Davison Community Schools

Financial Statements

June 30, 2025



YEO & YEO

BUSINESS SUCCESS PARTNERS

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Davison Community Schools
Members of the Board of Education and Administration
June 30, 2025

Members of the Board of Education

Ms. Holly Halabicky	President
Mr. Granger Stefanko	Vice President
Ms. Alicia Hensley	Secretary
Ms. Diane Rhines	Treasurer
Mr. Kurtis McMahan	Trustee
Ms. Shannon McKee	Trustee
Mr. Ben Vick	Trustee

Administration

Mr. Mathew Lobban	Superintendent
Mr. Joshua Evans	Director of Business Services

Independent Auditors' Report

Management and the Board of Education
Davison Community Schools
Davison, 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 Davison Community Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Davison Community Schools' basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, during the year ended June 30, 2025, Davison Community Schools adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Davison 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.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Davison 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Davison 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, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability (asset), and schedule of the school district's OPEB contributions identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2025, on our consideration of Davison 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 Davison 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 Davison Community Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Flint, Michigan
October 24, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management Discussion and Analysis
For the Year Ended June 30, 2025

Welcome to the financial report for Davison Community Schools for the fiscal year ending June 30, 2025. Our goal is to give you a clear picture of how the District is managing its resources, funding its programs, and maintaining its commitment to providing high-quality education for our students. This report is designed to be understandable to parents, community members, and stakeholders who want to know how the District's finances support our schools.

The financial statements presented here follow standards set by the Governmental Accounting Standards Board (GASB Statement No. 34), which requires schools to provide two types of financial reports: fund financial statements and district-wide financial statements.

Fund Financial Statements

Fund financial statements provide a detailed look at specific funds within the District. They focus on our most significant, or "major," funds rather than the District as a whole, giving insight into resources available for day-to-day operations. These statements use the modified accrual basis of accounting, which means they track resources that are measurable and available for spending in the near term, and liabilities expected to be paid from those resources.

Davison Community Schools manages two main types of funds:

- ✓ **Governmental Funds:** These funds support the basic services we provide to students and the community, including education programs, meals, extracurricular activities, and facilities maintenance. They show both the inflows and outflows of cash and other resources that can be readily used, as well as the balances available at year-end. This short-term perspective helps the District and the community ensure we have the resources necessary to meet our obligations and invest in programs that benefit our students. Major governmental funds include the General Fund, Cafeteria Fund, School Activity Fund, Community Enrichment & Recreation Fund, Debt Service Funds, and Capital Projects Funds.
- ✓ **Fiduciary Funds:** These funds hold assets on behalf of others, such as student activity funds. The District ensures these resources are used only for their intended purposes. Because these assets do not belong to the District for operational purposes, they are not included in the district-wide financial statements.

District-Wide Financial Statements

The district-wide statements provide a big-picture view of the District's finances using the full accrual basis of accounting, which records all assets, liabilities, revenues, and expenses—regardless of when cash changes hands. These statements show the long-term financial health of the District:

- ➔ The Statement of Activities shows how services were funded and what resources remain for future use.
- ➔ The Statement of Net Position summarizes the District's assets and liabilities, highlighting resources available for programs and obligations that must be met.

Financial Position and Results of Operations

One way to understand the District's financial strength is by looking at its Net Position, which is the difference between what the District owns (assets) and what it owes (liabilities). Over time, positive changes in Net Position indicate improving financial health. While revenue and expenses are important, a full picture also considers the quality of our educational programs, the condition of school buildings and facilities, and the safety and well-being of students.

Overall, Davison Community Schools remains in a strong financial position, allowing us to maintain and improve programs, expand opportunities and support for all students, and continue providing excellent experiences in and out of the classroom. We are proud of our responsible management of public resources and remain committed to transparency and accountability for our community.

With this context in mind, the following sections present the detailed financial information for the fiscal year ended June 30, 2025. You will find summaries of revenues, expenditures, fund balances, and changes in capital assets, providing a clear view of how the District's resources were managed and allocated to support our students and programs.

Statement of Activities

Davison Community Schools overall results of operations for the year ending June 30, 2025, are reported in the Statement of Activities. A summary of the district-wide results for the years ending June 30, 2025, and June 30, 2024, is presented below:

	Year Ended June 30, 2025	Year Ended June 30, 2024
Revenue		
General Revenue:		
Property Taxes, Levied for General Purposes	$ 5,235,397	$ 5,005,994
Property Taxes, Levied for Debt Service	5,659,768	5,426,698
Property Taxes, Levied for Sinking Fund	1,537,191	1,440,383
State Aid, Unrestricted	47,503,891	47,498,641
Interest, Investment Earnings, Other	986,250	2,291,518
Total General Revenue	60,922,497	61,663,234
Program Revenue:		
Charges for Services	1,196,811	1,154,905
Operating Grants and Contributions	28,101,802	27,994,998
Total Revenue	**90,221,110**	**90,813,137**
Expenses		
Instruction	37,504,754	39,742,634
Supporting Services	29,690,137	28,703,462
Food Services	3,191,250	3,201,078
Community Services	1,108,564	1,092,433
Interest on Long-Term Debt	2,441,063	2,527,374
Total Expenses	**73,935,768**	**75,266,981**
Net Position Increase/(Decrease)	**16,285,342**	**15,546,156**
Net Position – Beginning	(35,709,914)	(51,256,070)
Change in Accounting Principle (GASB 101)	(1,339,401)	
Net Position – Ending	**$ (20,763,973)**	**$ (35,709,914)**

Statement of Net Position

During the fiscal year ending June 30, 2025, Davison Community Schools Net Position increased by $14,945,941, reflecting overall financial stability and growth. The table below compares the District's Net Position as of June 30, 2025, and June 30, 2024:

Assets	**June 30, 2025**	**June 30, 2024**
Current Assets	$ 48,800,283	$ 54,571,517
Capital Assets, Net of Depreciation and Amortization	110,180,269	95,970,249
Deferred Outflows		
Deferred Outflows - Net Pension Liability	23,422,547	29,298,029
Deferred Outflows - Net OPEB Asset	3,864,428	6,961,051
Total Assets and Deferred Outflows of Resources	**$ 186,267,527**	**$ 186,800,846**
Liabilities		
Current Liabilities	$ 9,755,673	$ 10,532,575
Long-Term Liabilities – Net Pension Liability	79,397,741	103,718,733
Long-Term Liabilities – Current Portion	3,776,930	3,261,279
Long-Term Liabilities – Long Term Portion	69,534,980	71,872,114
Total Liabilities	162,465,324	189,384,701
Deferred Inflows		
Deferred Inflows - Net Pension Liability	$ 26,275,389	$ 18,018,899
Deferred Inflows - Net OPEB Asset	18,290,787	15,107,160
Total Deferred Inflows of Resources	44,566,176	33,126,059
Net Position		
Investment in Capital Assets, Net of Related Debt	40,107,536	37,472,902
Restricted - Food Service	1,968,545	1,677,220
Restricted - Debt Service	1,432,946	1,073,956
Restricted - Capital Projects	3,116,004	3,052,729
Restricted - Net OPEB Asset	13,965,002	1,837,528
Unrestricted	(81,354,006)	(80,824,249)
Total Net Position	**(20,763,973)**	**(35,709,914)**
Total Liabilities, Deferred Inflows, and Net Position	**$ 186,267,527**	**$ 186,800,846**

Governmental Funds Financial Highlights

Davison Community Schools reports its financial activity through Major and Nonmajor Governmental Funds. Major funds include the General Fund and the 2020 Building & Site Bond Series I and Series II, while Nonmajor funds—reported collectively as "Other Governmental Funds"—include the Food Service Fund, Student Activity Fund, Davison Community Enrichment & Recreation (DCER) Fund, Debt Retirement Fund, and Capital Projects Sinking Fund.

