WOLVERINE COMMUNITY SCHOOLS

REPORT ON FINANCIAL STATEMENTS

(with required supplementary and additional information)

JUNE 30, 2026

WOLVERINE COMMUNITY SCHOOLS
WOLVERINE, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Wolverine Community Schools
Wolverine, 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 Wolverine Community Schools, Wolverine, Michigan as of and for the year ended June 30, 2026, 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 Wolverine Community Schools, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wolverine Community 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 3 to the financial statements, the District adopted GASB Statement No. 103, *Financial Reporting Improvements.* Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Wolverine Community 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 Wolverine Community 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 Wolverine Community 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 4-11 and 46-54 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 Wolverine Community Schools' basic financial statements. The accompanying combining nonmajor 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 nonmajor 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 September 7, 2026, on our consideration of Wolverine Community 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 Wolverine Community 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 Wolverine Community Schools' internal control over financial reporting and compliance.

UHY LLP

Cadillac, Michigan
September 7, 2026

WOLVERINE COMMUNITY SCHOOLS
WOLVERINE, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2026

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

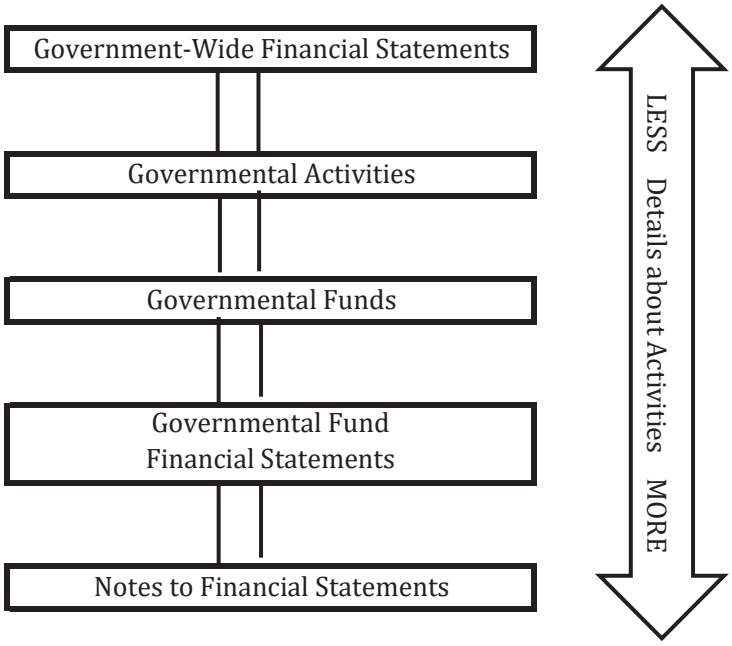
The District's financial report contains basic financial statements. Those financial statements present the District's finances at both an overall and a detailed level. The first two - the *government-wide financial statements* - cover the District's governmental activities. (See the diagram below.)

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

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

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

Contents of the District's Basic Financial Statements



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

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

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

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

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

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

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

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

Types of Information Reported in the District's Financial Statement

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

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

ANALYSIS OF THE DISTRICTS FINANCES

Wolverine Community Schools' Net Position

	2026	2025	Dollar Change	Total Percentage Change
Current Assets	$ 2,742,524	$ 2,760,692	$ (18,168)	-0.7%
Net Other Postemployment Benefits Asset	763,889	673,349	90,540	13.4%
Capital Assets, Net of Accumulated Depreciation	9,135,108	9,324,237	(189,129)	-2.0%
Total Assets	12,641,521	12,758,278	(116,757)	-0.9%
Deferred Outflows of Resources	1,336,565	1,438,046	(101,481)	-7.1%
Current Liabilities	810,186	808,734	1,452	0.2%
Net Pension Liability	3,187,966	3,758,641	(570,675)	-15.2%
Non Current Liabilities, Net of Current Portion	7,227,607	7,378,541	(150,934)	-2.0%
Total Liabilities	11,225,759	11,945,916	(720,157)	-6.0%
Deferred Inflow of Resources	1,886,973	2,136,641	(249,668)	-11.7%
Net Position				
Net Investment in Capital Assets	1,846,389	1,925,647	(79,258)	-4.1%
Restricted for Specific Purposes	962,923	871,050	91,873	10.5%
Unrestricted (Deficit)	(1,943,958)	(2,682,930)	738,972	27.5%
Total Net Position	$ 865,354	$ 113,767	$ 751,587	660.6%

The above table shows that as of June 30, 2026, the District's total net position - assets and deferred outflows minus liabilities and deferred inflows - was $865,354, an increase of $751,587, or 660.6%, compared with 2025. This increase is primarily due to a $738,972, or 27.5%, increase in unrestricted net position. The following sections of MD&A analyze the finances of the governmental activities.

GOVERNMENTAL ACTIVITIES

The table below shows that revenues continued to exceed expenses in the current year, resulting in an increase in net position. The total net position of the District's governmental activities was $865,354, an increase of $751,587, or 660.6%, from 2025. Various events contributed to this increase in net position; however, the primary factors affecting the change in net position are as follows:

1. The continual reduction of the pension and OPEB liabilities due to the return on the plans' investments.
2. Increases in revenues from state sources.
3. Sustained investment earnings on the District's investments.

