



RIVER VALLEY SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2025



St. Joseph, MI

**RIVER VALLEY SCHOOL DISTRICT  
THREE OAKS, MICHIGAN  
June 30, 2025**

**BOARD OF EDUCATION**

<u>Elected Member</u>	<u>Office</u>	<u>Term Expires</u>
Phillip Bender	President	December 31, 2026
Nicole Springer	Vice President	December 31, 2028
Gail Freehling	Secretary	December 31, 2026
Vickie Wagner	Treasurer	December 31, 2026
Jennifer Alderink	Trustee	December 31, 2030
Jennifer Strefling	Trustee	December 31, 2030
Thomas Rosenbluth	Trustee	December 31, 2028

**SUPERINTENDENT**

Dave Campbell

**RIVER VALLEY SCHOOL DISTRICT  
THREE OAKS, MICHIGAN  
June 30, 2025**

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## **Independent Auditor's Report**

To the Board of Education of  
River Valley School District  
Three Oaks, 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 River Valley School District ("the District"), as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprises the District's basic financial statements as listed in the table of contents.

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

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As discussed in Note 15 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of 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 the District's 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.

## Independent Auditor's Report, Continued

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

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

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

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

## Independent Auditor's Report, Concluded

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2025 on our consideration of the District's 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 the District's 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 the District's internal control over financial reporting and compliance.

Respectfully submitted,



Certified Public Accountants

St. Joseph, Michigan  
September 18, 2025

River Valley School District (the "District"), a K-12 School District located in Berrien County, Michigan follows the provisions of Governmental Accounting Standards Board ("GASB") Statement 34 with the enclosed financial statements. The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be discussion and analysis of the financial results for the fiscal year ended June 30, 2025 of the management of the District.

Generally accepted accounting principles in the United States of America ("GAAP") and GASB 34 requires the reporting of two types of financial statements: Government-Wide Financial Statements and Fund Financial Statements.

### **Fund Financial Statements**

The fund level financial statements are reported on a modified accrual basis. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including Permanent Funds, Capital Projects Fund, School Service Fund, Debt Service Fund, and the Student Activity Fund.

In the fund financial statements, capital assets purchased by cash are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

### **Government-Wide Financial Statements**

The Government-wide financial statements are full accrual basis statements. They report all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short and long term, regardless if they are "currently available" or not. For example, assets that are restricted for use in the Debt Funds solely for the payment of long term principal or interest are grouped with unrestricted assets of the General Fund. Capital assets and long-term obligations of the District are reported in the Statement of Net Position of the Government-wide financial statements.

**Summary of Net Position**

The District has a net position as of June 30<sup>th</sup>, and is summarized in the table below:

	<u>2025</u>	<u>2024*</u>
<b>Assets</b>	<u>\$ 30,775,567</u>	<u>\$ 25,870,663</u>
<b>Deferred Outflows of Resources</b>	<u>\$ 2,639,132</u>	<u>\$ 5,132,965</u>
<b>Liabilities</b>	<u>\$ 17,979,804</u>	<u>\$ 22,082,735</u>
<b>Deferred Inflows of Resources</b>	<u>\$ 7,100,622</u>	<u>\$ 5,153,256</u>
<b>Net Position</b>		
Net investment in capital assets	\$ 11,756,995	\$ 11,602,312
Restricted	3,786,565	2,190,975
Unrestricted	<u>(7,209,287)</u>	<u>(10,025,650)</u>
Total Net Position	<u>\$ 8,334,273</u>	<u>\$ 3,767,637</u>

\*The 2024 numbers have not been updated for the adoption of GASB Statement No. 101.

**Analysis of Financial Position**

During fiscal year ended June 30, 2025, the District’s net position increased by \$5,594,527. A few of the significant factors affecting net position during the year are discussed below:

**A. Fund Operations**

The District’s General Fund’s revenue exceeded expenditures by \$4,038,955 for the current fiscal year. The Facility Improvement Fund’s expenditures exceed revenue by \$160,972 for the current fiscal year. The 2021 Sinking Fund’s revenue exceed expenditures by \$798,662 for the current fiscal year.

**B. Investment in Capital Assets**

The District's net change in capital assets was an decrease of \$482,317. The net activity for the year is summarized in the following table:

	Beginning Balance	Additions	Disposals and Adjustments	Ending Balance
Capital Assets	\$ 27,000,501	\$ 602,271	\$ (1,963,272)	\$ 25,639,500
Less: accumulated depreciation	9,642,189	878,501	(1,757,185)	8,763,505
Net investment capital assets	<u>\$ 17,358,312</u>	<u>\$ (276,230)</u>	<u>\$ (206,087)</u>	<u>\$ 16,875,995</u>

This year, the District added \$602,271 in capital assets; additions are primarily made up of buses/vehicles, and building improvements. Second, the District reclassified construction in progress of \$3,488,708 to building and building improvement. During the current year, the District sold two elementary school buildings (Three Oaks and Chikaming) which resulted in a disposal of \$1,381,739 in assets and a loss on sale of asset of \$206,087. The District does not own any infrastructure assets.

