



**KALKASKA PUBLIC SCHOOLS**

**REPORT ON FINANCIAL STATEMENTS**

**JUNE 30, 2025**



KALKASKA PUBLIC SCHOOLS

KALKASKA, MICHIGAN

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2025

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Kalkaska Public Schools  
Kalkaska, 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 Kalkaska Public Schools, Kalkaska, Michigan as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kalkaska Public Schools, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kalkaska 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.

#### ***Change in Accounting Principle***

As discussed in Note 4 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*. 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 these 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 Kalkaska Public Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, on pages 4-12 and 52-58 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kalkaska Public Schools' basic financial statements. The accompanying combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements, are 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 December 17, 2025, on our consideration of Kalkaska 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 Kalkaska 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 Kalkaska Public Schools' internal control over financial reporting and compliance.

The logo for UHY LLP, featuring the letters "UHY" in a large, stylized, cursive font, with "LLP" in a smaller, sans-serif font to the right.

Cadillac, Michigan  
December 17, 2025

KALKASKA PUBLIC SCHOOLS  
KALKASKA, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

This section of Kalkaska Public Schools' ("the District") annual report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements consist of the following three components: the government-wide financial statements, fund financial statements, and the notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

#### Financial Highlights Section

##### Government-Wide

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$5,781,830, creating a deficit net position. Of this amount, net capital assets net of related debt was a positive \$11,193,834.
- The government's total net deficit decreased by \$4,884,933.

##### Fund Level

- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$6,267,697, a decrease of \$2,311,771 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,711,096.

#### Overview of the Financial Statements

##### **A. Government-Wide Financial Statements**

The government-wide statements provide short-term and long-term financial information about the District's overall financial status. The district-wide financial statements are compiled using full accrual basis of accounting and more closely represent financial statements presented by business and industry. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, and liabilities. All of the year's revenue and expenses are accounted for in the *Statement of Activities* regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net position - the difference between the District's assets, deferred outflows of resources and liabilities - are one way to measure the District's financial health or position.

Over time, increases and decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.

To assess the overall health of the District requires consideration of additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.



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FOR FISCAL YEAR ENDED JUNE 30, 2025

In the government-wide financial statements, the District's activities are all shown in one category titled "Governmental Activities". These activities, including regular and special education, transportation, administration, food services, athletic activities, and community services, are primarily financed with state and federal aids and property taxes.

**B. Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, rather than the District as a whole. Funds that do not meet the threshold to be classified as major funds are called "non-major" funds. Detailed financial information for non-major funds can be found in the combining and individual fund statements section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District may establish other funds to control and manage money for particular purposes.

The District maintains the following kinds of funds:

**Governmental Funds** – The District's basic services are included in governmental funds, which generally focus on 1) how cash and other financial assets that can be readily converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information (reconciliation schedules) immediately following the governmental funds statements that explain the relationship (or differences) between these two types of financial statement presentations.

**Fiduciary Funds** – The District is a trustee, or fiduciary, for assets that belong to other organizations. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

The District maintains one type of fiduciary fund. The Custodial fund reports resources held by the District in a custodial capacity for individuals, private organizations and other governments.

**Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-51 of this report.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

**Other Information**

In addition to the basic financial statements, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

**C. Summary of Net Position**

The following schedule summarizes the net position at fiscal year ended June 30. The prior year has not been restated to include the new GASBS No. 101 Standards – *Compensated Absences*:

	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
Current Assets	\$ 9,379,121	\$ 12,114,654
Non Current Assets	<u>32,201,942</u>	<u>28,084,335</u>
Total Assets	<u>41,581,063</u>	<u>40,198,989</u>
<b>Deferred Outflows of Resources</b>	<u>7,836,019</u>	<u>10,806,995</u>
<b>Liabilities</b>		
Current Liabilities	5,858,652	5,851,003
Non Current Liabilities	<u>36,878,388</u>	<u>45,661,031</u>
Total Liabilities	<u>42,737,040</u>	<u>51,512,034</u>
<b>Deferred Inflows of Resources</b>	<u>12,461,872</u>	<u>9,703,250</u>
<b>Net Position</b>		
Net Investment in Capital Assets	11,193,834	10,180,990
Restricted for Debt Service	1,098,080	700,986
Restricted for Net Other Postemployment Benefits Asset	3,720,088	508,464
Unrestricted - (Deficit)	<u>(21,793,832)</u>	<u>(21,599,740)</u>
Total Net Position - (Deficit)	<u>\$ (5,781,830)</u>	<u>\$ (10,209,300)</u>

**D. Analysis of Financial Position**

During the fiscal year ended June 30, 2025, the District's net position increased by \$4,884,933. A few of the more significant factors affecting net position during the year are discussed below:

**1. Depreciation Expense**

The District is required to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net position.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2025, \$2,529,327 was recorded for depreciation expense.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

**2. Pension and Other Postemployment Benefits Expenses**

GASB 68 and 75 now requires the District to account for its payments to the Michigan Public School Employees' Retirement System in a manner that has a significant effect on the District's change in net position. Based on various factors, the District may report an increase or a decrease in net position depending on whether the District's proportionate share of the net pension liability and other postemployment benefit asset increases or decreases in any given year. For the year ended June 30, 2025, the District reported an increase in net position related to GASB 68 and 75, which indicates that the District's proportionate share of the net pension and other postemployment benefits liability (asset) has decreased by that amount.

**3. Capital Outlay Acquisitions**

For the fiscal year ended June 30, 2025, \$3,435,310 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets, retired capital assets, and the current year's depreciation is an increase to capital assets in the amount of \$905,983 for the fiscal year ended June 30, 2025.

**E. Change in Net Position**

The following schedule summarizes the results of operations, on a district-wide basis, for the fiscal year ended June 30. The prior year has not been restated to include the new GASBS No. 101 Standards – *Compensated Absences*:

	<u>2025</u>	<u>2024</u>
<b>General Revenues</b>		
Property Taxes	\$ 10,905,073	\$ 9,745,955
Investment Earnings	401,635	567,055
State Sources	5,392,474	6,339,139
Other	51,022	77,125
Total General Revenues	<u>16,750,204</u>	<u>16,729,274</u>
<b>Program Revenues</b>		
Charges for Services	232,594	250,959
Operating Grants and Contributions	9,316,032	9,012,458
Capital Grants and Contributions	1,086,218	1,447,166
Total Program Revenues	<u>10,634,844</u>	<u>10,710,583</u>
Total Revenues	<u>27,385,048</u>	<u>27,439,857</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

	<u>2025</u>	<u>2024</u>
<b>Expenses</b>		
Instruction	10,637,256	11,206,610
Supporting Services	7,361,513	7,072,432
Community Services	93,748	88,500
Payments to Other Districts	12,360	49,150
Facilities Acquisition, Construction, and Improvements	84,357	97,168
Food Service	1,119,787	1,123,632
Interest on Long-Term Debt	661,767	719,517
Bond Issuance Cost and Other Transactions	0	45,936
Unallocated Depreciation	2,529,327	2,158,803
Total Expenses	<u>22,500,115</u>	<u>22,561,748</u>
Changes in Net Position	<u>\$ 4,884,933</u>	<u>\$ 4,878,109</u>

**F. Analysis of Significant Revenues and Expenses**

Significant revenues and expenditures are discussed in the segments below:

**1. Property Taxes**

The District levies 18 mills of property taxes for operations (General Fund) on Non-Principal Residence Exemption properties, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

The District's non-principal property taxable value for the 2024-2025 fiscal year was \$427,632,205 and the commercial personal property taxable value was \$12,315,700 for a total of \$439,947,905. The non-principal residence and commercial personal property taxable value increased by 11.33% over the prior year.