Changes in Wolverine Community Schools' Net Position

	2026	2025	Dollar Change	Total Percentage Change
Revenues				
Program Revenues				
Charges for Services	$ 15,345	$ 14,195	$ 1,150	8.1%
Operating Grants and Contributions	1,618,345	1,834,449	(216,104)	-11.8%
Capital Grants and Contributions	60,139	0	60,139	0.0%
General Revenues				
Property Taxes	1,597,667	1,562,856	34,811	2.2%
Investment Earnings	48,808	73,331	(24,523)	-33.4%
State Sources	1,367,783	1,221,352	146,431	12.0%
Other	49,509	26,349	23,160	87.9%
Total Revenues	4,757,596	4,732,532	25,064	0.5%
Expenses				
Instruction	1,909,723	1,928,362	(18,639)	-1.0%
Supporting Services	1,491,883	1,470,108	21,775	1.5%
Community Services	1,254	275	979	356.0%
Payments to Other Governmental Agencies, Facilities Acquisition, and Prior Period Adjustments	0	350	(350)	-100.0%
Interest on Debt Obligations	286,295	290,995	(4,700)	-1.6%
Unallocated Depreciation	316,854	176,804	140,050	79.2%
Total Expenses	4,006,009	3,866,894	139,115	3.6%
Change in Net Position	751,587	865,638	(114,051)	-13.2%
Net Position - Beginning of Year (Deficit)	113,767	(751,868)	865,635	115.1%
Net Position - End of Year	$ 865,354	$ 113,770	$ 751,584	660.6%

Decline in Certain Expenses

Total expenses for the District increased by 3.6% overall. While some expenses increased, primarily depreciation, there was significant reduction due to a positive pension and OPEB adjustment. The adjustment, which nets various factors to reduce the pension liability and increase the OPEB asset, was approximately $900,000. A significant portion of the adjustment was recognized in the instruction and supporting services functions. The District has no control over the pension and OPEB plans as they are administered by the state.

State Aid Revenue

For the first time in several years, the District's pupil count increased, which helped contribute to an increase in revenue from state sources. Additionally, the State of Michigan increased categorical funding as well during the year. These increases in revenues from state sources contributed to the increase in net position.

Sustained Investment Earnings

The District has leveraged its positive cash position to invest funds in certain investment pools that generate interest earnings. The District reported approximately $49,000 of interest during the year, which contributes to the positive change in net position.

GOVERNMENTAL FUNDS

The District reports three major funds individually in the governmental fund financial statements. These funds are the General Fund, the 2022 Capital Projects Fund, and the 2022 Debt Retirement Fund. Most of the discussion regarding governmental activities is equally applicable to the finances of these governmental funds. However, certain factors that are relevant to the District's current financial health are more apparent in the fund financial statements than in the government-wide statements. The changes are shown in the table below and are discussed in more detail following the table.

	2026	2025	Increase (Decrease)
Major Funds			
General Fund	$ 1,834,859	$ 1,820,082	$ 14,777
2022 Capital Projects Fund	0	31,271	(31,271)
2022 Debt Retirement Fund	242,959	225,539	17,420
Nonmajor Funds			
Food Service Fund	31,779	23,828	7,951
Student Activities Fund	62,274	52,320	9,954
Capital Projects Fund	4,542	21,710	(17,168)
Total Governmental Funds	$ 2,176,413	$ 2,174,750	$ 1,663

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

General Fund – The fund balance of the District's General Fund increased by 0.81%. Revenues increased by 5.5%, primarily due to increased revenue from local (property taxes) and state sources (foundation allowance and categorical funding). Expenditures increased by 6.8%. Additional expenditures related to some of the categorical funding that was received and natural price increases on services and staffing costs also contributed to the increase in expenditures. The overall fund balance at the end of June 30, 2026, represented approximately 45% of operating expenditures. Within fund balance, all but $169,777 (assigned for the 2026-2027 budget shortfall) of the balance is considered unassigned.

2022 Capital Projects Fund – In 2025-2026, the 2022 Capital Projects Fund's fund balance decreased by $31,271 as the District spent the remaining resources that were generated by the issuance of the 2022 bonds.

2022 Debt Retirement Fund – In 2025-2026, the 2022 Debt Retirement Fund experienced an increase in fund balance of $17,420. The property taxes levied exceeded the District's debt obligations and caused an increase in fund balance.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM OBLIGATIONS

The discussion thus far has only touched upon certain significant transactions and events during 2026 with respect to capital assets and long-term obligations. Overall, the carrying value of capital assets-original cost minus accumulated depreciation- decreased by 2.0% from 2025. See the table below for the carrying value of capital assets.

Wolverine Community Schools' Capital Assets

	2026			2025		
	Cost	Accumulated Depreciation/ Amortization	Net Book Value	Net Book Value	Change in Net Book Value	Total Percentage Change
Buildings and Improvements	$ 12,154,554	$ 3,425,929	$ 8,728,625	$ 8,937,052	$ (208,427)	-2.3%
Land Improvements	1,224,465	1,160,493	63,972	68,107	(4,135)	-6.1%
Buses and Vehicles	413,477	242,466	171,011	211,579	(40,568)	-19.2%
Furniture and Equipment	504,392	332,892	171,500	107,499	64,001	59.5%
Total	$ 14,296,888	$ 5,161,780	$ 9,135,108	$ 9,324,237	$ (189,129)	-2.0%

The minimal change in the carrying value of capital assets can be attributed to depreciation expense of $316,854 exceeding the current year expenditures that were capitalized ($127,725). The District capitalized expenditures related to security cameras, boiler repairs, improvements to dugouts, and other building improvements during the year.

The District's long-term obligation consists of general obligation bonds, a lease, and compensated absences. Overall, the carrying value of the District's long-term obligations decreased by 1.66% from the prior year. See the table below for the carrying value of the District's long-term obligations.

Wolverine Community Schools' Outstanding Long Term Obligations

	2026	2025	Dollar Change	Total Percentage Change
General Obligation Bonds	$ 7,040,000	$ 7,140,000	$ (100,000)	-1.40%
Notes from Direct Borrowings	93,975	129,165	(35,190)	-27.24%
Compensated Absences	134,496	121,924	12,572	10.31%
Total	$ 7,268,471	$ 7,391,089	$ (122,618)	-1.66%

The general obligation bonds decreased by $100,000 and the notes from direct borrowings (lease) decreased by $35,190 as the District made its obligated payments on that debt.