**C. Debt Activities**

In prior years, the District approved a general bond obligation of \$2,000,000 which was used to enhance and re-equip existing school facilities and a general bond obligation of \$6,300,000 to renovate school buildings. The activity for the year is summarized as follows:

	Beginning Balance (restated)	Additions	Reductions	Ending Balance
2012 School Building Bond	\$ 402,000	\$ -	\$ (134,000)	\$ 268,000
2022 School Building & Site Bond	4,970,000	-	(455,000)	4,515,000
Compensated absences	1,027,891	17,368	-	1,045,259
Bond premium	384,000	-	(48,000)	336,000
Total	<u>\$ 6,783,891</u>	<u>\$ 17,368</u>	<u>\$ (637,000)</u>	<u>\$ 6,164,259</u>

**Results of Operations**

The District-wide results of operations for the fiscal years ended June 30th is summarized in the table below:

	2025	2024*
<b>Revenues</b>		
General Revenues		
Property taxes levied for general operations	\$ 10,942,309	\$ 10,133,168
Property taxes levied for capital projects	775,665	722,213
Other general revenues	547,632	461,768
Loss on sale of capital assets	(206,087)	-
Total general revenues	<u>\$ 12,059,519</u>	<u>\$ 11,317,149</u>
Charges for Services		
Food service	\$ 22,138	\$ 54,263
Student activity	103,543	98,449
Other charges for services	18,594	14,100
Total charges for services	<u>\$ 144,275</u>	<u>\$ 166,812</u>
Operating Grants/Contributions		
Federal	\$ 652,985	\$ 659,921
State of Michigan	2,536,772	2,394,287
Other contributions	1,027,024	236,076
Total operating grants	<u>\$ 4,216,781</u>	<u>\$ 3,290,284</u>
Capital Grants/Contributions		
Federal interest subsidy	<u>\$ 15,655</u>	<u>\$ 20,774</u>
Total capital grants/contributions	<u>\$ 15,655</u>	<u>\$ 20,774</u>
Total revenues	<u>\$ 16,436,230</u>	<u>\$ 14,795,019</u>
<b>Expenses</b>		
Instruction	\$ 3,778,070	\$ 12,860,129
Pupil services	497,299	544,790
Support services	4,639,448	4,098,359
Food service	297,164	332,632
Student activities	93,526	96,811
Athletics	466,463	358,673
Community services	10,129	-
Interest on long-term debt	181,103	213,390
Depreciation (unallocated)	878,501	935,154
Total expenses	<u>\$ 10,841,703</u>	<u>\$ 19,439,938</u>
<b>Change in Net Position</b>	<u>\$ 5,594,527</u>	<u>\$ (4,644,919)</u>

\*The 2024 numbers have not been updated for the adoption of GASB 101.

**State of Michigan Unrestricted Aid (Net State Foundation Grant)**

The State of Michigan unrestricted aid is determined by the following variables:

1. State of Michigan State Aid Act per student foundation allowance,
2. Student Enrollment - Blended at 90 percent of current year fall count and 10 percent of prior year winter count, and
3. The District's non-homestead levy.

**Per Student Foundation Allowance**

Annually, the State of Michigan sets the per student foundation allowance. The District's net foundation allowance was \$9,608 per student for 2024-2025. The District is out of formula with the State of Michigan and receives an amount higher than the allocated foundation allowance.

**Student Enrollment**

The District's student enrollment for the fall count of 2024-2025 was 470 students. The District's enrollment decreased from the prior year count by 24 students. The following summarizes fall student enrollments in the past five years:

<u>Fiscal Year</u>	<u>Student FTE</u>	<u>FTE Change from Prior Year</u>
2024 - 2025	470	(24)
2023 - 2024	494	4
2022 - 2023	490	(30)
2021 - 2022	520	(28)
2020 - 2021	548	(3)

Subsequent to year ended June 30, 2025, preliminary student enrollments for 2025-2026 indicate that enrollments will primarily remain unchanged from 2024-2025.

**Property Taxes Levied for General Operations (General Fund Non-Homestead Taxes)**

The District levies approximately 18 mills of property taxes for operations (General Fund) on Non-Homestead properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at the rate of the prior year's CPI increase or 5 percent, whichever is less. At the time of sale, a property's taxable valuation is readjusted to the State Equalized Value, which is, theoretically, 50 percent of the market value.

The District's non-homestead property levy for the 2024-2025 fiscal year was \$10,942,309. The non-homestead tax levy has increased by 7.99% over the prior year.

**Property Taxes Levied for General Operations (General Fund Non-Homestead Taxes),  
Concluded**

The increase in the District’s non-homestead levy over the past five years is due to the make-up of the housing market, and that an increasing number of homes are becoming second homes. This is primarily due to the amount of lakefront property located within the District.

The following summarizes the District's non-homestead levy over the past five years:

<u>Fiscal Year</u>	<u>Non-Homestead Tax Levy</u>	<u>% Change from Prior Year</u>
2024 - 2025	\$ 10,942,309	7.99%
2023 - 2024	10,133,168	8.28%
2022 - 2023	9,358,264	8.20%
2021 - 2022	8,648,910	5.41%
2020 - 2021	8,205,082	2.26%

**Debt Fund Levy**

The District had no debt fund levy during the current fiscal year. The future payments for the 2012 School Building Bond and 2022 School Building and Site Bonds will be paid by the General Fund.

**Food Sales to Students & Adults (School Lunch Program)**

Compared to the prior school year, the District's food and milk sales to students and adults decreased from \$54,263 to \$22,138 due to students receiving free school lunch that meet the income threshold.

The total expenditures from Food Service operations exceeded total revenues including transfers for the year by \$27,308.

**General Fund Expenditures Budget vs. Actual Five Year History**

	Expenditures			Variance	Variance
	Preliminary	Expenditures	Expenditures	Audit vs. Prelim	Audit vs. Final
	<u>Budget</u>	<u>Final Budget</u>	<u>Final Audit</u>	<u>Budget</u>	<u>Budget</u>
2024 - 2025	\$ 13,463,169	\$ 15,259,691	\$ 15,147,704	12.51%	-0.73%
2023 - 2024	12,314,526	13,118,711	12,642,323	2.66%	-3.63%
2022 - 2023	11,891,748	14,170,859	13,576,470	14.17%	-4.19%
2021 - 2022	10,159,646	11,021,067	10,785,389	6.16%	-2.14%
2020 - 2021	9,791,239	10,007,075	9,735,837	-0.57%	-2.71%
				<u>6.56%</u>	<u>-3.89%</u>
				<u>Five Year Average Over (Under) Budget</u>	

**General Fund Revenues Budget vs. Actual Five Year History**

	Revenues Preliminary Budget	Revenues Final Budget	Revenues Final Audit	Variance: Audit vs. Prelim. Budget	Variance: Audit vs. Final Budget
2024 - 2025	\$ 13,074,536	\$ 15,127,124	\$ 15,211,818	16.35%	0.56%
2023 - 2024	12,089,509	13,352,045	13,435,389	11.13%	0.62%
2022 - 2023	11,140,657	13,784,444	14,001,829	25.68%	1.58%
2021 - 2022	9,966,451	10,605,094	10,685,434	7.21%	0.76%
2020 - 2021	9,635,739	10,185,441	10,310,417	7.00%	1.23%
Five Year Average: Over Budget				15.32%	0.91%

**Original vs. Final Budget**

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year.