These funds provide insight into how resources were managed and used to support students and programs throughout the year.

Major Governmental Funds

The General Fund is the primary operating fund of the District. During the fiscal year, the General Fund Balance decreased by $2,144,155, ending the year at $17,071,466, which represents approximately 22% of total expenditures. This reflects planned use of resources to maintain and enhance programs and services for students.

The 2020 Building & Site Bond Series I and the 2022 Series II funds were created to manage voter-approved bond proceeds for district-wide projects. During the year, the combined balance of these funds decreased by $14,188,061 as construction and upgrades progressed, leaving a balance of $1,430,898 as of June 30, 2025.

Nonmajor Governmental Funds

The special revenue funds—including DCER, Food Service, and Student Activities—saw a combined increase in fund balance from $2,616,994 to $2,793,752. Within this group, the DCER Fund decreased by $108,320, the Student Activity Fund decreased by $6,247, and the Food Service Fund grew by $291,325, largely due to the State of Michigan School Meals Program providing free meals to all students.

The Debt Retirement Fund increased by $343,892, ending the year at $1,845,651. Annual millage rates are set to ensure the District has sufficient resources to meet its bond obligations.

The Capital Projects Sinking Fund also grew slightly by $63,275, ending at $3,116,004. This growth is primarily because some projects normally funded by the Sinking Fund were instead supported by the ongoing 2020 district-wide bond program.

Major Governmental Fund Budgeting and Financial Highlights

Davison Community Schools prepares its budgets in accordance with Michigan law, with initial approval obtained prior to July 1 each year. These budgets are based on the best available information at the time, including projections for enrollment, staffing needs, state funding, and grant allocations. Because circumstances can change throughout the year, the District updates its budget as needed to reflect actual student enrollment and any changes in projected revenues and expenditures.

The budgeting process covers multiple funds, including the General Fund, Special Revenue Funds, Debt Retirement Funds, Capital Projects Funds, and the 2020 School Building & Site Bond Series I and II. These budgets guide how resources are allocated to support programs, extracurricular activities, and essential services for students.

General Fund Performance

The General Fund, the District's primary operating fund, generated total revenues of $76,810,819, slightly above both the original budget of $75.4 million and the final amended budget of $76.7 million, for a small positive variance of $17,008 (0.02%). Expenditures totaled $79,151,037, exceeding the original budget but remaining below the final amended budget, producing a favorable variance of $313,322 (0.39%). These results demonstrate careful financial planning and effective management, allowing the District to maintain programs and services for students.

Budgeted Amounts
Fiscal Year Ending June 30, 2025

	Final Budget	Actual	Over (Under)
Revenues	$76,793,811	$76,810,819	**$17,008**
Expenses	$79,464,359	$79,151,037	**($313,322)**
Other Financing Sources (Uses)	$196,063	$196,063	**$0**

Governmental Fund Revenue

The combined revenue for all governmental funds totaled $90,221,110 for the fiscal year ended June 30, 2025. Of this amount, $15.7 million (17.4%) was generated from local sources; $67.1 million (74.4%) from state sources; $6.1 million (6.8%) from federal sources; $1.2 million (1.3%) from interdistrict sources; and $0.1 million (0.1%) from other financing sources.

Unrestricted State Aid

Davison Community Schools primary source of funding is unrestricted state aid, which is determined by three key components:

I. The State of Michigan's per-pupil foundation allowance.
II. The District's blended student enrollment, calculated using 90% of the current fall count and 10% of the prior winter count.
III. The District's operating property tax levy on non-homestead (non-primary residence) and commercial personal property.

Each year, the State of Michigan sets the per-pupil foundation allowance. For the fiscal year ended June 30, 2025, Davison Community Schools' allowance remained $9,608 per pupil, unchanged from 2023–2024, as the State provided MPSERS relief instead of increasing the allowance.

Blended student enrollment used for state aid calculations was 5,450 FTEs, a decrease of 20 students from the prior year.

The following schedule summarizes blended enrollment and per-pupil foundation allowances for the fiscal year ended June 30, 2025, along with the previous five years:

Student Enrollment and Foundation Allowance History
2020/2021 to 2024/2025

School Year	Student Enrollment	Prior Year Difference	Foundation Allowance	Prior Year Difference
2024/2025	5,450	(20)	$9,608	$0
2023/2024	5,470	(112)	$9,608	$458
2022/2023	5,582	(107)	$9,150	$450
2021/2022	5,689	44	$8,700	$589
2020/2021	5,645	(111)	$8,111	$175

Property Taxes

To support General Fund operations, Davison Community Schools levies an 18-mill tax on non-primary residences and a 6-mill tax on commercial property within the district. Under Proposal A (1994), the annual increase in a property's assessed, or "taxable," value is capped at 5% or the rate of inflation, whichever is lower, unless the property is sold or transferred. In those cases, the taxable value resets to the current assessed value, which generally aligns with market value.

For the fiscal year ending June 30, 2025, adjustments under the Headlee Amendment resulted in a levy of 17.7606 mills on non-primary residences and 5.7606 mills on commercial property, generating $5,235,397 in revenue for General Fund operations.

The District also levies a 5.0-mill tax on all property to fund repayment of bonded debt associated with the 2013 Central Project, the 2020 Series I Bond, and the 2022 Series II Bond. This levy is dedicated exclusively to principal and interest payments and is not affected by Headlee adjustments. For 2024–25, these levies produced $5,659,768 in debt retirement revenue.

In addition, the District maintains a voter-approved sinking fund to support major repairs, renovations, and replacements of school buildings and sites, protecting the long-term investment in our educational infrastructure. Voters approved the renewal of this levy in 2015 for a ten-year period (2016–2025). After Headlee adjustments, the levy generated $1,537,191 for the fiscal year ended June 30, 2025.

