,966,389	$ 18,472,608	$ 3,409,172

See Accompanying Notes to the Required Supplementary Information

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

	June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. School District's proportion of the net pension liability (%)	0.6972%	0.7048%	0.6881%	0.6784%	0.6692%	0.6782%	0.6881%	0.7069%	0.7304%	0.7491%
B. School District's proportionate share of the net pension liability	$ 139,679,219	$ 172,556,645	$ 222,696,312	$ 255,133,166	$ 158,432,851	$ 230,861,374	$ 227,876,568	$ 212,521,232	$ 189,276,265	$ 186,886,903
C. School District's covered payroll	$ 75,481,217	$ 73,420,194	$ 69,314,127	$ 64,860,134	$ 60,532,656	$ 58,247,533	$ 59,621,067	$ 58,612,365	$ 60,207,202	$ 63,081,719
D. School District's proportionate share of the net pension liability as a percentage of its covered payroll	185.05%	235.03%	321.29%	393.36%	261.73%	396.35%	382.21%	362.59%	314.37%	296.26%
E. Plan fiduciary net position as a percentage of total pension liability	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

See Accompanying Notes to the Required Supplementary Information

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

	For the Years Ended June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. Statutorily required contributions	$ 29,232,419	$ 28,827,995	$ 29,253,504	$ 25,649,293	$ 23,321,166	$ 19,887,639	$ 18,654,934	$ 18,221,103	$ 19,599,868	$ 11,108,756
B. Contributions in relation to statutorily required contributions	29,232,419	28,827,995	29,253,504	25,649,293	23,321,166	19,887,639	18,654,934	18,221,103	19,599,868	11,108,756
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. School District's covered payroll	$ 74,572,470	$ 75,866,643	$ 72,420,315	$ 70,912,904	$ 64,135,872	$ 59,450,511	$ 58,406,713	$ 59,866,692	$ 58,764,991	$ 60,182,979
E. Contributions as a percentage of covered payroll	39.20%	38.00%	40.39%	36.17%	36.36%	33.45%	31.94%	30.44%	33.35%	18.46%

See Accompanying Notes to the Required Supplementary Information

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

	June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. School District's proportion of the net OPEB liability (asset) (%)	0.7823%	0.7039%	0.6994%	0.6728%	0.6746%	0.6599%	0.6842%	0.6901%	0.7306%	
B. School District's proportionate share of the net OPEB liability (asset)	$ (47,556,814)	$(30,300,586)	$ (3,956,526)	$ 14,250,873	$ 10,296,273	$ 35,351,153	$ 49,112,894	$ 54,858,609	$ 64,695,245	
C. School District's covered payroll	$ 75,481,217	$ 73,420,194	$ 69,314,127	$ 64,860,134	$ 60,532,656	$ 58,247,533	$ 59,621,067	$ 58,612,365	$ 60,207,202	
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-63.00%	-41.27%	-5.71%	21.97%	17.01%	60.69%	82.38%	93.60%	107.45%	
E. Plan fiduciary net position as a percentage of total OPEB liability	164.94%	143.08%	105.04%	83.09%	87.33%	59.44%	36.39%	42.95%	36.39%	

See Accompanying Notes to the Required Supplementary Information

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

	For the Years Ended June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. Statutorily required contributions	$ 1,804,154	$ 1,194,648	$ 5,779,428	$ 4,515,715	$ 5,083,260	$ 4,849,550	$ 4,662,787	$ 4,683,471	$ 3,840,504	
B. Contributions in relation to statutorily required contributions	1,804,154	1,194,648	5,779,428	4,515,715	5,083,260	4,849,550	4,662,787	4,683,471	3,840,504	
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
D. School District's covered payroll	$ 74,572,470	$ 75,866,643	$ 72,420,315	$ 70,912,904	$ 64,135,872	$ 59,450,511	$ 58,406,713	$ 59,866,692	$ 58,764,991	
E. Contributions as a percentage of covered payroll	2.42%	1.57%	7.98%	6.37%	7.93%	8.16%	7.98%	7.82%	6.54%	

See Accompanying Notes to the Required Supplementary Information

Note 1 - Budgetary Information

Budgetary Basis of Accounting

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

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

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

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

Excess of Expenditures over Appropriations

There were no actual expenditures of funds in excess of final budgeted amounts, for the budgetary control levels described above, that were deemed to be significant.