Compensated absences, by nature, are an estimated liability. There are various factors that are considered and estimated to arrive at the carrying value of the District's obligation. The liability increased during the year ended June 30, 2026, as estimates used were refined, pay rates increased, and the amount of absence days increased.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

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

- The remaining funds from the 2022 bond issue were spent in 2025-2026. The District is excited about the investment it made in its infrastructure throughout the District as a result of the bonds being issued.

- The District is working on finalizing staffing contracts and hopes those will be finalized in the near future.

- After hovering around 245 for several years, the District's pupil count saw a slight uptick for the 2025-2026 year. The District hopes to continue the momentum of increasing that count in the future. With the pupil count being the driving force behind the District's funding and the changes in state funding from year to year, the District continues to monitor its student count and do what it can to attract students to the District.

- The District has faced significant staffing challenges for almost all positions, including, but not limited to full-time teaching staff, substitute teacher staff, and other support staff.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our 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 the Business Office, Wolverine Community Schools, P.O. Box 219, Wolverine, MI 49799.

WOLVERINE COMMUNITY SCHOOLS
WOLVERINE, MICHIGAN

STATEMENT OF NET POSITION
JUNE 30, 2026

	GOVERNMENTAL ACTIVITIES
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 782,553
Restricted Cash	3,253
Investments	1,511,109
Due from Other Governments	438,510
Inventory	7,099
Total Current Assets	2,742,524
NON CURRENT ASSETS	
Capital Assets (Net of Accumulated Depreciation)	
Assets Being Depreciated	9,135,108
Net Other Postemployment Benefits Asset	763,889
Total Non Current Assets	9,898,997
TOTAL ASSETS	12,641,521
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows Related to Pensions	1,156,859
Deferred Outflows Related to Other Postemployment Benefits	179,706
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,336,565
LIABILITIES	
CURRENT LIABILITIES	
Accounts Payable	27,294
Salaries Payable and Related Expenses	166,604
Accrued Expenditures	150,447
Accrued Interest	48,467
Unearned Revenue	221,766
Current Portion of Long-Term Liabilities	195,608
Total Current Liabilities	810,186

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

WOLVERINE COMMUNITY SCHOOLS
WOLVERINE, MICHIGAN

STATEMENT OF NET POSITION
JUNE 30, 2026

	GOVERNMENTAL ACTIVITIES
NONCURRENT LIABILITIES	
Notes from Direct Borrowings and Direct Placements	93,975
Bonds Payable - Net	7,194,744
Compensated Absences	134,496
Net Pension Liability	3,187,966
Less Current Portion of Non Current Liabilities	(195,608)
Total Non Current Liabilities	10,415,573
TOTAL LIABILITIES	11,225,759
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows Related to Pensions	1,231,145
Deferred Inflows Related to Other Postemployment Benefits	655,828
TOTAL DEFERRED INFLOWS OF RESOURCES	1,886,973
NET POSITION	
Net Investment in Capital Assets	1,846,389
Restricted for Capital Projects	4,542
Restricted for Debt Service	194,492
Restricted for Net Other Postemployment Benefits	763,889
Unrestricted (Deficit)	(1,943,958)
TOTAL NET POSITION	$ 865,354

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

WOLVERINE COMMUNITY SCHOOLS
WOLVERINE, MICHIGAN

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

FUNCTIONS/PROGRAM	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES: NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
GOVERNMENTAL ACTIVITIES					
Instruction	$ 1,909,723	$ 0	$ 923,340	$ 0	$ (986,383)
Supporting Services	1,491,883	15,345	694,431	60,139	(721,968)
Community Services	1,254	0	574	0	(680)
Interest on Long-Term Obligations	286,295	0	0	0	(286,295)
Unallocated Depreciation	316,854	0	0	0	(316,854)
TOTAL GOVERNMENTAL ACTIVITIES	$ 4,006,009	$ 15,345	$ 1,618,345	$ 60,139	(2,312,180)
GENERAL REVENUES					
Property Taxes - General Purposes					1,191,912
Property Taxes - Debt Service					405,755
State Sources					1,367,783
Investment Earnings					48,808
Other					49,509
Total General Revenues					3,063,767
Change in Net Position					751,587
NET POSITION - Beginning of Year					113,767
NET POSITION - End of Year					$ 865,354

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

WOLVERINE COMMUNITY SCHOOLS
WOLVERINE, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	GENERAL FUND	2022 CAPITAL PROJECTS FUND	2022 DEBT RETIREMENT FUND	OTHER NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	$ 453,499	$ 0	$ 242,959	$ 86,095	$ 782,553
Restricted Cash	0	3,253	0	0	3,253
Investments	1,511,109	0	0	0	1,511,109
Due from Other Governments	438,510	0	0	0	438,510
Due from Other Funds	186	0	0	5,587	5,773
Inventory	0	0	0	7,099	7,099
TOTAL ASSETS	$ 2,403,304	$ 3,253	$ 242,959	$ 98,781	$ 2,748,297
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 24,041	$ 3,253	$ 0	$ 0	$ 27,294
Salaries Payable	166,604	0	0	0	166,604
Accrued Expenditures	150,447	0	0	0	150,447
Due to Other Funds	5,587	0	0	186	5,773
Unearned Revenue	221,766	0	0	0	221,766
Total Liabilities	568,445	3,253	0	186	571,884
FUND BALANCES					
Nonspendable:					
Inventory	0	0	0	7,099	7,099
Restricted for:					
Food Service	0	0	0	24,680	24,680
Capital Projects	0	0	0	4,542	4,542
Debt Service	0	0	242,959	0	242,959
Committed for:					
Student Activities	0	0	0	62,274	62,274
Assigned for:					
Subsequent Year Budget Shortfall	169,777	0	0	0	169,777
Unassigned	1,665,082	0	0	0	1,665,082
Total Fund Balances	1,834,859	0	242,959	98,595	2,176,413
TOTAL LIABILITIES AND FUND BALANCES	$ 2,403,304	$ 3,253	$ 242,959	$ 98,781	$ 2,748,297