As a matter of practice, the District amends its budget during the school year.

Change from Original Budget

General Fund Revenues

Total Revenues Original Budget	\$ 13,074,536	100.00%
Total Revenues Final Amended Budget	15,127,124	115.70%
	<u>\$ 2,052,588</u>	<u>15.70%</u>

The District's original budget of general fund revenues differed from the final budget by \$1,262,536, a variance of approximately 10.44% from final budget. This was primarily due to more federal funding received than originally expected, additional State revenue, and receiving interdistrict sources.

Change from Original Budget

General Fund Expenditures

Total Expenditures and Operating Transfers Original Budget	\$ 13,463,169	100.00%
Total Expenditures and Operating Transfers Final Amended Budget	15,259,691	113.34%
	<u>\$ (1,796,522)</u>	<u>(13.34%)</u>

The final expenditures budget increased due to changes in expectations from what was originally budgeted, primarily for minor changes in other expenditure functions.

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

The River Valley School District remains steadfast in its commitment to continuous improvement, operational excellence, and fiscal responsibility. Over the past academic year, the district has undertaken several strategic initiatives aligned with our long-term goals and the priorities outlined in our Strategic Plan.

*Operational Efficiency and Innovation*

In support of our extracurricular and athletic programs, the District acquired a robotic field liner capable of autonomously marking football, baseball, softball, and band practice fields. This investment not only improves the precision and consistency of field preparation but also reduces labor demands and operational costs.

*Curriculum Development*

The District continued its focus on academic excellence by implementing updates to the curriculum. These revisions reflect current educational standards and best practices, ensuring that our instructional programs remain relevant, rigorous, and responsive to the evolving needs of our students.

*Facility Improvements*

Planning for summer capital projects was a key priority. These projects included completing the roofing of the remaining sections of the school and replacing aging doors and thresholds. These upgrades contribute to the longevity, safety, and accessibility of our facilities.

*Security Enhancements*

To further ensure the safety and well-being of our students and staff, the district upgraded its camera systems across all facilities. This modernization enhances our ability to monitor campus activity and respond proactively to potential concerns, reinforcing our dedication to a secure learning environment.

*Strategic Plan Implementation*

All initiatives undertaken this year were guided by the District's Strategic Plan, which remains a cornerstone of our decision-making process. The plan continues to inform our goals in academic achievement, resource management, and community engagement.

*Financial Stewardship*

Throughout these advancements, the district has maintained a strong financial position. Through prudent fiscal management and strategic planning, River Valley School District has consistently demonstrated financial stability, enabling us to invest in meaningful improvements without compromising long-term sustainability.

**Contacting the District's Financial Management**

The financial report is designed to provide our citizens and taxpayers with a general overview of the District's finances. If you have questions about this report or need additional information, please contact the Business Office at the District at 15480 Three Oaks Rd, Three Oaks, MI 49128.

**RIVER VALLEY SCHOOL DISTRICT**STATEMENT OF NET POSITION  
JUNE 30, 2025

	<u>Governmental Activities</u>	
<b>Assets</b>		
Cash and cash equivalents	\$	4,840,414
Investments		6,661,161
Accounts receivable		60,725
Inventories		7,028
Due from other governmental units		510,588
Capital assets - not being depreciated		204,187
Capital assets - being depreciated		16,671,808
Net OPEB asset		1,819,656
<b>Total Assets</b>	<b>\$</b>	<b>30,775,567</b>
<b>Deferred Outflows of Resources</b>		
Related to pensions	\$	2,202,459
Related to OPEB		436,673
<b>Total Deferred Outflows of Resources</b>	<b>\$</b>	<b>2,639,132</b>
<b>Liabilities</b>		
Accounts payable	\$	109,350
Salaries and benefits payable		933,777
Accrued interest		20,648
Unearned revenue		5,577
Noncurrent liabilities:		
Compensated absences, due within one year		104,526
Compensated absences, due in more than one year		940,733
Bonds payable, due within one year		657,000
Bonds payable, due in more than one year		4,462,000
Net pension liability		10,746,193
<b>Total Liabilities</b>	<b>\$</b>	<b>17,979,804</b>
<b>Deferred Inflows of Resources</b>		
Related to pensions	\$	4,070,948
Related to state aid funding for pension		469,865
Related to OPEB		2,559,809
<b>Total Deferred Inflows of Resources</b>	<b>\$</b>	<b>7,100,622</b>
<b>Net Position</b>		
Net investment in capital assets	\$	11,756,995
Restricted for:		
Debt service		159,129
Sinking funds		1,807,780
Net OPEB asset		1,819,656
Unrestricted		(7,209,287)
<b>Total Net Position</b>	<b>\$</b>	<b>8,334,273</b>