Property Taxes Collected
Comparison of Fiscal Years Ending June 30, 2025 and 2024

	June 30, 2025	June 30, 2024
Property taxes, levied for general purposes	$5,235,397	$5,005,994
Property taxes, levied for debt service	$5,659,768	$5,426,698
Property taxes, levied for sinking fund	$1,537,191	$1,440,383
Total Property Taxes Collected	**$12,432,356**	**$11,873,075**

Governmental Fund Expenditures

The combined expenditures for all governmental funds amounted to $106,767,556 for the fiscal year ending on June 30, 2025.

The following chart provides a breakdown of Governmental Fund Expenditures across various fund types. This data reflects how the District's funds were allocated and their respective percentages.

Governmental Fund Expenditures
Comparison of Fiscal Years Ending June 30, 2025 and 2024

	June 30, 2025	Percent of Total	June 30, 2024	Percent of Total
General Fund	$79,196,037	74.1%	$75,030,138	76.5%
Building & Site Bond Funds	$15,215,430	14.3%	$11,691,858	11.9%
Special Revenue Funds	$5,563,397	5.2%	$5,211,291	5.3%
Debt Service Funds	$5,315,876	5.0%	$5,376,656	5.5%
Sinking Fund	$1,476,816	1.4%	$784,681	0.8%
Total Governmental Fund Expenditures	**$106,767,556**	**100%**	**$98,094,624**	**100%**

Capital Assets

As of June 30, 2025, Davison Community Schools reported $153,688,040 invested in land and buildings, furniture and equipment, buses and other vehicles, construction in progress, and right-to-use assets. Of this total, $43,507,771 has been depreciated, resulting in a net book value of $110,180,269.

The following chart illustrates the composition of capital assets as of June 30, 2025, compared to June 30, 2024:

Governmental Capital Assets
Comparison of Fiscal Years Ending June 30, 2025 and 2024

	June 30, 2025	June 30, 2024
Land, Buildings, and Additions	$121,358,107	$65,382,537
Equipment & Furniture	$10,088,102	$9,980,075
Buses & Other Vehicles	$3,447,472	$4,058,134
Construction-In-Progress	$17,475,995	$57,166,200
Right to Use Assets - Equipment	$1,250,651	$1,263,204
Right to Use Assets - Subscriptions	$67,713	$67,713
Total Capital Assets Being Depreciated	**$153,688,040**	**$137,917,863**
Less: Accumulated Depreciation	($43,507,771)	($41,947,614)
Net Capital Assets	**$110,180,269**	**$95,970,249**

Long-Term Debt

As of June 30, 2025, Davison Community Schools carried $71,422,794 in net long-term bond obligations. These bonds are serviced through property tax levies on all District properties and include the 2013 Central Bonds, 2020 Series I Bonds, and 2022 Series II Bonds. These dedicated levies ensure that the District has sufficient resources to meet principal and interest requirements on its outstanding bonded debt, supporting the continued funding of district-wide capital projects.

During the year, the District repaid $2,690,000 in general obligation bonds, helping to reduce long-term obligations and strengthen the District's overall financial position. Bond premiums are amortized over the life of the debt, with $198,970 recorded in 2025.

Outstanding Long-Term Debt:
Comparison of Fiscal Years Ending June 30, 2025 and 2024

	June 30, 2025	June 30, 2024
General Obligation Bonds	$62,320,000	$65,010,000
Premium on Bonds	$9,102,794	$9,301,764
Other Liabilities	$1,889,116	$2,161,030
Total Outstanding Long-Term Debt	**$73,311,910**	**$76,472,794**

Contacting Davison Community Schools Financial Management

The purpose of this financial report is to provide an overview of the financial position of the Davison Community School District. For questions or further clarification regarding any information contained in this report, please contact Joshua Evans, Director of Business Services, at:

Address:
1490 N. Oak Road
P.O. Box 319
Davison, Michigan 48423

Phone: (810) 591-0803
Email: jevans@davisonschools.org

BASIC FINANCIAL STATEMENTS

Davison Community Schools
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Cash	$ 21,320,383
Accounts receivable	243,221
Due from other governmental units	12,941,528
Inventory	52,100
Prepaid items	278,049
Capital assets not being depreciated	17,475,995
Capital assets - net of accumulated depreciation	92,704,274
Net OPEB asset	13,965,002
Total assets	158,980,552
Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	23,422,547
Deferred amount relating to the net OPEB asset	3,864,428
Total deferred outflows of resources	27,286,975

See Accompanying Notes to the Financial Statements

Davison Community Schools
Statement of Net Position
June 30, 2025

	Governmental Activities
Liabilities	
Accounts payable	1,440,322
Due to other governmental units	787,707
Payroll deductions and withholdings	1,256,253
Accrued expenditures	1,178,163
Accrued salaries payable	3,324,453
Unearned revenue	1,768,775
Long-term liabilities	
Net pension liability	79,397,741
Due within one year	3,776,930
Due in more than one year	69,534,980
Total liabilities	162,465,324
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	26,275,389
Deferred amount relating to the net OPEB asset	18,290,787
Total deferred inflows of resources	44,566,176
Net Position	
Net investment in capital assets	40,107,536
Restricted for:	
Food service	1,968,545
Debt service	1,432,946
Capital projects	3,116,004
Net OPEB asset	13,965,002
Unrestricted	(81,354,006)
Total net position	$ (20,763,973)

See Accompanying Notes to the Financial Statements

Davison Community Schools
Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 37,504,754	$ 23,198	$ 23,032,467	$ (14,449,089)
Supporting services	29,690,137	-	1,108,243	(28,581,894)
Food services	3,191,250	213,316	3,871,092	893,158
Community services	1,108,564	960,297	90,000	(58,267)
Interest and fiscal charges on long-term debt	2,441,063	-	-	(2,441,063)
Total governmental activities	$ 73,935,768	$ 1,196,811	$ 28,101,802	(44,637,155)
General revenues				
Property taxes, levied for general purposes				5,235,397
Property taxes, levied for debt service				5,659,768
Property taxes, levied for sinking fund				1,537,191
State aid - unrestricted				47,503,891
Interest and investment earnings				736,696
Other				138,491
Insurance recoveries				111,063
Total general revenues				60,922,497
Change in net position				16,285,342
Net position - beginning, as previously presented				(35,709,914)
Change in accounting principle (GASB 101)				(1,339,401)
Net position - beginning, as restated				(37,049,315)
Net position - ending				$ (20,763,973)

See Accompanying Notes to the Financial Statements

Davison Community Schools
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	2022 Building & Site Bond, Series II Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash	$ 11,741,177	$ 1,974,833	$ 7,604,373	$ 21,320,383
Accounts receivable	136,830	-	106,391	243,221
Due from other governmental units	12,739,692	-	201,836	12,941,528
Inventory	-	-	52,100	52,100
Prepaid items	158,049	-	120,000	278,049
Total assets	$ 24,775,748	$ 1,974,833	$ 8,084,700	$ 34,835,281
Liabilities				
Accounts payable	$ 596,020	$ 543,935	$ 300,367	$ 1,440,322
Due to other governmental units	787,707	-	-	787,707
Payroll deductions and withholdings	1,256,253	-	-	1,256,253
Accrued salaries payable	3,324,453	-	-	3,324,453
Unearned revenue	1,739,849	-	28,926	1,768,775
Total liabilities	7,704,282	543,935	329,293	8,577,510