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

WOLVERINE COMMUNITY SCHOOLS
WOLVERINE, MICHIGAN

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

Total Governmental Fund Balances		$ 2,176,413
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	$ 14,296,888	
Accumulated depreciation is	(5,161,780)	9,135,108
Bond discounts (premiums) and deferred charges for bonds issued are expenditures at the modified accrual fund level, but are capitalized and written off over the life of the bonds payable at the district-wide full accrual level.		
Bond Discount (Premium)		(154,744)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Notes from Direct Borrowings and Direct Placements		(93,975)
Bonds Payable		(7,040,000)
Compensated Absences		(134,496)
Net Pension Liability		(3,187,966)
Some assets are not current financial resources and are not reported in the funds.		
Net Other Postemployment Benefits Asset		763,889
Accrued interest is not included as a liability in governmental funds. It is recorded when paid.		(48,467)
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 Pension/OPEB		1,336,565
Deferred Inflows of Resources - Related to Pension/OPEB		(1,886,973)
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 865,354

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

WOLVERINE COMMUNITY SCHOOLS
WOLVERINE, MICHIGAN

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

	GENERAL FUND	2022 CAPITAL PROJECTS FUND	2022 DEBT RETIREMENT FUND	OTHER NON MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Local Sources	$ 1,301,104	$ 21	$ 405,907	$ 65,713	$ 1,772,745
States Sources	2,553,334	0	0	14,754	2,568,088
Federal Sources	173,123	0	0	243,754	416,877
Other Transactions	90,191	0	0	0	90,191
Total Revenues	4,117,752	21	405,907	324,221	4,847,901
EXPENDITURES					
Instruction	2,407,151	0	0	0	2,407,151
Supporting Services	1,654,539	0	0	323,484	1,978,023
Community Services	1,254	0	0	0	1,254
Payments to Other Governmental Agencies, Facilities Acquisition, and Prior Period Adjustments	0	31,292	0	0	31,292
Debt Service	40,031	0	388,487	0	428,518
Total Expenditures	4,102,975	31,292	388,487	323,484	4,846,238
Excess (Deficiency) of Revenues Over Expenditures	14,777	(31,271)	17,420	737	1,663
FUND BALANCE - Beginning of Year	1,820,082	31,271	225,539	97,858	2,174,750
FUND BALANCE - End of Year	$ 1,834,859	$ 0	$ 242,959	$ 98,595	$ 2,176,413

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

WOLVERINE COMMUNITY SCHOOLS
WOLVERINE, 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, 2026

Net Change in Fund Balances Total Governmental Funds	$	1,663
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.		
Depreciation Expense		(316,854)
Capital Outlay		127,725
The issuance of long-term obligations provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Also, governmental funds report the effect of premiums, discounts, and similar items when obligations are first issued, whereas these amounts are deferred and amortized in the Statement of Activities over the life of the long-term obligation issue.		
Repayments of Principal on Long-Term Obligations		135,190
Amortization of Bond Premium		5,952
Accrued interest on long-term obligations is recorded in the Statement of Activities when incurred; it is not recorded in governmental funds until it is paid.		
Accrued Interest Payable - Beginning of the Year		49,548
Accrued Interest Payable - End of Year		(48,467)
Compensated absences are reported on the accrual method in the Statement of Activities, and recorded as an expenditure when financial resources are used in the governmental funds:		
Compensated Absences - Beginning of Year		121,924
Compensated Absences - End of Year		(134,496)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditure in the governmental funds.		
Change in Pension/OPEB Related Items		899,707
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		(90,305)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	751,587

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Wolverine Community 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 Cheboygan County with its administrative offices located in Wolverine, Michigan. The District operates under an elected board of education which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal 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 – government al 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.

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 *2022 Capital Projects Fund* accounts for the resources that are restricted for use on capital projects that were approved by the District's voters.

The *2022 Debt Retirement Fund* accounts for the revenues and expenditures related to the 2022 General Obligation Bonds.

The District reports the following non-major governmental funds:

The *Student Activity Special Revenue Fund* accounts for revenue sources that are legally restricted to expenditures for school/student activities.

The *Food Service Special Revenue Fund* accounts for revenue sources that are legally restricted to expenditures for food service.

The *Capital Projects Fund* accounts for the resources that are restricted for use on capital projects that were approved by the District's voters.

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.

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of 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.

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 Fund and Special Revenue Funds. These are the legally 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, value 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.

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

(a) In June, the superintendent submits to the School Board 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 School Board 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 2025 or as amended by the School Board of Education throughout the year.

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

1. Cash and Cash Equivalents

The government's 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

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

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

(b) Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of

Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

(c) Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.

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

(e) Bankers' acceptances of United States banks.

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

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

3. Inventory and Prepaid Items

Inventories are valued at cost using the first in/first out (FIFO) method. Inventories in the special revenue funds consisting of expendable supplies held for consumption are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures. 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 an estimated useful life 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 as of the date of the donation. Donated capital assets are only reported under the accrual method of accounting.

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. Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Additions	40-50
Furniture and Equipment	3-10
Vehicles	5-10

5. 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, revenue is recognized. The District recognizes unearned revenue related to funds received by the District from the State of Michigan for various programs.

6. 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 (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

7. Long-Term Obligations

In the government-wide financial statements, long-term and other 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 obligation.