The following table summarizes the District's non homestead taxable value for the past five years:

Fiscal Year	Non-homestead Taxable Value	% Increase from Prior Year
2024-2025	\$ 427,632,205	11.33%
2023-2024	384,098,452	1.25%
2022-2023	379,343,299	7.24%
2021-2022	353,730,679	2.73%
2020-2021	344,321,260	1.68%

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

**2. State Sources**

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. For fiscal year ended June 30, 2025, the per pupil foundation allowance was \$9,608 for Kalkaska Public Schools.

**3. Student Enrollment**

The following schedule summarizes the blended student enrollment for the past five fiscal years:

Fiscal Year	Blended Student FTE
2024-2025	1,355
2023-2024	1,362
2022-2023	1,386
2021-2022	1,412
2020-2021	1,451

**4. Operating Grants**

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2025, federal, state, and other grants of this type were \$9,316,032.

**G. Financial Analysis of the District's Funds**

The financial performance of the District as a whole is also reflected in its governmental funds. The following table shows the change in total fund balances of each of the District's governmental funds:

	2025	2024	Increase (Decrease)
<b>Major Funds</b>			
General Fund	\$ 4,149,769	\$ 4,481,921	\$ (332,152)
2021 Capital Projects Fund	0	898,982	(898,982)
2024 Capital Projects Fund	109,830	1,494,954	(1,385,124)
2010 QSCB Debt Service Fund	616,092	435,907	180,185
<b>Nonmajor Funds</b>			
Food Service	341,575	408,257	(66,682)
Student Activities	439,040	433,551	5,489
2021 Debt Service Fund	421,526	344,368	77,158
2024 Debt Service Fund	75,685	0	75,685
2010 QZAB Debt Service Fund	114,180	81,528	32,652
Total Governmental Funds	<u>\$ 6,267,697</u>	<u>\$ 8,579,468</u>	<u>\$ (2,311,771)</u>

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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

In 2024-2025, the General Fund had a decrease in fund balance from the previous year. There was more capital outlay this year which resulted in the decrease in fund balance. Of the total fund balance of \$4,149,769, \$28,673 is nonspendable for prepaid expenditures, \$410,000 is assigned for subsequent year budget, and \$3,711,096 is unassigned.

The 2021 Capital Projects Fund balance decreased to zero with the completed spending on various capital projects.

The 2024 Capital Projects Fund balance decrease is a result of the significant spending on various capital projects. The entire fund balance is restricted for capital projects.

The 2010 QSCB Debt Service Fund balance increased due to revenues exceeding the debt service payments for the year. The entire fund balance is restricted for debt service.

The Food Service Fund decreased its fund balance by a minimal amount. The decrease is mainly due to some large repairs that took place during the year. Of the total fund balance of \$341,575, \$17,673 is nonspendable for inventory, the remainder of \$323,902 is restricted for food service.

The Student Activities Fund had an increase due to monies collected being more than paid out. The entire fund balance is assigned for student activities.

The 2021 and 2024 Debt Service Funds experienced increases in fund balance due to tax collections exceeding the debt service payments during the fiscal year. Their entire fund balances are restricted for debt service.

The 2010 QZAB Debt Service Fund experienced an increase in fund balance due to the debt service payments being less than the amount of revenues during the fiscal year. The entire fund balance is restricted for debt service.

#### **H. General Fund Budgetary Highlights**

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the 2024-2025 fiscal year, the District amended the general fund budget at various times. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget and actual totals from operations:

KALKASKA PUBLIC SCHOOLS  
KALKASKA, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
Total Revenues and Incoming Transfers	\$ 20,489,000	\$ 21,545,000	\$ 21,465,123
<b><u>EXPENDITURES</u></b>			
Instruction	\$ 12,963,375	\$ 13,058,240	\$ 13,053,897
Supporting Services	7,681,819	8,606,799	8,634,178
Community Services	103,538	90,936	96,840
Payments to Other Districts	16,268	11,025	12,360
Total Expenditures	\$ 20,765,000	\$ 21,767,000	\$ 21,797,275

The revenue budget was amended as it became clearer on the amounts the District would receive for State and Federal Funding, as well as funding from Property Taxes and Local Grants. The expenditures were amended to account for the anticipated spending. The variance between actual and amended revenues was unfavorable and mostly included categorical state aid funding that came in slightly below estimates. The unfavorable variance between actual and amended expenditures was minimal and represented 0.14% of total expenditures.

**I. Capital Asset and Debt Administration**

**1. Capital Assets**

At June 30, 2025, the District has \$61,975,768 in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. This represents an increase of \$3,207,936 after factoring in additions and dispositions over the prior fiscal year. Depreciation expense for the year amounted to \$2,529,327 bringing the accumulated depreciation to \$33,493,914 as of June 30, 2025. The District purchased buildings and additions for \$6,566,366, \$5,116,956 of which was construction in progress, furniture and equipment for \$1,439,437, land improvements for \$10,949, transportation equipment for \$411,621, and right to use subscription-based IT for \$123,893. There were also various disposals of furniture and equipment with an original cost of \$227,374.

Prior to the end of the fiscal year, the District approved the purchase of a truck for approximately \$50,000.

**2. Long-Term Obligations**

At June 30, 2025, the District had \$14,985,000 in bonded obligations outstanding. This represents a decrease of \$2,155,000 from the amount outstanding at the close of the prior fiscal year. Other long-term obligations include unamortized bond premium/(discount) of \$2,412,850, compensated absences of \$505,019, and net pension liability of \$21,593,344.

KALKASKA PUBLIC SCHOOLS  
KALKASKA, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

**J. Factors Bearing on the District's Future**

At the time that these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The current retirement rate is estimated to be 41.94%. Although the District will see some cost containment in this area due to enacted reforms, we are concerned about State Aid funding stability and how the future retirement rates will be calculated with changes in legislation.
- Uncertainties related to enrollment counts continue to present budgeting challenges for all Michigan school districts. Enrollment projections were consistent with fiscal year 2024-2025 actual counts.
- Although not currently approved, the State Aid Bill is expected to provide the District with per-pupil funding that is equivalent to the adopted budget projection, which was conservatively derived.

**K. Contacting the District's Financial Management**

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact Kalkaska Public Schools, 315 S. Coral Street, Kalkaska, MI 49646.



KALKASKA PUBLIC SCHOOLS

KALKASKA, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2025

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$ 1,469,545
Investments	4,831,331
Restricted Investments	320,163
Taxes Receivable	134,569
Accounts Receivable	12,638
Due from Other Governmental Units	2,564,529
Prepaid Expenses	28,673
Inventory	17,673
Total Current Assets	9,379,121
<u>NON CURRENT ASSETS</u>	
Capital Assets (Net of Accumulated Depreciation/Amortization)	
Assets not being depreciated/amortized	1,356,500
Assets being depreciated/amortized	27,125,354
Net Other Postemployment Benefits Asset	3,720,088
Total Non Current Assets	32,201,942
TOTAL ASSETS	41,581,063
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows Related to Pensions	6,610,767
Deferred Outflows Related to Other Postemployment Benefits	1,225,252
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,836,019
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	440,687
Due to Other Governmental Units	319,133
Salaries Payable	1,253,904
Accrued Expenses	646,594
Unearned Revenue	451,106
Accrued Interest Payable	129,403
Current Portion of Non Current Liabilities	2,617,825
Total Current Liabilities	5,858,652

The notes to the financial statements are an integral part of this statement.

KALKASKA PUBLIC SCHOOLS

KALKASKA, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2025

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>NON CURRENT LIABILITIES</u>	
Bonds Payable (Net)	17,397,850
Compensated Absences	505,019
Net Pension Liability	21,593,344
Less Current Portion of Non Current Liabilities	<u>(2,617,825)</u>
Total Non Current Liabilities	<u>36,878,388</u>
TOTAL LIABILITIES	<u>42,737,040</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows Related to Pensions	7,365,236
Deferred Inflows Related to Other Postemployment Benefits	<u>5,096,636</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>12,461,872</u>
<u>NET POSITION</u>	
Net Investment in Capital Assets	11,193,834
Restricted for Debt Service	1,098,080
Restricted for Net Other Postemployment Benefits Asset	3,720,088
Unrestricted (Deficit)	<u>(21,793,832)</u>
TOTAL NET POSITION (Deficit)	<u>\$ (5,781,830)</u>

The notes to the financial statements are an integral part of this statement.