*The Notes to Financial Statements are an integral part of this statement.*

# RIVER VALLEY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Net (Expense) Revenue and Changes in
Primary government -					
Governmental activities:					
Instruction	\$ 3,778,070	\$ -	\$ 3,834,496	\$ -	56,426
Pupil services	497,299	-	-	-	(497,299)
Support services	4,639,448	-	-	-	(4,639,448)
Food services	297,164	22,138	382,285	-	107,259
Student activities	93,526	103,543	-	-	10,017
Athletics	466,463	18,594	-	-	(447,869)
Community services	10,129	-	-	-	(10,129)
Interest on long-term debt	181,103	-	-	15,655	(165,448)
Depreciation (unallocated)	878,501	-	-	-	(878,501)
	<u>\$ 10,841,703</u>	<u>\$ 144,275</u>	<u>\$ 4,216,781</u>	<u>\$ 15,655</u>	<u>\$ (6,464,992)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					\$ 10,942,309
Property taxes, levied for capital projects					775,665
Interest and investment earnings					122,423
Other					425,209
Loss on sale of capital assets					<u>(206,087)</u>
Total general revenues					<u>\$ 12,059,519</u>
<b>Change in Net Position</b>					<b>\$ 5,594,527</b>
<b>Net Position - beginning of year (as previously stated)</b>					<b>3,767,637</b>
<b>Adjustment to beginning net position</b>					<b>(1,027,891)</b>
<b>Net Position - beginning of year (as restated)</b>					<u><b>2,739,746</b></u>
<b>Net Position - end of year</b>					<u><b>\$ 8,334,273</b></u>

*The Notes to Financial Statements are an integral part of this statement.*

# RIVER VALLEY SCHOOL DISTRICT

## GOVERNMENTAL FUNDS BALANCE SHEET JUNE 30, 2025

	General Fund	Facility Improvement Fund	Scholarship Fund	2021 Sinking Fund	Non-Major Governmental Funds	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 1,505,197	\$ 354,581	\$ 806,342	\$ 1,807,780	\$ 366,514	\$ 4,840,414
Investments	3,635,002	3,026,159	-	-	-	6,661,161
Accounts receivable	60,725	-	-	-	-	60,725
Due from other governmental units	489,940	-	-	-	-	489,940
Due from other governmental funds	-	-	-	-	52,124	52,124
Inventories	-	-	-	-	7,028	7,028
Total Assets	<u>\$ 5,690,864</u>	<u>\$ 3,380,740</u>	<u>\$ 806,342</u>	<u>\$ 1,807,780</u>	<u>\$ 425,666</u>	<u>\$ 12,111,392</u>
<b>Liabilities</b>						
Accounts payable	\$ 106,479	\$ -	\$ -	\$ -	\$ 2,871	\$ 109,350
Salaries and benefits payable	920,175	-	-	-	13,602	933,777
Due to other governmental funds	52,124	-	-	-	-	52,124
Unearned revenue	5,577	-	-	-	-	5,577
Total Liabilities	<u>\$ 1,084,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,473</u>	<u>\$ 1,100,828</u>
<b>Fund Balances</b>						
Non-spendable:						
Used for inventories	\$ -	\$ -	\$ -	\$ -	\$ 7,028	\$ 7,028
Corpus of permanent fund	-	-	591,098	-	-	591,098
Restricted:						
Scholarships	-	-	215,244	-	-	215,244
Food service	-	-	-	-	150,346	150,346
Debt service	-	-	-	-	159,129	159,129
Sinking funds	-	-	-	1,807,780	-	1,807,780
Committed:						
Facility improvements	-	3,380,740	-	-	-	3,380,740
Student activities	-	-	-	-	92,690	92,690
Assigned:						
2025/2026 budget deficit	272,504	-	-	-	-	272,504
Technology	51,566	-	-	-	-	51,566
Curriculum	176,039	-	-	-	-	176,039
Unassigned	4,106,400	-	-	-	-	4,106,400
Total Fund Balances	<u>\$ 4,606,509</u>	<u>\$ 3,380,740</u>	<u>\$ 806,342</u>	<u>\$ 1,807,780</u>	<u>\$ 409,193</u>	<u>\$ 11,010,564</u>
Total Liabilities and Fund Balances	<u>\$ 5,690,864</u>	<u>\$ 3,380,740</u>	<u>\$ 806,342</u>	<u>\$ 1,807,780</u>	<u>\$ 425,666</u>	<u>\$ 12,111,392</u>

*The Notes to Financial Statements are an integral part of this statement.*

**RIVER VALLEY SCHOOL DISTRICT****RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO STATEMENT OF NET POSITION  
JUNE 30, 2025**

**Total Fund Balances - Governmental Funds** \$ 11,010,564

Amounts reported for governmental activities in the Statement of Net Position are different because:

Deferred outflows of resources related to:

Pensions	2,202,459
OPEB	436,673

Accrual of federal receivable for interest payments related to the 2012

School Building Bonds	20,648
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Amounts reported for governmental activities in the Statement of Net Position are different because, capital assets used in governmental activities are not financial resources and are not reported in the funds:

Cost of the capital assets	25,639,500
Accumulated depreciation	(8,763,505)

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

Bonds payable	(4,783,000)
Bond premium	(336,000)
Compensated absences	(1,045,259)

Net pension liability	(10,746,193)
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Net OPEB asset	1,819,656
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Deferred inflows of resources related to differences between expected and actual

Pensions	(4,070,948)
State aid funding for pensions	(469,865)
OPEB	(2,559,809)

Accrued interest is not included as a liability in the funds

(20,648)