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

8. 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.

9. 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 (expense/expenditure) until then. The District reports deferred outflows of resources related to its pension plan and other postemployment benefits plan, which are discussed in Note 2-G and Note 2-H of this report.

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 reports deferred inflows of resources related to its pension plan and other postemployment benefits plan, which are discussed in Note 2-G and Note 2-H of this report.

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).

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 ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) 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 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. 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.

14. Restricted Assets

Certain cash and investment 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, 2026, the foundation allowance was based on pupil membership counts taken in October 2025 and February 2025. For fiscal year ended June 30, 2026, the per pupil foundation allowance was $10,050 for Wolverine Community 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 2025 to August 2026. 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*.

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. Property taxes are assessed as of January 1, and due July 1. The levy becomes delinquent as of February 14 for all taxpayers. After these dates, unpaid taxes are subject to penalties and interest.

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

Fund	Mills
General Fund - Non-Homestead	18.0000
General Fund - Commercial PPT	6.0000
Debt Retirement Fund	2.9000

NOTE 2 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of June 30, 2026, the District had deposits 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, 2026, the District's bank balance was $807,589, of which $305,004 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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.

	Fair Value	Weighted Average Maturity (Years)
MILAF+ Cash Management Class	$ 304,634	N/A
MILAF+ MAX Class	1,206,475	N/A
	$ 1,511,109	

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).

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+ Cash Management Class	$ 304,634	AAAm
MILAF+ MAX Class	1,206,475	AAAm
	$ 1,511,109	

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.

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

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the 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 include 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
MILAF+ Cash Management Class	$ 304,634
MILAF+ MAX Class	1,206,475
	$ 1,511,109

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, 2026:

	Primary Government
Cash and Cash Equivalents	$ 782,553
Restricted Cash	3,253
Investments	1,511,109
	$ 2,296,915

B. Receivables

Receivables as of year-end for the government's General Fund consist solely of $438,510 of due from other governments. Amounts due from other governments include amounts due from federal, state, and local sources for various projects and programs. The allowance for doubtful accounts is not considered to be material for disclosure.

C. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables as shown in the individual fund financial statements at June 30, 2026, were:

Receivable Fund	Payable Fund	Amount
Food Service Fund	General Fund	$ 5,587
General Fund	Student Activity Fund	186
		$ 5,773

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

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. There were no interfund transfers during 2025-2026.

D. 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 governmental long-term obligations for the District for the year ended June 30, 2026:

	GENERAL OBLIGATION BONDS	NOTES FROM DIRECT BORROWINGS AND DIRECT PLACEMENTS	COMPENSATED ABSENCES*	TOTAL
Balance, July 1, 2025	$ 7,140,000	$ 129,165	$ 121,924	$7,391,089
Additions	0	0	12,572	12,572
Deletions	(100,000)	(35,190)	0	(135,190)
Balance, June 30, 2026	7,040,000	93,975	134,496	7,268,471
Less current portion	(110,000)	(36,613)	(48,995)	(195,608)
Total due after one year	$ 6,930,000	$ 57,362	$ 85,501	$7,072,863

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

At June 30, 2026, the District's long-term obligations consisted of the following:

General Obligation Bonds	
2022 School Building and Site Bonds due in annual installments of $110,000 to $435,000 through May 1, 2052, interest at 4.000% to 4.125%.	$ 7,040,000
Notes From Direct Borrowings and Direct Placements	
Bus Installment Purchase Agreement	93,975
Other Long-Term Obligations	
Compensated Absences	134,496
Total	$ 7,268,471

The annual requirements to amortize the General Obligation Bonds and Notes from Direct Borrowings and Direct Placements outstanding as of June 30, 2026, including interest payments of $4,572,450 are as follows:

Year Ending June 30,	Principal	Interest	Amounts Payable
2027	$ 146,613	$ 287,555	$ 434,168
2028	168,091	281,678	449,769
2029	164,271	274,933	439,204
2030	160,000	268,737	428,737
2031	180,000	262,337	442,337
2032-2036	1,065,000	1,193,485	2,258,485
2037-2041	1,285,000	963,889	2,248,889
2042-2046	1,580,000	684,290	2,264,290
2047-2051	1,950,000	337,602	2,287,602
2052	435,000	17,944	452,944
	$ 7,133,975	$ 4,572,450	$ 11,706,425

Interest expense for the year ended June 30, 2026, was approximately $292,000.

The annual requirements to amortize the compensated absences are uncertain because it is unknown when the repayments will be made. These liabilities will be paid by the fund in which the employee worked, including the general fund and other governmental funds.

E. Capital Assets

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

	Balance June 30, 2025	Additions	Deletions	Balance June 30, 2026
Capital Assets Being Depreciated				
Buildings and Improvements	$ 12,104,153	$ 50,401	$ 0	$ 12,154,554
Land Improvements	1,224,465	0	0	1,224,465
Buses and Vehicles	498,129	0	84,652	413,477
Furniture and Equipment	427,068	77,324	0	504,392
Subtotal	14,253,815	127,725	84,652	14,296,888
Less Accumulated Depreciation for:				
Buildings and Improvements	3,167,101	258,828	0	3,425,929
Land Improvements	1,156,358	4,135	0	1,160,493
Buses and Vehicles	286,550	40,568	84,652	242,466
Furniture and Equipment	319,569	13,323	0	332,892
Accumulated Depreciation	4,929,578	316,854	84,652	5,161,780
Net Capital Assets Being Depreciated	$ 9,324,237	$ (189,129)	$ 0	$ 9,135,108

Depreciation for the fiscal year ended June 30, 2026, amounted to $316,854. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

F. Defined Benefit Plan and Postemployment Benefits

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

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with 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

Introduction

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

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

Benefits Provided – Pension

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

Prior to Pension reform of 2010 there were two plans commonly referred to as Basic and the Member Investment Plan (MIP). Basic Plan members' 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%.