KALKASKA PUBLIC SCHOOLS

KALKASKA, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			GOVERNMENTAL
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	ACTIVITIES NET (EXPENSES) REVENUES AND CHANGE IN NET POSITION
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 10,637,256	\$ 115,351	\$ 5,278,358	\$ 0	\$ (5,243,547)
Supporting Services	7,361,513	61,223	2,204,679	938,470	(4,157,141)
Community Services	93,748	0	9,276	0	(84,472)
Payments to Other Districts	12,360	0	0	0	(12,360)
Facilities Acquisition, Construction, and Improvements	84,357	0	0	147,748	63,391
Food Service	1,119,787	56,020	1,590,351	0	526,584
Interest on Long Term Debt	661,767	0	233,368	0	(428,399)
Unallocated Depreciation	2,529,327	0	0	0	(2,529,327)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 22,500,115</u>	<u>\$ 232,594</u>	<u>\$ 9,316,032</u>	<u>\$ 1,086,218</u>	<u>(11,865,271)</u>
<u>GENERAL REVENUES</u>					
Property Taxes - General Purposes					7,807,905
Property Taxes - Debt Service					3,097,168
Investment Earnings					401,635
State Sources					5,392,474
Other					51,022
Total General Revenues					<u>16,750,204</u>
Change in Net Position					<u>4,884,933</u>
<u>NET POSITION</u> - Beginning of Year (Deficit)					(10,209,300)
Adjustment to beginning net position					<u>(457,463)</u>
<u>NET POSITION</u> - Beginning of Year (Deficit), as restated					<u>(10,666,763)</u>
<u>NET POSITION</u> - End of Year (Deficit)					\$ (5,781,830)

The notes to the financial statements are an integral part of this statement.

KALKASKA PUBLIC SCHOOLS  
KALKASKA, MICHIGAN

BALANCE SHEET  
GOVERNMENTAL FUNDS

JUNE 30, 2025

	GENERAL FUND	2021 CAPITAL PROJECTS FUND	2024 CAPITAL PROJECTS FUND	2010 QSCB DEBT SERVICE FUND	OTHER NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Cash and Cash Equivalents	\$ 980,789	\$ 0	\$ 0	\$ 0	\$ 488,756	\$ 1,469,545
Investments	3,831,560	0	0	462,219	537,552	4,831,331
Restricted Investments	0	0	320,163	0	0	320,163
Taxes Receivable	33,195	0	0	49,279	52,095	134,569
Accounts Receivable	7,075	0	0	0	5,563	12,638
Due from Other Funds	6	0	0	104,594	32,944	137,544
Due from Other Governmental Units	2,298,875	0	0	0	265,654	2,564,529
Prepaid Expenditures	28,673	0	0	0	0	28,673
Inventory	0	0	0	0	17,673	17,673
TOTAL ASSETS	<u>\$ 7,180,173</u>	<u>\$ 0</u>	<u>\$ 320,163</u>	<u>\$ 616,092</u>	<u>\$ 1,400,237</u>	<u>\$ 9,516,665</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES</u>						
Accounts Payable	\$ 224,500	\$ 0	\$ 210,333	\$ 0	\$ 5,854	\$ 440,687
Due to Other Funds	137,538	0	0	0	6	137,544
Due to Other Governmental Units	319,133	0	0	0	0	319,133
Salaries Payable	1,253,904	0	0	0	0	1,253,904
Accrued Expenses	646,594	0	0	0	0	646,594
Unearned Revenue	448,735	0	0	0	2,371	451,106
Total Liabilities	<u>3,030,404</u>	<u>0</u>	<u>210,333</u>	<u>0</u>	<u>8,231</u>	<u>3,248,968</u>
<u>FUND BALANCES</u>						
Nonspendable:						
Inventory	0	0	0	0	17,673	17,673
Prepaid Expenditures	28,673	0	0	0	0	28,673
Restricted for:						
Food Service	0	0	0	0	323,902	323,902
Debt Service	0	0	0	616,092	611,391	1,227,483
Capital Projects	0	0	109,830	0	0	109,830
Assigned for:						
Subsequent Year Budget	410,000	0	0	0	0	410,000
Student Activities	0	0	0	0	439,040	439,040
Unassigned	3,711,096	0	0	0	0	3,711,096
Total Fund Balances	<u>4,149,769</u>	<u>0</u>	<u>109,830</u>	<u>616,092</u>	<u>1,392,006</u>	<u>6,267,697</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 7,180,173</u>	<u>\$ 0</u>	<u>\$ 320,163</u>	<u>\$ 616,092</u>	<u>\$ 1,400,237</u>	<u>\$ 9,516,665</u>

The notes to the financial statements are an integral part of this statement.

KALKASKA PUBLIC SCHOOLS

KALKASKA, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION

JUNE 30, 2025

Total Governmental Fund Balances	\$	6,267,697
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

The cost of the capital assets is	\$	61,975,768	
Accumulated depreciation/amortization is		<u>(33,493,914)</u>	28,481,854

Some assets are not current financial resources and therefore are not reported in the funds.

Net Other Postemployment Benefits Asset	3,720,088
---	-----------

Long-term liabilities are not due and payable in the current period and are not reported in the funds.

Bonds Payable	(14,985,000)
Compensated Absences	(505,019)
Net Pension Liability	(21,593,344)

Accrued interest is not included as a liability in governmental funds, it is recorded when paid.	(129,403)
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Governmental funds expense the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Bond Premium Net of Amortization	(2,425,805)
Bond Discount Net of Amortization	12,955

Deferred outflows and (inflows) of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources - related to pensions	6,610,767
Deferred inflows of resources - related to pensions	(7,365,236)
Deferred outflows of resources - related to other postemployment benefits	1,225,252
Deferred inflows of resources - related to other postemployment benefits	<u>(5,096,636)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$</u>	<u>(5,781,830)</u>
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The notes to the financial statements are an integral part of this statement.

KALKASKA PUBLIC SCHOOLS  
KALKASKA, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2025