**Total Net Position - Governmental Activities**

\$ 8,334,273

*The Notes to Financial Statements are an integral part of this statement.*

# RIVER VALLEY SCHOOL DISTRICT

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

	General Fund	Facility Improvement Fund	Scholarship Fund	2021 Sinking Fund	Non-Major Governmental Funds	Total
<b>Revenues</b>						
Property taxes	\$ 10,942,309	\$ -	\$ -	\$ 775,665	\$ -	\$ 11,717,974
Local sources	416,419	8,790	-	-	125,681	550,890
State sources	2,485,435	-	-	-	51,337	2,536,772
Federal sources	306,382	-	-	-	346,603	652,985
Athletic sources	18,594	-	-	-	-	18,594
Interdistrict sources	1,042,679	-	-	-	-	1,042,679
Earnings on investments	-	-	98,972	22,997	454	122,423
Total Revenues	<u>\$ 15,211,818</u>	<u>\$ 8,790</u>	<u>\$ 98,972</u>	<u>\$ 798,662</u>	<u>\$ 524,075</u>	<u>\$ 16,642,317</u>
<b>Expenditures</b>						
Instruction	\$ 5,384,369	\$ -	\$ -	\$ -	\$ -	\$ 5,384,369
Pupil services	531,518	-	-	-	-	531,518
Supporting services	4,692,782	-	17,067	-	-	4,709,849
Food service	-	-	-	-	434,651	434,651
Student activities	-	-	-	-	93,526	93,526
Athletics	554,065	-	-	-	-	554,065
Community services	10,129	-	-	-	-	10,129
Capital outlay	-	169,762	-	-	-	169,762
Debt service						
Principal	-	-	-	-	589,000	589,000
Interest	-	-	-	-	231,813	231,813
Total Expenditures	<u>\$ 11,172,863</u>	<u>\$ 169,762</u>	<u>\$ 17,067</u>	<u>\$ -</u>	<u>\$ 1,348,990</u>	<u>\$ 12,708,682</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>						
<b>Expenditures</b>	<u>\$ 4,038,955</u>	<u>\$ (160,972)</u>	<u>\$ 81,905</u>	<u>\$ 798,662</u>	<u>\$ (824,915)</u>	<u>\$ 3,933,635</u>
<b>Other Financing Sources (Uses)</b>						
Operating transfers in	\$ -	\$ 3,023,000	\$ -	\$ -	\$ 951,841	\$ 3,974,841
Operating transfers out	(3,974,841)	-	-	-	-	(3,974,841)
Total Other Financing Sources (Uses)	<u>\$ (3,974,841)</u>	<u>\$ 3,023,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 951,841</u>	<u>\$ -</u>
<b>Net Change in Fund Balances</b>						
<b>Fund Balances - Beginning of year</b>	<u>\$ 64,114</u>	<u>\$ 2,862,028</u>	<u>\$ 81,905</u>	<u>\$ 798,662</u>	<u>\$ 126,926</u>	<u>\$ 3,933,635</u>
<b>Fund Balances - End of year</b>	<u>\$ 4,542,395</u>	<u>\$ 518,712</u>	<u>\$ 724,437</u>	<u>\$ 1,009,118</u>	<u>\$ 282,267</u>	<u>\$ 7,076,929</u>
<b>Fund Balances - End of year</b>	<u>\$ 4,606,509</u>	<u>\$ 3,380,740</u>	<u>\$ 806,342</u>	<u>\$ 1,807,780</u>	<u>\$ 409,193</u>	<u>\$ 11,010,564</u>

*The Notes to Financial Statements are an integral part of this statement.*

# RIVER VALLEY SCHOOL DISTRICT

## RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2025

**Net Change in Fund Balances - Total Governmental Funds** \$ 3,933,635

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balance, these costs are allocated over their estimated useful lives as depreciation in the Statement of Activities

Depreciation expense	(878,501)
Capital outlay	602,271
Loss on sale of fixed assets	(206,087)
Change in benefit expense related to pension (including state aid funding for pension)	777,958
Change in benefit expense related to OPEB	742,909
Change in accrued interest	5,524
Change in accrued compensation	(17,368)
Repayment of bond principal is an expenditure in the governmental funds, but not in the Statement of Activities (where it reduces long-term debt)	589,000
Unavailable federal revenue for interest payments related to 2012 School Building Bond	(2,814)
Bond premium amortization	48,000
<b>Change in Net Position of Governmental Activities</b>	<u><u>\$ 5,594,527</u></u>

*The Notes to Financial Statements are an integral part of this statement.*

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Reporting Entity**

River Valley School District (the “District”) is governed by an elected seven-member Board of Education (the “Board”). The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (“GASB”) 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 District’s reporting entity, and which organizations are legally separate, component units of the District. Based on the application of the criteria, the District contains no component units.

**Government-wide and Fund Financial Statements**

The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the District’s activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

**Fund Based Statements** - The governmental funds financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recorded when they become measurable and available. “Available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The 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 severance pay, are recorded only when payment is due.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property taxes, unrestricted state aid, 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.

**The District reports the following major governmental funds:**

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

The **Facility Improvement Fund** is used to account for financial resources that are committed for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The **Scholarship Fund** is a permanent fund used to account for the District's non-expendable scholarship where only the earnings are used to issue scholarships.

The **2021 Sinking Fund** is used to account for financial resources that are restricted for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The fund has complied with the applicable provisions of Section 1212 of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2023-1.

**The District reports the following nonmajor Governmental Funds:**

**Special Revenue Funds** are used to account for specific revenue sources that are restricted or committed expenditures for specific purposes other than debt service or capital projects. The nonmajor special revenue funds maintained by the District are the Food Service Fund and Student Activity Fund.

**Debt Service Funds** are used to account for and report financial resources that are restricted for principal and interest. The nonmajor debt service funds maintained by the District are the 2012 Debt Service Fund and 2022 Debt Service Fund.