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

Option 2 - Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transient 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, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

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

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

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

Pension Reform of 2017

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

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

Pension Reform of 2023

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

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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 plan year ending September 30, 2025, were determined as of the September 30, 2022, actuarial valuations. For the pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2022, are amortized over a 14-year period beginning October 1, 2024, and ending September 30, 2038.

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

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

The District's pension contributions for the year ended June 30, 2026, were equal to the required contribution total. Total pension contributions were approximately $801,000. Of the total pension contributions, approximately $768,000 was contributed to fund the Defined Benefit Plan and approximately $33,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2026, were equal to the required contribution total. Total OPEB contributions were approximately $73,000. Of the total OPEB contributions, approximately $48,000 was contributed to fund the Defined Benefit Plan and approximately $25,000 was contributed to fund the Defined Contribution Plan.

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

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

Pension Liabilities

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

The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-University Employers Net Pension Liability

	September 30, 2025	September 30, 2024
Total Pension Liability	$ 97,436,103,863	$ 95,765,499,515
Fiduciary Net Position	(77,403,114,236)	(71,283,482,728)
Net Pension Liability	$ 20,032,989,627	$ 24,482,016,787
District's Proportionate Share %	0.01591358%	0.01535266%
District's Proportionate Share of Net Pension Liability	$ 3,187,966	$ 3,758,641

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

For the year ended June 30, 2026, the District recognized pension expense of $178,438.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 123,479	$ 28,395
Section 147c revenue related to District Pension contributions subsequent to measurement date	0	263,540
Changes of assumptions	114,425	168,492
Net difference between projected and actual earnings on pension plan investments	0	761,856
Changes in proportion and differences between District contributions and proportionate share of contributions	207,594	8,862
District contributions subsequent to the measurement date	711,361	0
Total	$ 1,156,859	$ 1,231,145

$711,361 reported as deferred outflows of resources and $263,540 reported as deferred inflows of 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.

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

Year Ended June 30,	Amount
2026	$ 35,482
2027	(278,566)
2028	(217,119)
2029	(61,904)
	$ (522,107)

H. OPEB Liabilities/Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Liabilities/Assets

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.

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

	September 30, 2025	September 30, 2024
Total OPEB Liability	$ 9,360,649,860	$ 9,991,545,923
Fiduciary Net Position	(15,439,767,833)	(14,295,943,589)
Net OPEB Liability (Asset)	$ (6,079,117,973)	$ (4,304,397,666)
District's Proportionate Share %	0.01256579%	0.01564329%
District's Proportionate Share of Net OPEB Liability (Asset)	$ (763,889)	$ (673,349)

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

For the year ended June 30, 2026, the District recognized OPEB benefit of $271,798.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ 522,995
Changes of assumptions	101,949	8,102
Net difference between projected and actual OPEB plan investment earnings	0	107,343
Changes in proportion and differences between District contributions and proportionate share of contributions	28,433	17,388
District contributions subsequent to the measurement date	49,324	0
Total	$ 179,706	$ 655,828

$49,324 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:

Year Ended June 30,	Amount
2027	$ (142,588)
2028	(133,424)
2029	(126,439)
2030	(83,017)
2031	(30,286)
Thereafter	(9,692)
	$ (525,446)

I. Actuarial Assumptions

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

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

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

Inflation - 3.0%.

Mortality Assumptions -

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

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

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

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

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

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.75% for year one and graded to 3.5% 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.

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

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

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

Rate of Return

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

Pension Discount Rate

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

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 single discount rate was based on the assumption that in the future, plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the

OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability/asset.

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

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

Pension		
1% Decrease	Pension Discount Rate	1% Increase
$ 5,030,786	$ 3,187,966	$ 1,653,133

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	OPEB Discount Rate	1% Increase
$ (658,139)	$ (763,889)	$ (856,444)

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		
1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
$ (855,599)	$ (763,889)	$ (667,597)

J. 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 2025 Annual Comprehensive Financial Report.

K. Payables to the Pension and OPEB Plan

As of June 30, 2026, the District is current on all required pension and OPEB plan payments. As of June 30, 2026, the District reported payables in the amount of $91,687 to the pension and OPEB plan. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

L. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of $750,000 for each occurrence with the overall maximum coverage varying depending on the specific type of coverage of reinsurance.

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

M. Contingencies

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required, and certain costs 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.

N. GASB Statement No. 87 – Leases

It has been determined that the District has leases as defined by GASB Statement No. 87. However, the total of these leases has been determined that they are not significant enough to warrant disclosure.

O. GASB Statement No. 96 – Subscription-Based Information Technology Arrangements

It has been determined that the District has subscription-based information technology arrangements as defined by GASB Statement No. 96. However, the total of these subscription-based information technology arrangements has been determined they are not significant enough to warrant disclosure.

P. Sinking Fund

The Capital Project Fund records capital project activities funded with Sinking Fund millage. For this fund, the District has complied with the applicable provisions of Section 1212 of the Revised School Code.

Q. 2022 Capital Projects Fund

The 2022 Capital Project Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of §1351a of the Revised School Code.