See Accompanying Notes to the Financial Statements

Davison Community Schools
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	2022 Building & Site Bond, Series II Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances				
Non-spendable				
Inventory	-	-	52,100	52,100
Prepaid items	158,049	-	120,000	278,049
Restricted for				
Food service	-	-	1,796,445	1,796,445
Debt service	-	-	1,845,651	1,845,651
Capital projects	-	1,430,898	3,116,004	4,546,902
Committed				
Student activity	-	-	825,207	825,207
Assigned				
Community enrichment & recreation	-	-	-	-
Budgeted excess expenditures over revenues	3,200,154	-	-	3,200,154
Unassigned	13,713,263	-	-	13,713,263
Total fund balances	17,071,466	1,430,898	7,755,407	26,257,771
Total liabilities and fund balances	$ 24,775,748	$ 1,974,833	$ 8,084,700	$ 34,835,281

See Accompanying Notes to the Financial Statements

Davison Community Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

Total fund balances for governmental funds	$ 26,257,771
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	17,475,995
Capital assets - net of accumulated depreciation	92,704,274
Net OPEB asset is not recorded as an asset in the governmental funds	13,965,002
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from the net pension liability	23,422,547
Deferred outflows of resources resulting from the net OPEB asset	3,864,428
Deferred inflows of resources resulting from the net pension liability	(26,275,389)
Deferred inflows of resources resulting from the net OPEB asset	(18,290,787)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(412,705)
Arbitrage	(765,458)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(79,397,741)
Compensated absences	(1,808,279)
Bonds payable	(71,422,794)
Other loans payable and liabilities	(80,837)
Net position of governmental activities	$ (20,763,973)

See Accompanying Notes to the Financial Statements

Davison Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	General Fund	Formerly Major Fund: 2020 Building & Site Bond, Series I Fund	2022 Building & Site Bond, Series II Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local sources	$ 6,325,164		$ 398,181	$ 8,981,593	$ 15,704,938
State sources	65,947,987		-	1,129,971	67,077,958
Federal sources	3,353,862		-	2,789,483	6,143,345
Interdistrict sources	1,183,806		-	-	1,183,806
Total revenues	76,810,819		398,181	12,901,047	90,110,047
Expenditures					
Current					
Education					
Instruction	43,437,333		-	-	43,437,333
Supporting services	33,384,682		-	1,111,885	34,496,567
Food services	-		-	3,699,163	3,699,163
Community services	740,172		-	622,349	1,362,521
Facilities acquisition	-		3,668	134,798	138,466
Capital outlay	1,213,097		14,582,574	1,970,844	17,766,515
Debt service					
Principal	346,860		-	2,690,000	3,036,860
Interest and other expenditures	28,893		-	2,626,238	2,655,131
Total expenditures	79,151,037		14,586,242	12,855,277	106,592,556
Deficiency of revenues over expenditures	(2,340,218)		(14,188,061)	45,770	(16,482,509)

See Accompanying Notes to the Financial Statements

Davison Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	General Fund	Formerly Major Fund: 2020 Building & Site Bond, Series I Fund	2022 Building & Site Bond, Series II Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
Insurance recoveries	111,063		-	-	111,063
Transfers in	130,000		-	45,000	175,000
Transfers out	(45,000)		-	(130,000)	(175,000)
Total other financing sources (uses)	196,063		-	(85,000)	111,063
Net change in fund balances	(2,144,155)		(14,188,061)	(39,230)	(16,371,446)
Fund balances - beginning, as previously presented	19,215,621	623,155	15,618,959	7,171,482	42,629,217
Change within financial reporting entity (major to nonmajor fund)	-	(623,155)	-	623,155	-
Fund balances - beginning of year, adjusted	19,215,621		15,618,959	7,794,637	42,629,217
Fund balances - ending	$ 17,071,466		$ 1,430,898	$ 7,755,407	$ 26,257,771

See Accompanying Notes to the Financial Statements

Davison Community Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balances - Total governmental funds	$ (16,371,446)
Total change in net position reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation and amortization expense	(2,498,017)
Capital outlay	16,708,037
Expenses are recorded when incurred in the statement of activities.	
Interest	15,098
Arbitrage	(765,458)
Compensated absences	(74,946)
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.	
Net change in net pension liability	24,320,992
Net change in deferrals of resources related to the net pension liability	(14,131,972)
The statement of net position reports the net OPEB asset and deferred outflows of resources and deferred inflows related to the net OPEB asset and OPEB changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.	
Net change in net OPEB asset	12,127,474
Net change in deferrals of resources related to the net OPEB asset	(6,280,250)
Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.	
Repayments of long-term debt	3,036,860
Amortization of premiums	198,970
Change in net position of governmental activities	$ 16,285,342

See Accompanying Notes to the Financial Statements

Davison Community Schools
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2025

	Custodial Scholarship Fund
Assets	
Cash	$ 29,290
Net Position	
Assets held for scholarships and loans	$ 29,290

See Accompanying Notes to the Financial Statements

Davison Community Schools
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2025

	Custodial Scholarship Fund
Additions	
Local sources	$ 12,296
Deductions	
Scholarships	11,000
Change in net position	1,296
Net position - beginning	27,994
Net position - ending	$ 29,290

See Accompanying Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

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

Reporting Entity

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

District-wide Financial Statements

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

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

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

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

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

Fund Financial Statements

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

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

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

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

The School District reports the following major governmental funds:

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

2022 Building and Site Bond, Series II Fund - The 2022 Building and Site Bond, Series II Fund is used to record the proceeds and uses of the funds received from the bond.

Additionally, the School District reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service Fund and Student Activity Fund, and the Davison Community Enrichment and Recreation (DCER) Fund.

Debt Service Funds - Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

2020 Building and Site Bond, Series I Fund - The 2020 Building and Site Bond, Series I Fund is used to record the proceeds and uses of the funds received from the bond.

Sinking Fund - The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for acquiring new school sites, construction, or repair of school buildings.

Fiduciary Funds - Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Custodial Scholarship Funds are entrusted to the School District for scholarship awards.

Assets, Liabilities and Net Position or Equity

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

The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2025, the rates are as follows per $1,000 of assessed value.

General Fund	
Non-principal residence exemption	17.76060
Commercial personal property	5.76060
Debt Service Funds	5.00000
Sinking Fund	1.35750

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School

District's boundaries. Approximately 99% of the School District's tax roll lies within Genesee County.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the Counties of Genesee and Lapeer and remitted to the School District by May 15.