Budgetary Highlights

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

	Budgeted Amounts		Variance - Final Budget Over (Under)			Variance - Actual Over (Under)
	Original	Final	Original Budget		Actual	Final Budget
Revenues						
State sources	$ 103,512,149	$ 107,727,204	$ 4,215,055	**(a)**	105,046,218	(2,680,986) **(b)**

(a) The General Fund originally budgeted $103,512,149 for state funding. This was later increased to $107,727,204 for the final budget because when the School District was creating the original budget, the state budget had not yet been finalized. The adjustment was necessary to show the increased allocation the School District received once the state budget was finalized in November of 2025.

(b) The General Fund had actual state funding of $105,046,218 with a final budget of $107,727,204 creating a difference of $2,680,986. The is due to state funding often times increasing allocations after year end which is unknown until after final budget is prepared.

Note 2 - Pension Information

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

Changes of benefit terms:

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

Changes of benefit assumptions:

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

Note 3 - OPEB Information

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

Changes of benefit terms:

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

Changes of benefit assumptions:

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

OTHER SUPPLEMENTARY INFORMATION

L'Anse Creuse Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2026

	Special Revenue Funds		Debt Service Funds					Total
	Food and Nutrition Fund	Student/School Activity Fund	2025 Debt Fund	2015 Refunding Debt Fund	2021 Refunding Debt Fund	2017A Refunding Debt Fund	2023 Refunding Debt Fund	Nonmajor Governmental Funds
Assets								
Cash	$ 2,991,179	$ 1,755,681	$ 107,578	$ 699,447	$ 223,648	$ -	$ 341,476	$ 6,119,009
Accounts receivable	1,275	-	-	-	-	-	-	1,275
Due from other funds	2,960	-	-	2,178	134,334	-	4,432	143,904
Due from other governmental units	294,293	-	-	-	-	-	-	294,293
Inventory	43,736	-	-	-	-	-	-	43,736
Investments	1,112,189	1,046,747	-	-	-	-	-	2,158,936
Total assets	$ 4,445,632	$ 2,802,428	$ 107,578	$ 701,625	$ 357,982	$ -	$ 345,908	$ 8,761,153
Liabilities								
Accounts payable	$ 14,543	$ 8,628	$ -	$ -	$ -	$ -	$ -	$ 23,171
Due to other funds	202,695	1,032,170	107,578	-	4,232	-	900	1,347,575
Due to agency fund activities	-	6,392	-	-	-	-	-	6,392
Unearned revenue	33,591	-	-	-	-	-	-	33,591
Total liabilities	250,829	1,047,190	107,578	-	4,232	-	900	1,410,729
Fund Balances								
Non-spendable								
Inventory	43,736	-	-	-	-	-	-	43,736
Restricted for								
Food service	4,151,067	-	-	-	-	-	-	4,151,067
Debt service	-	-	-	701,625	353,750	-	345,008	1,400,383
Committed for								
Student activities	-	1,755,238	-	-	-	-	-	1,755,238
Total fund balances	4,194,803	1,755,238	-	701,625	353,750	-	345,008	7,350,424
Total liabilities and fund balances	$ 4,445,632	$ 2,802,428	$ 107,578	$ 701,625	$ 357,982	$ -	$ 345,908	$ 8,761,153