**Basis of Accounting** - Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

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

**Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles and Michigan State law ("State") for the General Fund and major special revenue funds. All annual appropriations lapse at fiscal year-end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e. the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the District to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of State Law. State law permits districts to amend its budgets during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year-end; the commitments will be re-appropriated and honored during the subsequent year

**Cash and Cash Equivalents** – The District's cash and cash equivalents are considered to be cash on hand, certificate of deposits, demand deposits and short-term investments with a maturity of three months or less from the date of acquisition.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Investments** - Investments are compiled with Michigan Compiled Laws, the District is authorized to invest in the following investments vehicles:

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers' acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

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

**Inventories** - 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.

**Prepaid Items** - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets** - Capital assets, which include land, buildings, equipment, and vehicles are reported in the applicable governmental column in the district-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extended asset life are not capitalized. The District does not have infrastructure type assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and additions	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-20 years
Land Improvements	10-20 years

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

**Deferred Outflows of Resources** - In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. These deferred outflows relate to the pension and other post-employment (“OPEB”) plans. These amounts are expensed in the plan year in which they apply.

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases/Software-Based Information Technology Arrangements** - As of June 30, 2025, the District had no right-of-use assets. The District recognizes right-of-use assets with an initial value of \$25,000 or more.

**Revenue and Expenditures/Expenses:**

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

**Property Taxes** - Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. For the year ended June 30, 2025, the District levied the following mills: General Fund 18.000 mills and sinking fund .7276 mills.

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

**Long-Term Obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities 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. Bond issuance costs are reported as expenditures in the year of issuance. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

**Fund Equity** - The District follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The following are the District's fund balance break-outs:

**Non-Spendable** - This includes those amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

**Restricted** - This includes amounts that can be spent only for specific purposes stipulated by what the external resources provide (for example grant providers, constitutionally, or through enabling legislation.) These restrictions may be changed or lifted only with the consent of resource providers.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)****Fund Equity (Concluded)**

**Committed** - This includes amounts that can be used only for specific purposes determined by a formal action of the government's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.

**Assigned** - This includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed.

**Unassigned** - This represents the residual classification for the fund balance that has not met any of the previous classifications.

**Net Position Flow Assumption** - Sometimes the District will fund outlays for particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts of net position to report as restricted and unrestricted in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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

**Fund Deficit** - Under State Law, school districts are required to maintain positive fund balance in each fund. As of the year ended, the District had no fund balances that were in deficit.

**NOTE 2. DEPOSITS AND INVESTMENTS**

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

**Custodial Credit Risk - Deposits** - In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2025, \$3,423,230 of the District's bank balance of \$3,132,724 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$4,840,414.

**NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Custodial Credit Risk - Investments** - For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

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

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
MILAF External Investment pool - CMC	\$ 5,685	N/A
MILAF External Investment pool - MAX	79,583	N/A
Michigan CLASS Investment pool - Prime-style	<u>6,575,893</u>	0.0810
Total fair value	<u>\$ 6,661,161</u>	
Portfolio weighted average maturity		<u>0.0810</u>

One day maturity equals 0.0810, one year equals 1.00.

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
MILAF External Investment pool - CMC	\$ 5,685	AAAm	Standard & Poor's
MILAF External Investment pool - MAX	79,583	AAAm	Standard & Poor's
Michigan CLASS Investment pool - Prime-style	<u>6,575,893</u>	AAAm	Standard & Poor's
Total	<u>\$ 6,661,161</u>		

**NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)**

**Foreign Currency Risk** - The District is not authorized to invest in investments which have this type of risk.

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

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District’s own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

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

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

	Amortized Cost
MILAF External Investment Pool - CMC	\$ 5,685
MILAF External Investment Pool - MAX	79,583
	\$ 85,268

**Investments in Entities that Calculate Net Asset Value per Share** - The District holds shares or interests in the Michigan CLASS investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

**NOTE 2. DEPOSITS AND INVESTMENTS (CONCLUDED)**

The Michigan CLASS investment pool invest in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated “A1” or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

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

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

At the year ended June 30, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequently, if eligible	Redemption Notice Period
MILAF External Investment pool - CMC	\$ 5,685	\$ -	No restrictions	None
MILAF External Investment pool - MAX	79,583	-	No restrictions	None
Michigan CLASS Investment pool - Prime-style	6,575,893	-		
Total	\$ 6,661,161	\$ -		

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

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

	Primary
	Government
Cash and cash equivalents	\$ 4,840,414
Investments	6,661,161
	11,501,575

# RIVER VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

## NOTE 3. CAPITAL ASSETS

Capital asset activity of the District's governmental activities at June 30, 2025, as follows:

	Beginning Balance	Additions	Disposals and Adjustments	Ending Balance
Assets not being depreciated				
Construction in progress	\$ 3,488,708	\$ 169,762	\$ (3,488,708)	\$ 169,762
Land	38,766	-	(4,341)	34,425
Subtotal	\$ 3,527,474	\$ 169,762	\$ (3,493,049)	\$ 204,187
Capital assets being depreciated				
Building and building improvements	\$ 19,576,223	\$ -	\$ 2,106,969	\$ 21,683,192
Land improvements	783,439	-	(273,644)	509,795
Buses and other vehicles	1,514,283	127,494	-	1,641,777
Furniture and equipment	1,599,082	305,015	(303,548)	1,600,549
Subtotal	\$ 23,473,027	\$ 432,509	\$ 1,529,777	\$ 25,435,313
Accumulated depreciation				
Building and building improvements	\$ 6,664,698	\$ 648,585	\$ (1,381,739)	\$ 5,931,544
Land improvements	534,711	6,588	(109,941)	431,358
Buses and other vehicles	1,120,754	108,592	-	1,229,346
Furniture and equipment	1,322,026	114,736	(265,505)	1,171,257
Subtotal	\$ 9,642,189	\$ 878,501	\$ (1,757,185)	\$ 8,763,505
Net capital assets being depreciated	\$ 13,830,838	\$ (445,992)	\$ 3,286,962	\$ 16,671,808
Net capital assets	\$ 17,358,312			\$ 16,875,995

Depreciation expense of \$878,501 was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical.