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

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

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of $5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	7 - 50 years
Equipment and furniture	5 - 20 years
Buses and other vehicles	5 - 10 years

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

Compensated Absences – Employees are provided with leave time each fiscal year. If not used, leave time may be carried forward into the next fiscal year with a limited accumulation of days. In accordance with contracts negotiated with the various employee groups of the district, individual employees have rights upon termination of employment to receive payment for unused leave time under conditions specified in the contacts.

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

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

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

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

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

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

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

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

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

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

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

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

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

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

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

Adoption of New Accounting Standards
Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization's vulnerabilities due to certain concentrations or constraints.

Upcoming Accounting and Reporting Changes
Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization's accountability while also addressing certain application issues. This statement includes changes to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information, and budgetary comparison information. This statement is effective for the year ending June 30, 2026.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. This statement is effective for the year ending June 30, 2026.

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

Note 2 - Stewardship, Compliance, and Accountability

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

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget

in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

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

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

Excess of Expenditures over Appropriations
During the year, the School District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Basic programs	$ 33,612,408	$ 33,852,799	$ 240,391
General administration	726,076	732,952	6,876
Business	882,885	887,932	5,047
Operations and maintenance	7,681,222	7,912,851	231,629
Community services	678,996	740,172	61,176
Community Service Fund	617,546	622,349	4,803
Student activities	1,061,850	1,111,885	50,035

Compliance - Bond Proceeds

The 2022 Building & Site Bond, Series II Fund includes capital project activities funded with bonds. For this capital project, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The fund is not yet considered substantially complete and a subsequent year audit is expected.

Revenues and expenditures from inception of the bond is summarized as follows:

	2022 Building & Site Bond, Series II
Revenues and other financing sources	$ 20,065,649
Expenditures and other financing uses	18,634,751
	$ 1,430,898

Compliance - Sinking Funds
The School District's Capital Projects Fund records capital project activities funded with Sinking Fund millage. For this fund, the school district has complied with the applicable provisions of Section 1212 of the Revised School Code.

Note 3 - Deposits and Investments

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

	Governmental Activities	Fiduciary Funds	Total
Cash	$ 21,320,383	$ 29,290	$ 21,349,673

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	$ 11,182,533
Investments in Michigan Liquid Asset Fund (MILAF)	10,164,770
Petty cash and cash on hand	2,370
Total	$ 21,349,673

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

Investment	Carrying Value	Maturities	Rating	Rating Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
Cash Management Class	$ 58,550	N/A	AA+	Standard and Poor's
MAX Class	10,106,220	N/A	AA+	Standard and Poor's
	$ 10,164,770			

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

As of June 30, 2025, the net asset value of the School District's investment in MILAF + Portfolio was $10,164,770. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustee's may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of $1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

Interest rate risk - The School District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Credit risk - State statutes authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District has no investment policy that would further limit its investment choices.

Concentration of credit risk - The School District has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, $12,393,113 of the School District's bank balance of $12,835,694 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end,

none of the School District's investments were exposed to custodial credit risk.

Note 4 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	$ 178,416	$ -	$ -	$ 178,416
Construction-in-progress	57,166,200	14,763,439	54,632,060	17,297,579
Total capital assets not being depreciated	57,344,616	14,763,439	54,632,060	17,475,995
Capital assets being depreciated				
Buildings and improvements	65,204,121	56,153,986	-	121,358,107
Equipment and furniture	9,980,075	108,027	-	10,088,102
Buses and other vehicles	4,058,134	314,645	925,307	3,447,472
Right to use asset - equipment	1,263,204	-	12,553	1,250,651
Right to use asset - buses and other vehicles	67,713	-	-	67,713
Total capital assets being depreciated	80,573,247	56,576,658	937,860	136,212,045
Less accumulated depreciation for				
Buildings and improvements	31,792,037	1,420,659	-	33,212,696
Equipment and furniture	6,812,888	490,470	-	7,303,358
Buses and other vehicles	2,416,592	262,355	925,307	1,753,640
Right to use asset - equipment	907,227	301,962	12,553	1,196,636
Right to use asset - buses and other vehicles	18,870	22,571	-	41,441
Total accumulated depreciation	41,947,614	2,498,017	937,860	43,507,771
Net capital assets being depreciated	38,625,633	54,078,641	-	92,704,274
Net capital assets	$ 95,970,249	$ 68,842,080	$ 54,632,060	$ 110,180,269

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

Governmental activities	
Instruction	$ 1,298,969
Supporting services	1,049,167
Food services	99,921
Community services	49,960
Total governmental activities	$ 2,498,017

Construction Contracts

At year end, the School District had several uncompleted construction contracts in the capital projects fund. The remaining commitment on these construction contracts was approximately $2.4 million.

Note 6 - Interfund Receivables, Payables, and Transfers

There were no outstanding interfund receivables or payables for the fiscal year ended June 30, 2025.

Interfund transfers consist of the following:

	Transfers Out		
	General Fund	Nonmajor Governmental Funds	Total
Transfers in			
General Fund	$ -	$ 130,000	$ 130,000
Nonmajor Governmental Funds	45,000	-	45,000
	$ 45,000	$ 130,000	$ 175,000

Interfund transfers were made during the year, between the General Fund and the DCER Fund to cover operating shortfalls. Transfers from the Food Service Fund to the General Fund were used to reimburse for indirect costs.

Note 7 - Unearned Revenue

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

Grant and categorical aid payments received prior to meeting all eligibility requirements	$ 1,739,849
Deposits for student meals	28,926
Total	$ 1,768,775

Note 8 - Leases

Lease Liability

During the 2020 fiscal year, the School District entered into a 5 year lease agreement as lessee for the use of copiers. An initial lease liability was recorded in the amount of $1,263,204 during the 2022 fiscal year. As of June 30, 2025, the value of the lease liability was $55,304. The School District is required to make annual principal and interest payments of $336,453. The lease has an implied interest rate of 5%. The value of the right-to-use asset as of the end of the current fiscal year was $1,250,651 and had accumulated amortization of $1,196,636.

During the 2024 fiscal year, the School District entered into a 3 year lease agreement as lessee for the use of a bus. An initial lease liability was recorded in the amount of $67,713 during the 2024 fiscal year. As of June 30, 2025, the value of the lease liability was $25,533. The School District is required to make annual principal and interest payments of $24,252. The lease has an implied interest rate of 5%. The value of the right-to-use asset as of the end of the current fiscal year was $67,713 and had accumulated amortization of $41,441.

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

Year ending June 30,	Principal	Interest
2026	$ 78,683	$ 1,044
2027	2,154	8
Total	$ 80,837	$ 1,052

Note 9 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term obligations include compensated absences and lease liabilities.