	GENERAL FUND	2021 CAPITAL PROJECTS FUND	2024 CAPITAL PROJECTS FUND	2010 QSCB DEBT SERVICE FUND	OTHER NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>						
Local Sources	\$ 8,345,281	\$ 12,115	\$ 58,429	\$ 1,554,734	\$ 1,948,154	\$ 11,918,713
State Sources	11,171,175	0	0	13,886	182,770	11,367,831
Federal Sources	1,375,222	147,748	0	199,309	1,048,372	2,770,651
Other Transactions	503,445	0	0	0	0	503,445
Total Revenues	21,395,123	159,863	58,429	1,767,929	3,179,296	26,560,640
<u>EXPENDITURES</u>						
Instruction						
Basic Programs	10,508,578	0	0	0	0	10,508,578
Added Needs	2,545,319	0	0	0	0	2,545,319
Supporting Services						
Pupil	725,918	0	0	0	0	725,918
Instructional Staff	96,147	0	0	0	0	96,147
General Administration	485,574	0	0	0	0	485,574
School Administration	1,796,322	0	0	0	0	1,796,322
Business	392,189	241,627	0	1,568	1,570	636,954
Operation and Maintenance	2,228,316	0	0	0	0	2,228,316
Pupil Transportation Services	1,083,435	0	0	0	0	1,083,435
Central	1,321,577	0	0	0	0	1,321,577
Athletic Activities	504,700	0	0	0	0	504,700
Student Activities	0	0	0	0	250,328	250,328
Food Service	0	0	0	0	1,235,124	1,235,124
Community Services						
Community Activities	26,137	0	0	0	0	26,137
Custody and Care of Children	70,133	0	0	0	0	70,133
Welfare Activities	570	0	0	0	0	570
Payments to Other Districts	12,360	0	0	0	0	12,360
Facilities Acquisition, Construction, and Improvements	0	817,218	1,443,553	0	0	2,260,771
Debt Service						
Principal	0	0	0	1,325,000	830,000	2,155,000
Interest and Other	0	0	0	261,176	667,972	929,148
Total Expenditures	21,797,275	1,058,845	1,443,553	1,587,744	2,984,994	28,872,411
Excess (Deficiency) of Revenues Over Expenditures	(402,152)	(898,982)	(1,385,124)	180,185	194,302	(2,311,771)
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In	70,000	0	0	0	0	70,000
Transfers Out	0	0	0	0	(70,000)	(70,000)
Total Other Financing Sources (Uses)	70,000	0	0	0	(70,000)	0
Net Change in Fund Balance	(332,152)	(898,982)	(1,385,124)	180,185	124,302	(2,311,771)
FUND BALANCE - Beginning of Year	4,481,921	898,982	1,494,954	435,907	1,267,704	8,579,468
FUND BALANCE - End of Year	\$ 4,149,769	\$ 0	\$ 109,830	\$ 616,092	\$ 1,392,006	\$ 6,267,697

The notes to the financial statements are an integral part of this statement.

KALKASKA PUBLIC SCHOOLS

KALKASKA, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances Total Governmental Funds	\$ (2,311,771)
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Amounts reported for governmental activities are different because:

Governmental funds report capital outlay as expenditures. In the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.

Capital Outlay	3,435,310
Depreciation/Amortization Expense	(2,529,327)

Accrued interest on bonds is recorded in the Statement of Activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year	160,817
Accrued Interest Payable - End of Year	(129,403)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses, and liabilities are reported regardless of when financial resources are available.

Issuance of Debt	0
Repayment of Bond Principal	2,155,000
Amortization of Bond Discount / Premium	235,967

Accumulated Sick Pay and Early Retirement Incentives are reported on the accrual method in the Statement of Activities, and recorded as expenditures when financial resources are used in the governmental funds:

Compensated Absences - Beginning of Year	457,463
Compensated Absences - End of Year	(505,019)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Change in Pension Related Items	1,633,552
Change in OPEB Related Items	1,457,936

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement date.

Change in State Aid Funding for Pension	824,408
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 4,884,933</u>
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The notes to the financial statements are an integral part of this statement.

KALKASKA PUBLIC SCHOOLS  
KALKASKA, MICHIGAN

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS

JUNE 30, 2025

	<u>CUSTODIAL FUNDS</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$      76,585
<u>LIABILITIES</u>	
	<u>0</u>
<u>NET POSITION</u>	
Restricted for Scholarships	<u><u>\$      76,585</u></u>

The notes to the financial statements are an integral part of this statement.



KALKASKA PUBLIC SCHOOLS

KALKASKA, MICHIGAN

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

YEAR ENDED JUNE 30, 2025

	<u>CUSTODIAL FUNDS</u>
<u>ADDITIONS</u>	
Earnings on Investments and Deposits	\$ 118
Student Scholarship Income	<u>33,398</u>
TOTAL ADDITIONS	33,516
<u>DEDUCTIONS</u>	
Scholarships Awarded	<u>15,824</u>
CHANGE IN NET POSITION	17,692
<u>NET POSITION</u> - Beginning of Year	<u>58,893</u>
<u>NET POSITION</u> - End of Year	<u>\$ 76,585</u>

The notes to the financial statements are an integral part of this statement.

KALKASKA PUBLIC SCHOOLS  
KALKASKA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Kalkaska Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

The School District ("the District") is located in Kalkaska County with its administrative offices located in Kalkaska, Michigan. The District operates under an elected 7-member board of education and provides services to its 1,362 students in elementary, middle school, high school, special education instruction, guidance, health, transportation, food service, and athletic activities. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

**B. Description of Government-Wide Financial Statements**

The government-wide financial statements (i.e., the *Statement of Net Position* and the *Statement of Activities*) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The District does not have any business-type activities or component units.

**C. Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

**D. Basis of Presentation – Fund Financial Statements**

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

KALKASKA PUBLIC SCHOOLS  
KALKASKA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

The District reports the following major governmental funds:

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

The *2021 and 2024 Capital Projects Funds* account for the acquisition of fixed assets or construction of major capital projects.

The *2010 QSCB Debt Service Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Other non-major funds:

The *Special Revenue Funds* account for revenue sources that are legally restricted or assigned to expenditures for specific purposes. The District accounts for its food service and student activities in the special revenue funds.

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

Additionally, the District reports Fiduciary Funds. Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not included in the government-wide statements.

The *Custodial Fund* consists of assets for the benefit of individuals and the District does not have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are not derived from the District's provision of goods or services to those individuals. This fund is used to account for assets that the District holds for others in an agency capacity (primarily scholarships).

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

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

#### **E. Measurement Focus and Basis of Accounting**

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

KALKASKA PUBLIC SCHOOLS  
KALKASKA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term obligations are reported as other financing sources.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

## **F. Budgetary Information**

### **1. Budgetary Basis of Accounting**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds.

The District's approved budgets were adopted at the function level for the General and Special Revenue Funds. These are the legal enacted levels under the State Uniform Budgeting and Accounting Act and the level of budgetary control adopted by the Board (the level at which expenditures may not legally exceed appropriations).

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

KALKASKA PUBLIC SCHOOLS  
KALKASKA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

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

- a) In June, the superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on July 1.
- b) A public hearing is conducted during June to obtain taxpayer comments.
- c) Prior to June 30, the budget is legally adopted by the Board of Education resolution pursuant to the Uniform Budgeting and Accounting Act. The Act requires that the budget be amended prior to the end of the fiscal year, when necessary, to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.
- d) The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
- e) For purposes of meeting emergency needs of the District, transfer of appropriations may be made by the authorization of the superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.
- f) During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
- g) Budgeted amounts are as originally adopted in June 27, 2024, or as amended by the Board of Education throughout the year.

**2. *Excess of Expenditures Over Appropriations***

	<u>APPROPRIATIONS</u>	<u>EXPENDITURES</u>
General Fund		
Instruction		
Basic Programs	\$ 10,456,916	\$ 10,508,578
Supporting Services		
General Administration	481,605	485,574
School Administration	1,791,532	1,796,322
Operation and Maintenance	2,194,067	2,228,316
Pupil Transportation Services	1,057,032	1,083,435
Community Services		
Custody and Care of Children	64,600	70,133
Welfare Activities	0	570
Payments to Other Districts	11,025	12,360

These overages were funded by available fund balance.

KALKASKA PUBLIC SCHOOLS  
KALKASKA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

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

**1. *Cash and Cash Equivalents***

The governments cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. The government considers all highly liquid investments (including certificates of deposit) to be cash equivalents.

**2. *Investments***

Investments are carried at market value.

The District complies with State statutes regarding investment of funds.

The Board policy on investment of funds authorizes the the District to invest as follows:

- a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States.
- b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state. Some investments authorized by state law are shown as cash on the financial statements.
- c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d) Securities issued or guaranteed by agencies or instrumentalities of the United States.

The District's deposits and investments are held separately by several of the the District's funds.

**3. *Inventory and Prepaid Items***

Inventory is valued at cost using the first-in/first-out method. Inventory consists of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased.

The nonspendable fund balance at the governmental fund level is equal to the amount of inventories and prepaid items at year-end to indicate the portion of the governmental fund balances that are nonspendable.