## NOTE 4. INTERFUND ACTIVITY

During the year, the following transfers were made between funds:

Transfer In:	Transfer Out:	Amount
Food Service Fund	General Fund	\$ 2,920
2012 Debt Retirement Fund	General Fund	134,000
2022 Debt Retirement Fund	General Fund	814,921
Facility Improvement Fund	General Fund	3,023,000
	Total	<u>\$3,974,841</u>

Transfer from General Fund to the Food Service Fund for food service operations received from the State.

Transfer from the General Fund to the 2012 Debt Service Fund for payment of the bond principal and a portion of interest payment as well.

**RIVER VALLEY SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2025

**NOTE 4. INTERFUND ACTIVITY (CONCLUDED)**

Transfer from the General Fund to the 2022 Debt Service Fund for payment of the bond principal and a portion of interest payment as well.

Transfer from the General Fund to the Facility Improvement Fund to pay for capital improvements.

During the year, the following receivable and payables between funds were as follows:

Receivable fund	Payable fund	Amount
Food Service Fund	General Fund	<u>\$ 52,124</u>

The amount due from General Fund to Food Service Fund is to cover food expenditures.

**NOTE 5. LONG-TERM DEBT**

The District issues bonds 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 District. Long-term obligation activity can be summarized as follows:

Governmental Activities	Beginning Balance (restated)	Additions	Reductions	Ending Balance	Due Within One Year
<i>General Obligation Bonds</i>					
2012 School Building	\$ 402,000	\$ -	\$ (134,000)	\$ 268,000	\$ 134,000
2022 School Building	4,970,000	-	(455,000)	4,515,000	475,000
Bond premium	384,000	-	(48,000)	336,000	48,000
Total bonds payable	<u>\$ 5,756,000</u>	<u>\$ -</u>	<u>\$ (637,000)</u>	<u>\$ 5,119,000</u>	<u>\$ 657,000</u>
<i>Direct borrowings and Direct placements</i>					
Compensated absences*	\$ 1,027,891	\$ 17,368	\$ -	\$ 1,045,259	\$ 104,526
Total governmental activities long-term debt	<u>\$ 6,783,891</u>	<u>\$ 17,368</u>	<u>\$ (637,000)</u>	<u>\$ 6,164,259</u>	<u>\$ 761,526</u>

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

Annual debt service requirements to maturity for the above Governmental bonds are as follows:

<i>Governmental Activities - General Obligation Bonds</i>			
	Principal	Interest	Total
2026	\$ 609,000	\$ 236,765	\$ 845,765
2027	639,000	207,507	846,507
2028	660,000	176,750	836,750
2029	680,000	143,750	823,750
2030	700,000	109,750	809,750
2031-2032	1,495,000	113,000	1,608,000
Bond premium	336,000	-	336,000
	<u>\$ 5,119,000</u>	<u>\$ 987,522</u>	<u>\$ 6,106,522</u>

**NOTE 5. LONG-TERM DEBT (CONCLUDED)**

Interest expense of \$181,103 was not charged to activities as the District considers its debt and related assets to impact multiple activities and allocation was not practical.

**Governmental Activities:**

*General Obligation Bonds*

\$2,000,000 2012 School Building Bonds - Limited Tax; payable in annual installments of \$133,000 to \$134,000 beginning 5/1/13 through 5/1/2027; interest at 4.11%.	\$ 268,000
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\$6,300,000 2022 School Building and Site Bonds - Limited Tax; payable in annual installments of \$510,000 to \$770,000 beginning 5/1/23 through 5/1/32; interest at 5%	4,515,000
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Bond premium	<u>336,000</u>
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Total General Obligation Bonds	<u>\$ 5,119,000</u>
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*Direct Borrowing and Direct Placement*

Compensated absences	<u>\$ 1,045,259</u>
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Total long-term debt	<u><u>\$ 6,164,259</u></u>
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**NOTE 6. RISK MANAGEMENT**

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees. The District has purchased commercial insurance for health claims and participates in the SET/SEG (risk pool) for claims relating to workers' compensation and property/casualty claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool is a program in which the District participates and operates as a common risk-sharing management program for school districts in Michigan. Member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

**NOTE 7. CONTINGENT LIABILITIES**

**Grants** – In the normal course of operations, the District receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to insure compliance with conditions precedent to the granting funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

**NOTE 8. MICHIGAN PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM**

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

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

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

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

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

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

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

**NOTE 8. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**

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

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

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

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

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

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

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

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

**NOTE 8. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**

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

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

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

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

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

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

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

**NOTE 8. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**

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

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

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

**Regular Retirement (no reduction factor for age) - Eligibility** - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (“MIP”) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through their 60<sup>th</sup> birthday and has credited service in each of the last 5 years. For Pension Plus Plan (“PPP”) members, age 60 with 10 years of credited service.

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

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

**NOTE 8. MICHIGAN PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM (CONTINUED)**

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

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

Pension and OPEB contributions made in the fiscal year ending September 30, 2024 were determined as of the September 30, 2021 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2021 are amortized over an 16-year period beginning October 1, 2023 and ending September 30, 2038.

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

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

The District’s pension contributions for the year ended June 30, 2025 were equal to the required contribution total. Total pension contributions were approximately \$1,402,000. Of the total pension contributions approximately \$1,318,000 was contributed to fund the Defined Benefit Plan and approximately \$84,000 was contributed to fund the Defined Contribution Plan.

Total OPEB contributions were approximately \$55,000. Of the total OPEB contributions approximately \$16,000 was contributed to fund the Defined Benefit Plan and approximately \$39,000 was contributed to fund the Defined Contribution Plan.