Long-term obligation activity is summarized as follows:

	Beginning Balance, As Restated	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds payable					
General obligation bonds	$ 65,010,000	$ -	$ 2,690,000	$ 62,320,000	$ 2,800,000
Premium on bonds	9,301,764	-	198,970	9,102,794	-
Total bonds payable	74,311,764	-	2,888,970	71,422,794	2,800,000
Other liabilities					
Leases	427,697	-	346,860	80,837	78,683
Compensated absences	1,733,333	74,946	-	1,808,279	898,247
Total other liabilities	2,161,030	74,946	346,860	1,889,116	976,930
Total	$ 76,472,794	$ 74,946	$ 3,235,830	$ 73,311,910	$ 3,776,930

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

2013 Serial Bond due in annual installments of $1,525,000 to $1,575,000 through May 2028, interest at 3.00% to 3.13%	$ 4,650,000
2020 Building & Site Bond due in annual installments of $500,000 to $3,340,000 through May 2044, interest at 3.00%	42,740,000
2022 Building & Site Bond due in annual installments of $775,000 to $790,000 through May 2044, interest at 4.00% to 5.00%	14,930,000
Total general obligation bonded debt	$ 62,320,000

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

	Bonds	
Year Ending June 30,	Principal	Interest
2026	$ 2,800,000	$ 2,531,256
2027	2,825,000	2,434,506
2028	2,905,000	2,435,070
2029	2,660,000	2,246,400
2030	2,735,000	2,140,000
2031 - 2035	14,975,000	8,967,900
2036 - 2040	17,435,000	5,608,900
2041 - 2044	15,985,000	1,698,400
Total	$ 62,320,000	$ 28,062,432

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of $1,845,651 to pay this debt. Future debt and interest will be payable from future tax levies.

Compensated Absences
The compensated absences liability of $1,808,279 at year end, has been calculated based on anticipated amounts of leave time that will either be used or paid out upon termination. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year. Compensated absences additions and deductions are reported net.

Note 10 - Risk Management

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

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the Employment Commission for all benefits charged against the School District. The School District had no unemployment compensation expense for the year. No provision has been made for possible future claims.

Note 11 - Pension Plan

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

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

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

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

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

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

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

The schedule below summarizes pension contribution rates in effect for plan year ended September 30, 2024.

Pension Contribution Rates

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	23.03%
Member Investment Plan	3.0 - 7.0%	23.03%
Pension Plus	3.0 - 6.4%	19.17%
Pension Plus 2	6.2%	20.10%
Defined Contribution	0.0%	13.90%

Required contributions to the pension plan from the School District were $13,558,942 for the year ending September 30, 2024.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2025, the School District reported a liability of $79,397,741 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, the School District's proportion was .0.3243 percent, which was an increase of .0039 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized pension expense of $6,531,439 for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total pension contribution expense of $13,175,439.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ 2,154,117	$ (862,667)	$ 1,291,450
Changes of assumptions	8,277,685	(5,817,343)	2,460,342
Net difference between projected and actual earnings on pension plan investments	-	(15,152,455)	(15,152,455)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	1,002,590	(914,507)	88,083
Total to be recognized in future	11,434,392	(22,746,972)	(11,312,580)
School District contributions subsequent to the measurement date	11,988,155	(3,528,417)	8,459,738
Total	$ 23,422,547	$ (26,275,389)	$ (2,852,842)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. The District will offset the contribution expense in the year ended June 30, 2026 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2025	$ (2,471,550)
2026	455,255
2027	(5,469,720)
2028	(3,826,565)
	$ (11,312,580)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2023
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
  - MIP and Basic Plans: 6.00% net of investment expenses
  - Pension Plus Plan: 6.00% net of investment expenses
  - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%

- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
  - Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
  - Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

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

Recognition period for liabilities is the average of the expected remaining service lives of all employees is 4.4612 years.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets
The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.3%
Private Equity Pools	16.0	9.0%
International Equity	15.0	6.5%
Fixed Income Pools	13.0	2.2%
Real Estate and Infrastructure Pools	10.0	7.1%
Absolute Return Pools	9.0	5.2%
Real Return/Opportunistic Pools	10.0	6.9%
Short Term Investment Pools	2.0	1.4%
	100.0%	

**Long-term rates of return are net of administrative expenses and 2.3% inflation.*

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

Discount Rate
A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.00% for

the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

1% Decrease	Current Single Discount Rate Assumption	1% Increase
5.00%	6.00%	7.00%
$ 116,397,942	$ 79,397,741	$ 48,587,955

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

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

Note 12 - Postemployment Benefits Other Than Pensions (OPEB)

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

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

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

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

Benefits Provided
Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions.

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

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

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

Contributions

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2023 valuation will be amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for plan year 2024.

OPEB Contribution Rates

Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.31%
Personal Healthcare Fund (PHF)	0.0%	7.06%

Required contributions to the OPEB plan from the School District were $2,696,730 for the year ended September 30, 2024.

OPEB Liabilities or Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2025, the School District reported an asset of $13,965,002 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The School District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2024, the School District's proportion was .3244 percent, which was a decrease of .0004 percent from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized OPEB expense of ($5,114,977) for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total OPEB contribution expense of $720,852.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	$ -	$ (14,798,638)	$ (14,798,638)
Changes of assumptions	3,050,157	(350,590)	2,699,567
Net difference between projected and actual earnings on OPEB plan investments	-	(2,643,735)	(2,643,735)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	546,287	(497,824)	48,463
Total to be recognized in future	3,596,444	(18,290,787)	(14,694,343)
School District contributions subsequent to the measurement date	267,984	-	267,984
Total	$ 3,864,428	$ (18,290,787)	$ (14,426,359)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition to the OPEB asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2025	$ (4,768,569)
2026	(2,857,243)
2027	(2,893,780)
2028	(2,543,758)
2029	(1,369,082)
Thereafter	(261,911)
	$ (14,694,343)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2023
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.25% Year 1 graded to 3.5% Year 15; Post-65: 6.50% Year 1 graded to 3.5% Year 15
- Mortality:
    - Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
    - Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other Assumptions:

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

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

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years is 6.2834.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets
The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of
Domestic Equity Pools	25.0 %	5.3%
Private Equity Pools	16.0	9.0%
International Equity	15.0	6.5%
Fixed Income Pools	13.0	2.0%
Real Estate and Infrastructure Pools	10.0	7.1%
Absolute Return Pools	9.0	5.2%
Real Return/Opportunistic Pools	10.0	6.9%
Short Term Investment Pools	2.0	1.4%
	100.0%	

**Long-term rates of return are net of administrative expenses and 2.3% inflation.*

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

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

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

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
$ (10,792,269)	$ (13,965,002)	$ (16,708,166)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability or Asset to Healthcare Cost Trend Rate

The following presents the School District's proportionate share of the net OPEB liability or asset calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB liability or asset would be if it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$ (16,708,195)	$ (13,965,002)	$ (11,022,943)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2024 MPSERS Annual Comprehensive Financial Report, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

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

Note 13 - Tax Abatements

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by the City of Davison, Davison Township, and Richfield Township. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities.