**4. *Capital Assets***

Capital assets, which include property and equipment, are reported in the governmental activities column in the District-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and aggregate purchases of similar items purchased at the same time, such as computers for a classroom. The estimated useful life must be in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

KALKASKA PUBLIC SCHOOLS  
KALKASKA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Land and construction in progress, if any, are not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	20-50 years
Furniture and equipment	3-10 years
Buses and vehicles	5-10 years

**5. *Compensated Absences***

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

**6. *Long-Term Obligations***

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related obligations.

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

**7. *Unearned Revenue***

Unearned revenue arises when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenues is recognized. The District has unearned revenue in the General Fund that is related to state and local grants/donations, with restrictions on how they can be spent, being received but as of the year-end have not been spent. The District also has unearned revenue in the Food Service Fund that is related to money received from students for meals in advance.

**8. *Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources

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(expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are pension and other postemployment benefits related items reported in the government-wide *Statement of Net Position*. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expenses in the plan year in which they apply. Details can be found in footnote 3.E and 3.F.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. They are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. Details can be found in footnote 3.E and 3.F.

**9. Defined Benefit Plans**

For purposes of measuring the net pension liability and other postemployment benefits asset, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. 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.

**10. Net Position Flow Assumption**

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

**11. Fund Balance Flow Assumption**

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

**12. Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).



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

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

**13. Leases and Subscription Based IT Arrangements (SBITA)**

Lessee/subscriber: The District is a lessee for a noncancelable lease/subscription of a building and an IT arrangement. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The District recognizes a lease/SBITA liability and an intangible right-to-use lease/SBITA asset in the government-wide financial statements.

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITA.
- The lease/SBITA term includes the noncancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

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

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**14. Use of Estimates**

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

**15. Restricted Assets**

Certain cash resources are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants, and they are maintained in separate bank accounts.

**H. Revenues and Expenditures/Expenses**

**1. State Revenue**

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2025, the foundation allowance was based on pupil membership counts taken in October 2024 and February 2024. For fiscal year ended June 30, 2025, the per pupil foundation allowance was \$9,608 for Kalkaska Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2024 to August 2025. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

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

**2. Program Revenues**

Amounts reported as program revenue include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, state foundation aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenue but instead as *general revenues*.

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**3. Property Taxes**

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are billed and due December 1. Unpaid taxes become delinquent as of February 14 and are subject to penalties and interest after that date.

For the year ended June 30, 2025, the District levied the following amounts per \$1,000 of taxable valuation:

<u>Fund</u>	<u>Mills</u>
General Fund – Non-Homestead	18.0000
General Fund – Non-Homestead Commercial Personal Property	6.0000
2010 QSCB Debt Service Fund – Homestead and Non-Homestead	1.7500
2010 QZAB Debt Service Fund – Homestead and Non-Homestead	0.3000
2021 Debt Service Fund – Homestead and Non-Homestead	1.2600
2024 Debt Service Fund – Homestead and Non-Homestead	0.2900

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Violations of Legal or Contractual Provisions**

Note 1.F.2, on the Excess of Expenditures over Appropriations, describes a budgetary violation that occurred for the year ended June 30, 2025.

**NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

As of June 30, 2025 the District had deposits and investments subject to the following risks:

*Custodial Credit Risk – Deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2025, the District's bank balance was \$2,160,653 and \$1,572,121 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. As of June 30, 2025, deposits of \$1,545,905 and petty cash of \$225 are reported on the financial statements as cash and cash equivalents.

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

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	Fair Value	Weighted Average Maturity (Years)
MILAF External Investment Pool - CMC	\$ 227,769	N/A
MILAF External Investment Pool - Max	4,923,725	N/A
	<u>\$ 5,151,494</u>	
Portfolio Weighted Average Maturity		<u>N/A</u>

*Credit risk.* State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

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

	Fair Value	Standard & Poor's Rating
MILAF External Investment Pool - CMC	\$ 227,769	AAAm
MILAF External Investment Pool - Max	4,923,725	AAAm
	<u>\$ 5,151,494</u>	

*Foreign currency risk.* The District is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

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

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

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

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

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

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

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

	Amortized Cost	& Poor's Rating	%
MILAF External Investment Pool - CMC	\$ 227,769	AAAm	4.42%
MILAF External Investment Pool - Max	4,923,725	AAAm	
	<u>\$ 5,151,494</u>		<u>4.42%</u>

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

The following summarizes the categorization of these amounts as of June 30, 2025:

	Governmental Funds	Fiduciary Fund	Total
Cash and Cash Equivalents	\$ 1,469,545	\$ 76,585	\$ 1,546,130
Investments	4,831,331	0	4,831,331
Restricted Investments	320,163	0	320,163
	<u>\$ 6,621,039</u>	<u>\$ 76,585</u>	<u>\$ 6,697,624</u>

**B. Receivables and Unearned Revenue**

Receivables as of year-end for the government's individual major funds and nonmajor are as follows:

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	General Fund	Nonmajor and Other Funds	Total
Receivables			
Accounts	\$ 7,075	\$ 5,563	\$ 12,638
Due from Other Governmental Units	2,298,875	265,654	2,564,529
Total Receivables	<u>\$2,305,950</u>	<u>\$ 271,217</u>	<u>\$ 2,577,167</u>

Amounts due from other governmental units include amounts due from federal, state, and local sources for various projects and programs.

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 District reported unearned revenue of \$451,106, which is made up of grant receipts and other revenue that has been received, but not yet earned along with money received from students for meals in advance.

**C. Capital Assets**

Capital assets activity for the year ended June 30, 2025, was as follows:

	Balance June 30, 2024	Additions	Deletions	Balance June 30, 2025
Capital assets not being depreciated				
Land	\$ 1,356,500	\$ 0	\$ 0	\$ 1,356,500
Construction in Progress	5,116,956	0	5,116,956	0
Subtotal	<u>6,473,456</u>	<u>0</u>	<u>5,116,956</u>	<u>1,356,500</u>
Capital assets being depreciated				
Land Improvements	322,879	10,949	0	333,828
Buildings and additions	46,213,030	6,566,366	0	52,779,396
Furniture and equipment	4,894,618	1,439,437	227,374	6,106,681
Transportation equipment	863,849	411,621	0	1,275,470
Right to Use - Subscription-Based IT	0	123,893	0	123,893
Subtotal	<u>52,294,376</u>	<u>8,552,266</u>	<u>227,374</u>	<u>60,619,268</u>
Less accumulated depreciation for:				
Land Improvements	71,639	16,647	0	88,286
Buildings and additions	27,810,323	1,908,246	0	29,718,569
Furniture and equipment	2,901,961	505,500	227,374	3,180,087
Transportation equipment	408,038	80,006	0	488,044
Right to Use - Subscription-Based IT	0	18,928	0	18,928
Accumulated depreciation	<u>31,191,961</u>	<u>2,529,327</u>	<u>227,374</u>	<u>33,493,914</u>
Net capital assets being depreciated	<u>21,102,415</u>	<u>6,022,939</u>	<u>0</u>	<u>27,125,354</u>
Net capital assets	<u>\$ 27,575,871</u>	<u>\$ 6,022,939</u>	<u>\$ 5,116,956</u>	<u>\$ 28,481,854</u>

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Depreciation and Amortization for the fiscal year ended June 30, 2025, amounted to \$2,529,327. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**D. Retirement and Postemployment Benefits**

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

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

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

**Benefits Provided- Overall**

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

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

**Benefits Provided – Pension**

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

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

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***Pension Reform 2010***

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

***Pension Reform 2012***

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

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund. An amount determined by the member's election of Option 1, 2, 3, or 4 described below:

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

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

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

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

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



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if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

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

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

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

***Pension Reform of 2017***

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

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

***Pension Reform of 2023***

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

**Benefits Provided – Other Postemployment Benefit (OPEB)**

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental

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and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

***Retiree Healthcare Reform of 2012***

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

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

***Regular Retirement (no reduction factor for age)***

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

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

**Member Contributions**

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

**Employer Contributions**

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

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

Pension and OPEB contributions made in the fiscal year ending September 30, 2024, were determined as of the September 30, 2021 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2021, are amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

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

	<b>Pension</b>	<b>Other Postemployment Benefit</b>
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%

The District's pension contributions for the year ended June 30, 2025, were equal to the required contribution total. Total pension contributions were approximately \$3,513,000. Of the total pension contributions approximately \$3,403,000 was contributed to fund the Defined Benefit Plan and approximately \$110,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2025, were equal to the required contribution total. Total OPEB contributions were approximately \$288,000. Of the total OPEB contributions approximately \$227,000 was contributed to fund the Defined Benefit Plan and approximately \$61,000 was contributed to fund the Defined Contribution Plan.