L'Anse Creuse Public Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2026

	Special Revenue Funds		Debt Service Funds					Total
	Food and Nutrition Fund	Student/School Activity Fund	2025 Debt Service Fund	2015 Refunding Debt Fund	2021 Refunding Debt Fund	2017A Refunding Debt Fund	2023 Refunding Debt Fund	Nonmajor Governmental Funds
Revenues								
Local sources	$ 358,441	$ 2,965,391	$ 5,897,786	$ 12,874	$ 15,865,829	$ -	$ 4,065,924	$ 29,166,245
State sources	1,845,594	11,535	159,274	-	449,813	-	115,018	2,581,234
Federal sources	4,407,505	-	-	-	-	-	-	4,407,505
Total revenues	6,611,540	2,976,926	6,057,060	12,874	16,315,642	-	4,180,942	36,154,984
Expenditures								
Current								
Education								
Supporting services	-	2,906,998	-	-	-	-	-	2,906,998
Food services	5,790,598	-	-	-	-	-	-	5,790,598
Debt service								
Principal	-	-	-	-	14,175,000	-	2,780,000	16,955,000
Interest and other expenditures	-	-	6,109,341	581,727	2,240,520	-	1,692,853	10,624,441
Total expenditures	5,790,598	2,906,998	6,109,341	581,727	16,415,520	-	4,472,853	36,277,037
Excess (deficiency) of revenues over expenditures	820,942	69,928	(52,281)	(568,853)	(99,878)	-	(291,911)	(122,053)
Other Financing Sources (Uses)								
Transfers in	-	-	52,281	-	19,447	-	-	71,728
Transfers out	(225,000)	-	-	-	(52,281)	(19,447)	-	(296,728)
Total other financing sources (uses)	(225,000)	-	52,281	-	(32,834)	(19,447)	-	(225,000)
Net change in fund balances	595,942	69,928	-	(568,853)	(132,712)	(19,447)	(291,911)	(347,053)
Fund balances - beginning	3,598,861	1,685,310	-	1,270,478	486,462	19,447	636,919	7,697,477
Fund balances - ending	$ 4,194,803	$ 1,755,238	$ -	$ 701,625	$ 353,750	$ -	$ 345,008	$ 7,350,424

L'Anse Creuse Public Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2026

Year Ending June 30,	2023 Refunding	2021 Refunding	2015 Refunding	2025 Building & Site	Total
2027	$ 2,920,000	$ 14,335,000	$ -	$ 1,500,000	$ 18,755,000
2028	3,065,000	14,550,000	-	1,150,000	18,765,000
2029	3,210,000	14,790,000	-	1,200,000	19,200,000
2030	3,360,000	15,055,000	-	1,250,000	19,665,000
2031	3,510,000	15,345,000	-	1,300,000	20,155,000
2032	3,660,000	15,395,000	-	1,375,000	20,430,000
2033	3,820,000	6,300,000	-	1,625,000	11,745,000
2034	3,975,000	6,300,000	-	1,720,000	11,995,000
2035	4,135,000	6,300,000	-	1,840,000	12,275,000
2036	-	-	2,885,000	4,565,000	7,450,000
2037	-	-	2,870,000	4,765,000	7,635,000
2038	-	-	2,850,000	4,975,000	7,825,000
2039	-	-	2,835,000	5,195,000	8,030,000
2040	-	-	2,835,000	5,425,000	8,260,000
2041	-	-	-	5,850,000	5,850,000
2042	-	-	-	6,125,000	6,125,000
2043	-	-	-	6,425,000	6,425,000
2044	-	-	-	6,745,000	6,745,000
2045	-	-	-	7,070,000	7,070,000
2046	-	-	-	7,410,000	7,410,000

L'Anse Creuse Public Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2026

Year Ending June 30,	2023 Refunding	2021 Refunding	2015 Refunding	2025 Building & Site	Total
2047	-	-	-	7,750,000	7,750,000
2048	-	-	-	8,090,000	8,090,000
2049	-	-	-	8,115,000	8,115,000
Total	$ 31,655,000	$ 108,370,000	$ 14,275,000	$ 101,465,000	$ 255,765,000
Principal payments due the first day of	May	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	May and November	
Interest rate	5.00%	1.44% - 2.41%	3.75% - 5.00%	5.00%	
Original issue	$ 39,580,000	$ 149,500,000	$ 118,685,000	$ 101,465,000	

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

Independent Auditors' Report

Management and the Board of Education
L'Anse Creuse Public Schools
Clinton Township, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of L'Anse Creuse Public Schools, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise L'Anse Creuse Public Schools' basic financial statements, and have issued our report thereon dated October 15, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered L'Anse Creuse 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 L'Anse Creuse Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of L'Anse Creuse 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 L'Anse Creuse Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

Yeo & Yeo, P.C.

Troy, Michigan
October 15, 2026