For the fiscal year ended June 30, 2025, the School District's property tax revenues were reduced by $60,843 under this program.

There are no significant abatements made by the School District.

Note 14 - Change in Accounting Principle, Changes Within Financial Reporting Entity

During the year ended June 30, 2025, a fund that was previously reported as major in the prior year is presented as nonmajor in the current year. Additionally, GASB 101, *Compensated Absences*, was required to be adopted by the School District. As a result, the following restatement and presentation change was necessary to be made in the financial statements:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances		
	Funds		District-Wide
	2020 Building & Site Bond, Series I	Nonmajor Governmental Funds	Governmental Activities
June 30, 2024, as previously reported	$ 623,155	$ 7,171,482	$ (35,709,914)
Change in accounting principle (GASB 101)	-	-	(1,339,401)
Change from major to nonmajor fund	(623,155)	623,155	-
July 1, 2024, as adjusted or restated	$ -	$ 7,794,637	$ (37,049,315)

REQUIRED SUPPLEMENTARY INFORMATION

Davison Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Budget
Revenues				
Local sources	$ 6,252,601	$ 6,252,098	$ 6,325,164	$ 73,066
State sources	66,016,536	66,259,629	65,947,987	(311,642)
Federal sources	2,357,848	3,244,539	3,353,862	109,323
Interdistrict sources	846,377	1,037,545	1,183,806	146,261
Total revenues	75,473,362	76,793,811	76,810,819	17,008
Expenditures				
Instruction				
Basic programs	34,904,857	33,612,408	33,852,799	240,391
Added needs	10,579,965	9,712,418	9,584,534	(127,884)
Supporting services				
Pupil	6,121,999	6,288,500	6,040,338	(248,162)
Instructional staff	4,239,982	5,156,136	4,964,981	(191,155)
General administration	723,589	726,076	732,952	6,876
School administration	4,895,518	4,846,246	4,824,465	(21,781)
Business	928,625	882,885	887,932	5,047
Operations and maintenance	7,220,668	7,681,222	7,912,851	231,629
Pupil transportation services	3,717,005	3,511,028	3,447,388	(63,640)
Central	2,071,331	3,058,757	3,008,444	(50,313)
Athletic activities	1,323,845	1,509,299	1,473,116	(36,183)
Other	94,795	92,320	92,215	(105)
Community services	683,458	678,996	740,172	61,176
Capital outlay	392,673	1,274,696	1,213,097	(61,599)
Debt service				
Principal	431,952	431,952	346,860	(85,092)
Interest and fiscal charges	1,420	1,420	28,893	27,473
Total expenditures	78,331,682	79,464,359	79,151,037	(313,322)
Deficiency of revenues over expenditures	(2,858,320)	(2,670,548)	(2,340,218)	330,330

Davison Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Budget
Other Financing Sources (Uses)				
Insurance recoveries	-	111,063	111,063	-
Transfers in	130,000	130,000	130,000	-
Transfers out	(164,797)	(45,000)	(45,000)	-
Total other financing sources (uses)	(34,797)	196,063	196,063	-
Net change in fund balance	(2,893,117)	(2,474,485)	(2,144,155)	330,330
Fund balance - beginning	19,215,621	19,215,621	19,215,621	-
Fund balance - ending	$ 16,322,504	$ 16,741,136	$ 17,071,466	$ 330,330

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

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of the net pension liability (%)	0.3243%	0.3205%	0.3231%	0.3237%	0.3203%	0.3235%	0.3301%	0.3320%	0.3208%	0.3014%
B. School District's proportionate share of the net pension liability	$ 79,397,741	$103,718,733	$121,501,764	$ 76,631,825	$110,029,399	$107,123,441	$ 99,233,292	$ 86,030,799	$ 80,028,532	$ 73,619,158
C. School District's covered payroll	$ 33,886,052	$ 32,189,471	$ 30,500,906	$ 29,410,783	$ 28,225,369	$ 27,914,647	$ 27,891,830	$ 27,882,562	$ 26,494,402	$ 26,513,627
D. School District's proportionate share of the net pension liability as a percentage of its covered payroll	234.31%	322.21%	398.35%	260.56%	389.82%	383.75%	355.78%	308.55%	302.06%	277.67%
E. Plan fiduciary net position as a percentage of total pension liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2024.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

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

	For the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	$ 13,175,439	$ 12,677,885	$ 10,911,821	$ 10,923,773	$ 9,551,352	$ 8,826,595	$ 8,689,348	$ 8,406,440	$ 7,202,970	$ 5,814,565
B. Contributions in relation to statutorily required contributions	13,175,439	12,677,885	10,911,821	10,923,773	9,551,352	8,826,595	8,689,348	8,406,440	7,202,970	5,814,565
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
D. School District's covered payroll	$ 35,857,003	$ 33,399,544	$ 32,020,109	$ 30,110,911	$ 28,387,148	$ 28,540,025	$ 28,043,830	$ 27,806,516	$ 27,677,187	$ 25,184,365
E. Contributions as a percentage of covered payroll	36.74%	37.96%	34.08%	36.28%	33.65%	30.93%	30.98%	30.23%	26.02%	23.09%

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

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of the net OPEB liability (asset) (%)	0.3244%	0.3248%	0.3166%	0.3277%	0.3196%	0.3201%	0.3280%	0.3320%		
B. School District's proportionate share of the net OPEB liability (asset)	$ (13,965,002)	$ (1,837,528)	$ 6,704,782	$ 5,001,353	$ 17,123,575	$ 22,975,197	$ 26,072,075	$ 29,382,651		
C. School District's covered payroll	$ 33,886,052	$ 32,189,471	$ 30,500,906	$ 29,410,783	$ 28,225,369	$ 27,914,647	$ 27,891,830	$ 27,882,582		
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-41.21%	-5.71%	21.98%	17.01%	60.67%	82.31%	93.48%	105.38%		
E. Plan fiduciary net position as a percentage of total OPEB liability (asset)	143.08%	105.04%	83.09%	87.33%	59.44%	36.39%	42.95%	36.39%		

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2024.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

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

	For the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	$ 720,852	$ 2,657,607	$ 2,277,118	$ 2,401,998	$ 2,350,357	$ 2,278,015	$ 2,144,400	$ 1,844,453		
B. Contributions in relation to statutorily required contributions	720,852	2,657,607	2,277,118	2,401,998	2,350,357	2,278,015	2,144,400	1,844,453		
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
D. School Districts' covered payroll	$ 35,857,003	$ 33,399,544	$ 32,020,109	$ 30,110,911	$ 28,387,148	$ 28,540,025	$ 28,043,830	$ 27,806,516		
E. Contributions as a percentage of covered payroll	2.01%	7.96%	7.11%	7.98%	8.28%	7.98%	7.65%	6.63%		