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

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

**Pension Liabilities**

At June 30, 2025, the District reported a liability of \$21,593,344 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2023, and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the District's proportion was 0.08820084% and 0.08659444%.

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**MPSERS (Plan) Non-University Net Pension Liability**

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total Pension Liability	\$ 95,765,499,515	\$ 94,947,828,557
Plan Fiduciary Net Position	(71,283,482,728)	(62,581,762,238)
Net Pension Liability	<u>\$ 24,482,016,787</u>	<u>\$ 32,366,066,319</u>
Fiduciary Net Position as a Percentage of		
Total Pension Liability	74.44%	65.91%
Net Pension Liability as a percentage of		
Covered Payroll	227.56%	320.51%

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

For the year ended June 30, 2025, the District recognized total pension expense of \$1,830,532.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 585,843	\$ 234,615
Section 147c revenue related to District Pension contributions subsequent to measurement date	0	944,109
Changes of assumptions	2,251,234	1,582,109
Net difference between projected and actual pension plan investment earnings	0	4,120,925
Changes in proportion and differences between District contributions and proportionate share of contributions	476,303	483,478
District contributions subsequent to the measurement date	<u>3,297,387</u>	<u>0</u>
<b>Total</b>	<u>\$ 6,610,767</u>	<u>\$ 7,365,236</u>

\$3,297,387 reported as deferred outflows of resources and \$944,109 reported as deferred inflows or resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2026	\$ (815,918)
2027	142,462
2028	(1,411,183)
2029	(1,023,108)
	<u>\$ (3,107,747)</u>

**F. OPEB Liabilities (Assets), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

**OPEB Liabilities (Assets)**

At June 30, 2025, the District reported a liability (asset) of (\$3,720,088) for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of September 30, 2024, and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2023 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability (asset) was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the District's proportion was 0.08642528% and 0.08988255%.

**MPSERS (Plan) Non-University Employers Net OPEB Liability (Asset)**

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total OPEB Liability	\$ 9,991,545,923	\$ 11,223,648,949
Plan Fiduciary Net Position	<u>(14,295,943,589)</u>	<u>(11,789,347,341)</u>
Net OPEB Liability (Asset)	<u>\$ (4,304,397,666)</u>	<u>\$ (565,698,392)</u>
Fiduciary Net Position as a Percentage of		
Total OPEB Liability	143.08%	105.04%
Net OPEB Liability (Asset) as a Percentage of		
Covered Payroll	-40.01%	-5.60%

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

For the year ended June 30, 2025, the District recognized total OPEB benefit of \$1,275,069.

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At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 0	\$ 3,942,157
Changes of assumptions	812,521	93,393
Net difference between projected and actual OPEB plan investment earnings	0	704,255
Changes in proportion and differences between District contributions and proportionate share of contributions	339,460	356,831
District contributions subsequent to the measurement date	<u>73,271</u>	<u>0</u>
<b>Total</b>	<u>\$ 1,225,252</u>	<u>\$ 5,096,636</u>

\$73,271 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2026	\$ (1,235,080)
2027	(826,913)
2028	(787,740)
2029	(661,677)
2030	(359,567)
Thereafter	<u>(73,678)</u>
	<u>\$ (3,944,655)</u>

**G. Actuarial Assumptions**

**Investment rate of return for Pension** – 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, and Pension Plus 2 plan groups.

**Investment rate of return for OPEB** – 6.00% a year, compounded annually net of investment and administrative expenses.

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

**Inflation** – 3.0%

**Mortality assumptions –**

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

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

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

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

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

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

**Healthcare cost trend rate for other postemployment benefit** – Pre 65, 7.25% for year one and graded to 3.5% in year fifteen. Post 65, 6.50% for year one and graded to 3.5% in year fifteen.

**Additional assumptions for other postemployment benefit only – Applies to individuals hired before September 4, 2012:**

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

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

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

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The target asset allocation at September 30, 2024 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic Equity Pools	25.00%	5.30%
Private Equity Pools	16.00%	9.00%
International Equity Pools	15.00%	6.50%
Fixed Income Pools	13.00%	2.20%
Real Estate & Infrastructure Pools	10.00%	7.10%
Absolute Return Pools	9.00%	5.20%
Real Return/Opportunistic Pools	10.00%	6.90%
Short-Term Investment Pools	2.00%	1.40%
	<u>100%</u>	

\*Long-term rate of return is net of administrative expenses and 2.3% inflation.

***Rate of return***

For fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 15.47% and 15.45% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

***Pension Discount Rate***

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

***OPEB Discount Rate***

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



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***Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents the Districts' proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the 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 than the current rate:

Pension				
1% Decrease		Discount Rate		1% Increase
\$	31,656,075	\$	21,593,344	\$ 13,214,185

***Sensitivity of the District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate***

The following presents the District's proportionate share of the net OPEB liability (asset) calculated using a single discount rate of 6.00%, as well as what the District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

OPEB				
1% Decrease		Discount Rate		1% Increase
\$	(2,874,914)	\$	(3,720,088)	\$ (4,450,829)

***Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates***

The following presents the District's proportionate share of the net other postemployment benefit liability (asset) calculated using the healthcare cost trend rate as well as what the District's proportionate share of the net other postemployment benefit liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

OPEB				
Current Healthcare Cost				
1% Decrease		Trend Rates		1% Increase
\$	(4,450,837)	\$	(3,720,088)	\$ (2,936,363)

**H. Pension and OPEB Plan Fiduciary Net Position**

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued Michigan Public School Employees' Retirement System 2024 Annual Comprehensive Financial Report.

**I. Payables to the Pension and OPEB Plan**

As of June 30, 2025, the District is current on all required pension and OPEB plan payments. As of June 30, 2025, the District reported payables in the amount of \$554,482 to the pension and OPEB plans. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

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**J. Risk Management**

Kalkaska Public Schools are exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation).

The District participates in a distinct pool of educational institutions within the State of Michigan for various risks of loss, including general liability, property and casualty, and workers' disability compensation. The pool is considered a public entity risk pools. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required.

**K. Long-Term Obligations**

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. The following is a summary of the governmental long-term obligation transactions for the District for the year ended June 30, 2025:

	GENERAL OBLIGATION BONDS	UNAMORTIZED BOND PREMIUM	UNAMORTIZED BOND DISCOUNT	NET PENSION LIABILITY	COMPENSATED ABSENCES*	TOTAL
Balance July 1, 2024	\$ 17,140,000	\$ 2,668,386	\$ (19,569)	\$ 28,027,214	\$ 457,463	\$ 48,273,494
Additions	0	0	0	3,687,547	47,556	3,735,103
Deletions	(2,155,000)	(242,581)	6,614	(10,121,417)	0	(12,512,384)
Balance June 30, 2025	14,985,000	2,425,805	(12,955)	21,593,344	505,019	39,496,213
Less current portion	(2,165,000)	0	0	Unknown	(452,825)	(2,617,825)
Total due after one year	\$ 12,820,000	\$ 2,425,805	\$ (12,955)	\$ 21,593,344	\$ 52,194	\$ 36,878,388

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

The annual requirements to amortize the net pension are uncertain because it is unknown when the repayments will be made.