Beginning with the year of bond issuance, the District has reported the annual construction activity in the 2022 Capital Projects Fund. The project for which the 2022 School Building and Site Bonds were issued was considered complete on June 30, 2024, and the cumulative expenditures recognized for the construction period were $7,697,990. The fund is closed as of June 30, 2026.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE

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

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

a. Management's discussion and analysis (MD&A);

b. Unusual or infrequent items;

c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;

d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements;

e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

NOTE 4 – UPCOMING ACCOUNTING PRONOUNCEMENTS

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

WOLVERINE COMMUNITY SCHOOLS
WOLVERINE, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

YEAR ENDED JUNE 30, 2026

	ORIGINAL BUDGET	FINAL BUDGET	VARIANCE WITH ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
REVENUES					
Local Sources	$ 1,229,415	$ 1,296,943	$ 67,528	$ 1,301,104	$ 4,161
State Sources	2,130,906	2,615,394	484,488	2,553,334	(62,060)
Federal Sources	192,933	246,614	53,681	173,123	(73,491)
Other Transactions	80,513	81,791	1,278	90,191	8,400
Total Revenues	3,633,767	4,240,742	606,975	4,117,752	(122,990)
EXPENDITURES					
Instruction					
Basic Programs	1,836,595	2,057,612	221,017	1,924,062	(133,550)
Added Needs	451,453	547,399	95,946	483,089	(64,310)
Supporting Services					
Pupil	141,391	144,437	3,046	132,667	(11,770)
Instructional Staff	45,061	49,471	4,410	36,068	(13,403)
General Administration	181,228	207,073	25,845	194,538	(12,535)
School Administration	365,619	435,537	69,918	418,244	(17,293)
Business	84,900	86,400	1,500	82,216	(4,184)
Operation and Maintenance	416,624	534,800	118,176	514,715	(20,085)
Pupil Transportation Services	162,018	179,936	17,918	158,584	(21,352)
Support Services - Central	32,660	46,890	14,230	36,246	(10,644)
Support Services - Other	101,406	97,467	(3,939)	81,261	(16,206)
Community Services	5,500	13,975	8,475	1,254	(12,721)
Debt Service	40,110	40,591	481	40,031	(560)
Total Expenditures	3,864,565	4,441,588	577,023	4,102,975	(338,613)
Excess (Deficiency) of Revenues Over Expenditures	(230,798)	(200,846)	29,952	14,777	215,623
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	(32,000)	(20,000)	12,000	0	20,000
Net Change in Fund Balance	(262,798)	(220,846)	41,952	14,777	235,623
FUND BALANCE - Beginning of Year	1,658,888	1,820,082	161,194	1,820,082	0
FUND BALANCE - End of Year	$ 1,396,090	$ 1,599,236	$ 203,146	$ 1,834,859	$ 235,623

WOLVERINE COMMUNITY SCHOOLS
WOLVERINE, 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, 2026

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of net pension liability (%)	0.01591%	0.01535%	0.01505%	0.01471%	0.01465%	0.01545%	0.01615%	0.017190%	0.01875%	0.01967%
District's proportionate share of net pension liability	$ 3,187,966	$ 3,758,641	$ 4,869,831	$ 5,533,848	$ 3,469,298	$ 5,307,662	$ 5,347,194	$ 5,167,197	$ 4,858,357	$ 4,906,489
District's covered payroll	1,794,751	1,674,145	1,504,610	1,459,319	1,302,351	1,330,260	1,420,550	1,359,727	1,535,509	1,581,768
District's proportionate share of net pension liability as a percentage of its covered payroll	177.63%	224.51%	323.66%	379.21%	266.39%	398.99%	376.42%	380.02%	316.40%	310.19%
Plan fiduciary net position as a percentage of total pension liability	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

WOLVERINE COMMUNITY SCHOOLS
WOLVERINE, 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, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contributions	$ 768,361	$ 632,132	$ 639,007	$ 705,884	$ 500,649	$ 509,822	$ 428,939	$ 468,049	$ 439,736	$ 441,609
Contributions in relation to statutorily required contributions	768,361	632,132	639,007	705,884	500,649	509,822	428,939	468,049	439,736	441,609
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 1,876,914	$ 1,768,639	$ 1,645,679	$ 1,527,547	$ 1,434,445	$ 1,315,505	$ 1,312,842	$ 1,434,972	$ 1,351,666	$ 1,581,768
Contributions as a percentage of covered payroll	40.94%	35.74%	38.83%	46.21%	34.90%	38.75%	32.67%	32.62%	32.53%	27.92%

WOLVERINE COMMUNITY SCHOOLS
WOLVERINE, 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, 2026

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability/asset (%)		0.01257%	0.01564%	0.01504%	0.01489%	0.01430%	0.01496%	0.01628%	0.01872%	0.01872%
District's proportionate share of net OPEB liability (asset)		$(763,889)	$(673,349)	$ (85,053)	$ 315,482	$ 218,240	$ 801,689	$1,168,875	$1,271,231	$1,657,654
District's covered payroll		1,794,751	1,674,145	1,504,610	1,459,319	1,302,351	1,330,260	1,420,550	1,359,727	1,535,509
District's proportionate share of net OPEB liability/asset as a percentage of its covered payroll		-42.56%	-40.22%	-5.65%	21.62%	16.76%	60.27%	82.28%	93.49%	107.95%
Plan fiduciary net position as a percentage of total OPEB liability/asset		164.94%	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

WOLVERINE COMMUNITY SCHOOLS
WOLVERINE, 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, 2026

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions		$ 47,985	$ 36,080	$ 121,206	$ 116,243	$ 109,196	$ 106,140	$ 111,812	$ 103,806	$ 97,584
Contributions in relation to statutorily required contributions		47,985	36,080	121,206	116,243	109,196	106,140	111,812	103,806	97,584
Contribution deficiency (excess)		$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll		$ 1,876,914	$ 1,768,639	$ 1,645,679	$ 1,527,547	$ 1,434,445	$ 1,315,505	$ 1,312,842	$ 1,434,972	$ 1,348,403
Contributions as a percentage of covered payroll		2.56%	2.04%	7.37%	7.61%	7.61%	8.07%	8.52%	7.23%	7.24%

NOTE 1 - Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. The other fund does not have an appropriated budget.