OTHER SUPPLEMENTARY INFORMATION

Davison Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2025

	Special Revenue Funds				Capital Projects Funds		Total
	DCER	Food Service	Student Activity	Debt Service Funds	Sinking Fund	2020 Building & Site Bond, Series I	Nonmajor Governmental Funds
Assets							
Cash	$ 112,074	$ 1,629,758	$ 699,666	$ 1,845,651	$ 3,317,224	$ -	$ 7,604,373
Accounts receivable	18,917	56,455	31,019	-	-	-	106,391
Due from other governmental units	-	201,836	-	-	-	-	201,836
Inventory	-	52,100	-	-	-	-	52,100
Prepaid items	-	120,000	-	-	-	-	120,000
Total assets	$ 130,991	$ 2,060,149	$ 730,685	$ 1,845,651	$ 3,317,224	$ -	$ 8,084,700
Liabilities							
Accounts payable	$ 11,966	$ 62,678	$ 24,503	$ -	$ 201,220	$ -	$ 300,367
Unearned revenue	-	28,926	-	-	-	-	28,926
Total liabilities	11,966	91,604	24,503	-	201,220	-	329,293
Fund Balances							
Non-spendable							
Inventory	-	52,100	-	-	-	-	52,100
Prepaid items	-	120,000	-	-	-	-	120,000
Restricted for							
Food service	-	1,796,445	-	-	-	-	1,796,445
Debt service	-	-	-	1,845,651	-	-	1,845,651
Capital projects	-	-	-	-	3,116,004	-	3,116,004
Committed	119,025	-	706,182	-	-	-	825,207
Total fund balances	119,025	1,968,545	706,182	1,845,651	3,116,004	-	7,755,407
Total liabilities and fund balances	$ 130,991	$ 2,060,149	$ 730,685	$ 1,845,651	$ 3,317,224	$ -	$ 8,084,700

Davison Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	Special Revenue Funds			Debt Service Funds	Capital Projects Funds		Total Nonmajor Governmental Funds
	DCER	Food Service	Student Activity		Sinking Fund	Formerly Major Fund 2020 Building & Site Bond, Series I	
Revenues							
Local sources	$ 469,029	$ 213,496	$ 1,105,638	$ 5,649,911	$ 1,537,486	$ 6,033	$ 8,981,593
State sources	-	1,117,509	-	9,857	2,605	-	1,129,971
Federal sources	-	2,789,483	-	-	-	-	2,789,483
Total revenues	469,029	4,120,488	1,105,638	5,659,768	1,540,091	6,033	12,901,047
Expenditures							
Current							
Education							
Supporting services	-	-	1,111,885	-	-	-	1,111,885
Food services	-	3,699,163	-	-	-	-	3,699,163
Community services	622,349	-	-	-	-	-	622,349
Facilities acquisition	-	-	-	-	134,798	-	134,798
Capital outlay	-	-	-	-	1,341,656	629,188	1,970,844
Debt service							
Principal	-	-	-	2,690,000	-	-	2,690,000
Interest and other expenditures	-	-	-	2,625,876	362	-	2,626,238
Total expenditures	622,349	3,699,163	1,111,885	5,315,876	1,476,816	629,188	12,855,277
Excess (deficiency) of revenues over expenditures	(153,320)	421,325	(6,247)	343,892	63,275	(623,155)	45,770

Davison Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	Special Revenue Funds			Debt Service Funds	Capital Projects Funds		Total Nonmajor Governmental Funds
	DCER	Food Service	Student Activity		Sinking Fund	Formerly Major Fund 2020 Building & Site Bond, Series I	
Other Financing Sources (Uses)							
Transfers in	45,000	-	-	-	-	-	45,000
Transfers out	-	(130,000)	-	-	-	-	(130,000)
Total other financing sources (uses)	45,000	(130,000)	-	-	-	-	(85,000)
Net change in fund balances	(108,320)	291,325	(6,247)	343,892	63,275	(623,155)	(39,230)
Fund balances - beginning, as previously presented	227,345	1,677,220	712,429	1,501,759	3,052,729	-	7,171,482
Change within financial reporting entity (major to nonmajor fund)	-	-	-	-	-	623,155	623,155
Fund balances - beginning of year, as adjusted	227,345	1,677,220	712,429	1,501,759	3,052,729	623,155	7,794,637
Fund balances - ending	$ 119,025	$ 1,968,545	$ 706,182	$ 1,845,651	$ 3,116,004	$ -	$ 7,755,407

Davison Community Schools
Other Supplementary Information
Budgetary Comparison Schedule - 2022 School Building and Site Bond, Series II
For the Year Ended June 30, 2025

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Budget
Revenues				
Local sources	$ 720,000	$ 398,388	$ 398,181	$ (207)
Expenditures				
Capital outlay	5,702,091	15,650,462	14,586,242	(1,064,220)
Deficiency of revenues over expenditures	(4,982,091)	(15,252,074)	(14,188,061)	1,064,013
Other Financing Sources				
Transfers in	-	300	-	(300)
Net change in fund balances	(4,982,091)	(15,251,774)	(14,188,061)	1,063,713
Fund balance - beginning	15,618,959	15,618,959	15,618,959	-
Fund balance - ending	$ 10,636,868	$ 367,185	$ 1,430,898	$ 1,063,713

Davison Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2025

Year Ending June 30,	2013 Central Bond	2020 Building and Site Bond, Series I	2022 Building and Site Bond, Series II	Total
2026	$ 1,525,000	$ 500,000	$ 775,000	$ 2,800,000
2027	1,550,000	500,000	775,000	2,825,000
2028	1,575,000	550,000	780,000	2,905,000
2029	-	1,880,000	780,000	2,660,000
2030	-	1,955,000	780,000	2,735,000
2031	-	2,035,000	780,000	2,815,000
2032	-	2,120,000	780,000	2,900,000
2033	-	2,205,000	790,000	2,995,000
2034	-	2,295,000	790,000	3,085,000
2035	-	2,390,000	790,000	3,180,000
2036	-	2,485,000	790,000	3,275,000
2037	-	2,585,000	790,000	3,375,000
2038	-	2,695,000	790,000	3,485,000
2039	-	2,805,000	790,000	3,595,000
2040	-	2,915,000	790,000	3,705,000
2041	-	3,035,000	790,000	3,825,000
2042	-	3,160,000	790,000	3,950,000
2043	-	3,290,000	790,000	4,080,000
2044	-	3,340,000	790,000	4,130,000
Total	$ 4,650,000	$ 42,740,000	$ 14,930,000	$ 62,320,000
Principal payments due the first day of	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	
Interest rate	3.00% - 3.13%	3.00%	4.00% - 5.00%	
Original issue	$ 11,835,000	$ 46,050,000	$ 16,450,000	