The District's debt obligations at June 30, 2025, are comprised of the following issues:

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General Obligation Bonds

2010 Qualified School Construction Bonds ("QSCB"), due in annual installments of \$1,300,000 to \$1,325,000 through May 2027 with interest rates of 6.40%	\$ 2,625,000
2010 Qualified Zone Academy ("QZAB"), due in principal installments of \$225,000 through May 2027, with interest rates of 6.40%	450,000
2024 School Building and Site Bonds, Series II, due in annual installments of \$210,000 to \$250,000 through May 2031, with interest of 4.53%.	1,400,000
2021 School Building and Site Bonds, Series I, due in annual installments of \$405,000 to \$1,655,000 through May 2035, with interest of 4.00% to 5.00%	<u>10,510,000</u>
Total General Obligation Bonds Payable	14,985,000
Unamortized Bond Premium	2,425,805
Unamortized Bond Discount	(12,955)
Net Pension Liability	<u>21,593,344</u>
Total Long-Term Obligations	<u>\$ 38,991,194</u>

The annual requirements to amortize all long-term liability outstanding as of June 30, 2025, including interest payments of \$3,654,818 are as follows:

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS PAYABLE		TOTAL
	PRINCIPAL	INTEREST	
2026	\$ 2,165,000	\$ 776,420	\$ 2,941,420
2027	2,265,000	651,507	2,916,507
2028	1,885,000	523,168	2,408,168
2029	1,245,000	429,998	1,674,998
2030	1,305,000	368,900	1,673,900
2031-2035	6,120,000	904,825	7,024,825
	<u>\$ 14,985,000</u>	<u>\$ 3,654,818</u>	18,639,818
Net Pension Liability			21,593,344
Unamortized Bond Premium			2,425,805
Unamortized Bond Discount			(12,955)
			<u>\$ 42,646,012</u>

Interest expense for the year ended June 30, 2025, was approximately \$897,734.

The annual requirements to amortize net pension and liabilities is uncertain because it is unknown when they will be used.

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Net pension liability will be paid by the fund in which the employee worked, including the general fund and other governmental funds.

**L. Interfund Receivables and Payables**

Individual fund interfund receivable and payable balances at June 30, 2025, were:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Food Service Fund	General Fund	\$ 10,527
2021 Debt Service Fund	General Fund	3,144
2010 QSCB Debt Service Fund	General Fund	104,594
2010 QZAB Debt Service Fund	General Fund	17,876
Student Activities Fund	General Fund	673
General Fund	Student Activities Fund	6
2024 Debt Service Fund	General Fund	724
		<u>\$ 137,544</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) Interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All Interfund balances outstanding at June 30, 2025, are expected to be repaid within one year.

**M. Interfund Transfers**

Individual fund interfund receivable and payable balances at June 30, 2025, were:

<u>Fund Transferred To</u>	<u>Funds Transferred From</u>	<u>Amount</u>
General Fund	Food Service Fund	<u>\$ 70,000</u>

Transfers are used to (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**N. Other Information**

**1. Commitments and Contingencies**

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required, and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the District.

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Prior to the end of the fiscal year, the District committed to purchasing a truck for approximately \$50,000.

**2. Single Audit**

Current federal guidelines require entities with federal expenditures exceeding \$750,000 to have a “single audit” of federally funded programs. This audit is being performed and the reports based thereon will be issued under a separate cover.

**O. Capital Projects Funds**

The 2021 Capital Projects Fund includes capital project activity funded with bonds. For this capital project, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code.

Beginning with the year of bond issuance, the school district has reported the annual construction activity in the Capital Projects Fund. The project for which the 2021 Bond were issued was considered complete on June 30, 2025 and the cumulative expenditures recognized for the construction period were \$18,544,979.

The 2024 Capital Projects Fund includes capital project activity 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.

**NOTE 4 - OTHER INFORMATION**

**A. GASB Statement No. 77 – Tax Abatement Disclosures**

It has been determined that the District has granted tax abatements as defined by GASB Statement No. 77. However, the total of these abatements is less than \$18,000 and it has been determined they are not significant enough to warrant disclosure.

**NOTE 5 –CHANGE IN ACCOUNTING PRINCIPLE**

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*.

**Summary:** This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements.

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**NOTE 6 - ADJUSTMENTS TO BEGINNING FUND BALANCES/NET POSITION**

During fiscal year 2025, changes to beginning fund balance/net position, are as follows:

<u>Reporting Units Affected by Adjustments to and Restatements of Beginning Balances</u>	
	<u>Governmental Activities</u>
Net position, as previously reported	\$ (10,209,300)
Change in accounting principle (GASB 101)	<u>(457,463)</u>
Net position, as restated	<u>\$ (10,666,763)</u>

**NOTE 7 – UPCOMING ACCOUNTING PRONOUNCEMENTS**

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management’s discussion and analysis (MD&A);
  - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
    - 1) Overview of the Financial Statements,
    - 2) Financial Summary,
    - 3) Detailed Analyses,
    - 4) Significant Capital Asset and Long-Term Financing Activity,
    - 5) Currently Known Facts, Decisions, or Conditions;
  - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
  - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
  - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
  - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;

KALKASKA PUBLIC SCHOOLS  
KALKASKA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025

- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. 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 assets 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. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

- f. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
  - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
  - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- g. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- h. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI;

The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

KALKASKA PUBLIC SCHOOLSKALKASKA, MICHIGANREQUIRED SUPPLEMENTARY INFORMATIONBUDGETARY COMPARISON SCHEDULESMAJOR FUNDSYEAR ENDED JUNE 30, 2025GENERAL FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>REVENUES</u>				
Local Sources	\$ 7,630,868	\$ 8,336,992	\$ 8,345,281	\$ 8,289
State Sources	11,682,375	11,283,391	11,171,175	(112,216)
Federal Sources	577,311	1,388,249	1,375,222	(13,027)
Other Transactions	528,446	466,368	503,445	37,077
Total Revenues	20,419,000	21,475,000	21,395,123	(79,877)
<u>EXPENDITURES</u>				
Instruction				
Basic Programs	10,273,645	10,456,916	10,508,578	51,662
Added Needs	2,689,730	2,601,324	2,545,319	(56,005)
Supporting Services				
Pupil	843,898	730,045	725,918	(4,127)
Instructional Staff	85,834	96,436	96,147	(289)
General Administration	519,494	481,605	485,574	3,969
School Administration	1,721,061	1,791,532	1,796,322	4,790
Business	400,021	394,198	392,189	(2,009)
Operation and Maintenance	2,094,528	2,194,067	2,228,316	34,249
Pupil Transportation Services	966,465	1,057,032	1,083,435	26,403
Central	532,910	1,352,785	1,321,577	(31,208)
Athletic Activities	517,608	509,099	504,700	(4,399)
Community Services				
Community Activities	24,388	26,336	26,137	(199)
Custody and Care of Children	79,150	64,600	70,133	5,533
Welfare Activities	0	0	570	570
Payments to Other Districts	16,268	11,025	12,360	1,335
Total Expenditures	20,765,000	21,767,000	21,797,275	30,275
Excess (Deficiency) of Revenues Over Expenditures	(346,000)	(292,000)	(402,152)	(110,152)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In	70,000	70,000	70,000	0
Net Change in Fund Balance	(276,000)	(222,000)	(332,152)	(110,152)
<u>FUND BALANCE</u> - Beginning of Year	4,481,921	4,481,921	4,481,921	0
<u>FUND BALANCE</u> - End of Year	\$ 4,205,921	\$ 4,259,921	\$ 4,149,769	\$ (110,152)