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

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

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

b. Public hearings are conducted to obtain taxpayer comments.

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

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

e. The final budgets were approved prior to June 30, 2026, which is the District's fiscal year end.

NOTE 2 – Budgetary Comparison

Significant variances between the original budget and final budget

The following are deemed significant variances between the General Fund original and final budget:

	Variance	Explanation
REVENUES		
Local Sources	$67,528	The final estimate of property tax revenue was significantly higher than the original budget.
State Sources	484,488	The District received more revenue from the State of Michigan, specifically related to Section 147, At Risk, Educator Compensation and the foundation allowance, than it anticipated when it adopted its original budget.
Federal Sources	53,681	The District received more Title I revenue than it had originally budgeted for.
EXPENDITURES		
Instructions – Basic Programs	221,017	From its original budget, the District refined the expenditure number for basic programs after accounting for changes in Section 147 retirement expense and increased staffing costs related to the Educator Compensation funding that was unexpectedly received.
Instruction - Added Needs	95,946	Staffing changes caused an increase in expenditures, primarily related to At Risk and Title I.
Supporting Services – General Administration	25,845	The primary reason for the increase in the budget was related to increased legal costs.
Supporting Services – School Administration	69,918	From its original budget, the District refined the expenditure number for basic programs after accounting for changes in Section 147 retirement expense and increased staffing costs related to the Educator Compensation funding that was unexpectedly received. At Risk funding also impacted the expenditures amount related to school administration.
Supporting Services – Operation and Maintenance	118,176	Increased costs, specifically related to snow removal, utilities, and staffing caused the increase in expenditures from the original to final budget.

Significant variances between final budget and actual

The following are deemed significant variances between the General Fund final budgeted and actual amounts:

	Variance	Explanation
REVENUES		
State Sources	($62,060)	The variance between final budgeted and actual revenues from state sources can be attributed to the District budgeting for the full allocation of its At Risk revenues, but ultimately not spending all of those funds.
Federal Sources	(73,491)	The variance between final budgeted and actual revenues from federal sources can be attributed to the District budgeting for the full allocation of many of its federal programs, but ultimately not spending all of those funds.
EXPENDITURES		
Instructions – Basic Programs	(133,550)	The District estimated conservatively for retirement costs, including the expenditures related to Section 147C which contributed to the variance. Additionally, the District budgeted for the use of its entire allocation of several state and federal grants and the expenditures did not come to fruition.
Instruction - Added Needs	(64,310)	The District estimated conservatively for retirement costs, including the expenditures related to Section 147C which contributed to the variance. Additionally, the District budgeted for the use of its entire allocation of several state and federal grants and the expenditures did not come to fruition.

NOTE 3 – Pension Information

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

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

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

- 2018 - The discount rate used in the September 30, 2017, actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.

- 2017 - The discount rate used in the September 30, 2016, actuarial valuation decreased by 0.50 percentage points.

OPEB Information

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

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

- 2025 - The health care cost trend rate used in the September 30, 2024, actuarial valuation increased by 0.50 percentage points for members under 65. This increased the plan's total OPEB liability by $267 million in 2025.

- 2024 - The health care cost trend rate used in the September 30, 2023, actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage points for members over 65.

- 2023 - The health care cost trend rate used in the September 30, 2022, actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

- 2022 - The discount rate and investment rate of return used in the September 30, 2021, actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.1 billion in 2022.

- 2021 - The health care cost trend rate used in the September 30, 2020, actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.3 billion in 2021.

- 2020 - The health care cost trend rate used in the September 30, 2019, actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.8 billion in 2020.

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

- 2018 - The discount rate used in the September 30, 2017, actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by $1.4 billion in 2018.

WOLVERINE COMMUNITY SCHOOLS
WOLVERINE, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2026

	SPECIAL REVENUE FUNDS			
	FOOD SERVICE FUND	STUDENT ACTIVITY FUND	CAPITAL PROJECTS FUND	TOTAL NON-MAJOR GOVERNMENTAL
ASSETS				
Cash and Cash Equivalents	$ 19,093	$ 62,460	$ 4,542	$ 86,095
Due from Other Funds	5,587	0	0	5,587
Inventory	7,099	0	0	7,099
TOTAL ASSETS	$ 31,779	$ 62,460	$ 4,542	$ 98,781
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Due to Other Funds	$ 0	$ 186	$ 0	$ 186
TOTAL LIABILITIES	0	186	0	186
FUND BALANCES				
Nonspendable:				
Inventory	7,099	0	0	7,099
Restricted for:				
Food Service	24,680	0	0	24,680
Capital Projects	0	0	4,542	4,542
Committed for:				
Student Activities	0	62,274	0	62,274
Total Fund Balances	31,779	62,274	4,542	98,595
TOTAL LIABILITIES AND FUND BALANCES	$ 31,779	$ 62,460	$ 4,542	$ 98,781

WOLVERINE COMMUNITY SCHOOLS
WOLVERINE, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2026

	SPECIAL REVENUE FUNDS			
	FOOD SERVICE FUND	STUDENT ACTIVITY FUND	CAPITAL PROJECTS FUND	TOTAL NON-MAJOR GOVERNMENTAL
REVENUES				
Local Sources	$ 10,020	$ 55,676	$ 17	$ 65,713
State Sources	14,754	0	0	14,754
Federal Sources	243,754	0	0	243,754
Total Revenues	268,528	55,676	17	324,221
EXPENDITURES				
Supporting Services	260,577	45,722	17,185	323,484
Excess (Deficiency) of Revenues Over Expenditures	7,951	9,954	(17,168)	737
FUND BALANCE - Beginning of Year	23,828	52,320	21,710	97,858
FUND BALANCE - End of Year	$ 31,779	$ 62,274	$ 4,542	$ 98,595