KALKASKA PUBLIC SCHOOLS

KALKASKA, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)

JUNE 30, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of net pension liability (%)	0.08820%	0.08659%	0.08619%	0.90644%	0.08964%	0.08404%	0.08164%	0.08128%	0.08460%	0.08489%
District's proportionate share of net pension liability	\$ 21,593,344	\$ 28,027,214	\$ 32,413,120	\$ 21,460,253	\$ 30,791,178	\$ 27,830,408	\$ 24,543,645	\$ 21,063,990	\$ 21,107,482	\$ 20,734,305
District's covered payroll	9,066,157	8,944,441	8,006,241	8,079,735	8,146,496	7,411,849	6,996,887	6,663,250	7,138,312	7,227,149
District's proportionate share of net pension liability as a percentage of its covered payroll	238.18%	313.35%	404.85%	265.61%	377.97%	375.49%	350.78%	316.12%	295.69%	286.89%
Plan fiduciary net position as a percentage of total pension liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

KALKASKA PUBLIC SCHOOLS  
KALKASKA, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PENSION CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)  
JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions	\$ 3,402,750	\$ 3,659,412	\$ 3,087,811	\$ 2,951,297	\$ 2,737,721	\$ 2,389,731	\$ 2,221,738	\$ 2,057,762	\$ 1,911,433	\$ 2,036,728
Contributions in relation to statutorily required contributions	3,402,750	3,659,412	3,087,811	2,951,297	2,737,721	2,389,731	2,221,738	2,057,762	1,911,433	2,036,728
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 9,260,394	\$ 9,044,862	\$ 8,722,630	\$ 8,008,936	\$ 8,060,324	\$ 7,741,233	\$ 7,292,472	\$ 6,923,094	\$ 6,700,137	\$ 7,476,742
Contributions as a percentage of covered payroll	36.75%	40.46%	35.40%	36.85%	33.97%	30.87%	30.47%	29.72%	28.53%	27.24%

KALKASKA PUBLIC SCHOOLS  
KALKASKA, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY (ASSET)  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)  
JUNE 30, 2025

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (asset) (%)			0.08643%	0.08988%	0.08274%	0.08967%	0.09209%	0.08492%	0.08242%	0.08143%
District's proportionate share of net OPEB liability (asset)			\$ (3,720,088)	\$ (508,464)	\$ 1,752,434	\$ 1,368,662	\$ 4,933,472	\$ 6,095,037	\$ 6,551,692	\$ 7,211,355
District's covered payroll			9,066,157	8,944,441	8,006,241	8,079,735	8,146,496	7,411,849	6,996,887	6,663,250
District's proportionate share of net OPEB liability (asset) as a percentage of its covered payroll			-41.03%	-5.68%	21.89%	16.94%	60.56%	82.23%	93.64%	108.23%
Plan fiduciary net position as a percentage of total OPEB liability (asset)			143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

KALKASKA PUBLIC SCHOOLS  
KALKASKA, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)  
JUNE 30, 2025

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions			\$ 227,256	\$ 674,773	\$ 651,699	\$ 612,429	\$ 638,853	\$ 601,301	\$ 559,776	\$ 503,211
Contributions in relation to statutorily required contributions			227,256	674,773	651,699	612,429	638,853	601,301	559,776	503,211
Contribution deficiency (excess)			\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered payroll			\$ 9,260,394	\$ 9,044,862	\$ 8,722,630	\$ 8,008,936	\$ 8,060,324	\$ 7,741,233	\$ 7,292,472	\$ 6,923,094
Contributions as a percentage of covered payroll			2.45%	7.46%	7.47%	7.65%	7.93%	7.77%	7.68%	7.27%

KALKASKA PUBLIC SCHOOLS  
KALKASKA, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR YEAR ENDED JUNE 30, 2025

Penson Information

**Changes of Benefit Terms** - There were no changes of benefit terms for the plan year ended September 30, 2024.

**Changes of Assumptions** – The assumption changes for the plan year ended September 30, 2024 were:

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

OPEB Information

**Changes of Benefit Terms** - There were no changes of benefit terms for the plan year ended September 30, 2024.

**Changes of Assumptions** – The assumption changes for the plan year ended September 30, 2024 were:

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

KALKASKA PUBLIC SCHOOLS  
KALKASKA, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR YEAR ENDED JUNE 30, 2025

- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

KALKASKA PUBLIC SCHOOLS

KALKASKA, MICHIGAN

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2025

	SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FOOD SERVICE	STUDENT ACTIVITIES	2021 DEBT	2024 DEBT	2010 QZAB		
<u>ASSETS</u>							
Cash and Cash Equivalents	\$ 45,308	\$ 443,448	\$ 0	\$ 0	\$ 0	\$	488,756
Investments	0	0	382,901	66,795	87,856		537,552
Taxes Receivable	0	0	35,481	8,166	8,448		52,095
Accounts Receivable	5,563	0	0	0	0		5,563
Due from Other Funds	10,527	673	3,144	724	17,876		32,944
Due from Other Governmental Units	265,654	0	0	0	0		265,654
Inventory	17,673	0	0	0	0		17,673
TOTAL ASSETS	\$ 344,725	\$ 444,121	\$ 421,526	\$ 75,685	\$ 114,180	\$	1,400,237
<u>LIABILITIES AND FUND BALANCES</u>							
<u>LIABILITIES</u>							
Accounts Payable	\$ 779	\$ 5,075	\$ 0	\$ 0	\$ 0	\$	5,854
Due to Other Funds	0	6	0	0	0		6
Unearned Revenue	2,371	0	0	0	0		2,371
Total Liabilities	3,150	5,081	0	0	0		8,231
<u>FUND BALANCES</u>							
Nonspendable							
Inventory	17,673	0	0	0	0		17,673
Restricted							
Food Service	323,902	0	0	0	0		323,902
Debt Service	0	0	421,526	75,685	114,180		611,391
Assigned							
Student Activities	0	439,040	0	0	0		439,040
Total Fund Balances	341,575	439,040	421,526	75,685	114,180		1,392,006
TOTAL LIABILITIES AND FUND BALANCES	\$ 344,725	\$ 444,121	\$ 421,526	\$ 75,685	\$ 114,180	\$	1,400,237

KALKASKA PUBLIC SCHOOLS

KALKASKA, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2025

	SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	FOOD SERVICE	STUDENT ACTIVITIES	2021 DEBT	2024 DEBT	2010 QZAB	
<u>REVENUES</u>						
Local Sources	\$ 56,038	\$ 255,817	\$ 1,115,752	\$ 253,886	\$ 266,661	\$ 1,948,154
State Sources	168,091	0	9,998	2,301	2,380	182,770
Federal Sources	1,014,313	0	0	0	34,059	1,048,372
Total Revenues	1,238,442	255,817	1,125,750	256,187	303,100	3,179,296
<u>EXPENDITURES</u>						
Supporting Services	0	250,328	1,139	171	260	251,898
Food Services	1,235,124	0	0	0	0	1,235,124
Debt Service						
Principal	0	0	505,000	100,000	225,000	830,000
Interest and Fiscal Charges	0	0	542,453	80,331	45,188	667,972
Total Expenditures	1,235,124	250,328	1,048,592	180,502	270,448	2,984,994
Excess (Deficiency) of Revenues Over Expenditures	3,318	5,489	77,158	75,685	32,652	194,302
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers Out	(70,000)	0	0	0	0	(70,000)
Net Change in Fund Balance	(66,682)	5,489	77,158	75,685	32,652	124,302
<u>FUND BALANCE</u> - Beginning of Year	408,257	433,551	344,368	0	81,528	1,267,704
<u>FUND BALANCE</u> - End of Year	\$ 341,575	\$ 439,040	\$ 421,526	\$ 75,685	\$ 114,180	\$ 1,392,006