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

**NOTE 8. MICHIGAN PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM (CONTINUED)**

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

The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2023 and rolled-forward using generally accepted actuarial procedures. The District’s proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPSERS (Plan) Non-university employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total pension liability (non-univ. employers)	\$ 95,765,499,515	\$ 94,947,828,557
Plan fiduciary net position (non-univ. employers)	71,283,482,728	62,581,762,238
Net pension liability (non-univ. employers)	24,482,016,787	32,366,066,319
Proportionate share	0.04389%	0.04681%
Net pension liability for the District	10,746,193	15,151,688

For the year ended June 30, 2025, the District recognized pension benefit of \$274,272.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 291,552	\$ 116,759
Changes of assumptions	1,120,354	787,356
Net difference between projected and actual earnings on plan investments	-	2,050,829
Changes in proportion and differences between District contributions and proportionate share of contributions	2,970	1,116,004
District contributions subsequent to the measurement date*	787,583	-
<b>Total</b>	<u>\$ 2,202,459</u>	<u>\$ 4,070,948</u>

\$787,583, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

**NOTE 8. MICHIGAN PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM (CONTINUED)**

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

Year Ending	Amount:
2025	\$ (745,091)
2026	(275,825)
2027	(1,007,434)
2028	(627,722)
	<u>\$ (2,656,072)</u>

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

The net OPEB liability (asset) was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability(asset) was determined by an actuarial valuation date of September 30, 2023 and rolled-forward using generally accepted actuarial procedures. The District’s proportion of the net OPEB liability(asset) was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPSERS (Plan) Non-university employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total other postemployment		
benefits liability (asset) for the District	\$ 9,991,545,923	\$ 11,223,648,949
Plan fiduciary net position	14,295,943,589	11,789,347,341
Net other post employment benefits liability (asset)	(4,304,397,666)	(565,698,392)
Proportionate share	0.04227%	0.04651%
Net other postemployment		
benefits liability (asset) for the District	(1,819,656)	(263,085)

**NOTE 8. MICHIGAN PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM (CONTINUED)**

For the year ended June 30, 2025, the District recognized OPEB benefit of \$971,341.

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 1,928,280
Changes of assumptions	397,439	45,682
Net difference between projected and actual earnings on OPEB plan investments	-	344,482
Changes in proportion and differences between District contributions and proportionate share of contributions	23,547	241,365
District contributions subsequent to the measurement date*	15,687	-
<b>Total</b>	<b>\$ 436,673</b>	<b>\$ 2,559,809</b>

\*15,687, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability(asset) in the subsequent fiscal year.

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

Year Ending	Amount:
2025	\$ (670,784)
2026	(441,758)
2027	(419,496)
2028	(364,041)
2029	(203,321)
Thereafter	(39,423)
	<b>\$ (2,138,823)</b>

**Actuarial Assumptions**

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

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

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

**NOTE 8. MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (CONTINUED)**

**Inflation** - 3.0%.

**Mortality Assumptions:**

*Retirees:* PubT-2010 Male and Female Healthy Annuitant 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 Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale from 2010.

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

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

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

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

**Healthcare Cost Trend Rate for Other Postemployment Benefit** - Pre 65, 7.25% for year one and graded to 3.5% in year fifteen. Post 65, 6.50% for year one and graded to 3.5% in year fifteen.

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

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

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

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

**NOTE 8. MICHIGAN PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM (CONTINUED)**

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

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

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

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

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

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

**NOTE 8. MICHIGAN PUBLIC SCHOOL EMPLOYEES’ RETIREMENT SYSTEM (CONCLUDED)**

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

1% Decrease	Current Single Discount Rate Assumption	1% Increase
\$ 15,754,034	\$ 10,746,193	\$ 6,576,201

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

1% Decrease	Current Discount Rate	1% Increase
\$ (1,406,245)	\$ (1,819,656)	\$ (2,177,094)

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ (2,177,097)	\$ (1,819,656)	\$ (1,436,302)

**Pension and OPEB Plan Fiduciary Net Position** - Detailed information about the pension and OPEB’s fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2024 Annual Comprehensive Financial Report.

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

**NOTE 9. OTHER BENEFITS**

In addition to the pension benefits described previously, the District also provides 403(b) tax deferred annuity plans. All employees are eligible to participate in the plans and are fully vested immediately for all contributions.

The District is also able to offer a tax deferred “buy-in” program for years of service for all eligible employees in the state-provided pension plan. The percentage rate for the employee’s contribution was calculated based on the previous year’s salary and age.

**NOTE 10. RELATED PARTY TRANSACTIONS**

During the year, the District has monies on deposit with Honor Credit Union. A member of the business office is a member of the credit union’s Board. As of June 30, 2025, the District has approximately \$132,000 in multiple accounts with Honor Credit Union. All transactions were conducted at arms-length.

**NOTE 11. TAX ABATEMENTS**

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by Berrien County. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities. For the year ended June 30, 2025, the District’s property tax revenues were reduced by approximately \$5,000 under these programs.

**NOTE 12. CALCULATION OF NET INVESTMENT IN CAPITAL ASSETS**

As of June 30, 2025, the calculation of the District’s net investment in capital assets in the Statement of Net Position consists of:

Capital assets - nondepreciable	\$ 204,187
Capital assets - depreciable, net	16,671,808
Less: long-term debt related to capital assets	<u>(5,119,000)</u>
Net investment in capital assets	<u><u>\$ 11,756,995</u></u>

**NOTE 13. UNEARNED REVENUE**

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

<u>Description of Unearned Revenue</u>	<u>Amount</u>
147g MPSERS EMP Healthcare	<u>\$ 5,577</u>
Total Unearned Revenue	<u><u>\$ 5,577</u></u>

**NOTE 14. UPCOMING PRONOUNCEMENTS**

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

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

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

**NOTE 14. UPCOMING PRONOUNCEMENTS (CONCLUDED)**

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

**NOTE 15. CHANGE IN ACCOUNTING PRINCIPLE**

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

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

The change in governmental net position as a result of the implementation of the accounting principal was a decrease in the amount of \$1,027,891, to a restated beginning governmental net position of \$2,739,746.

**NOTE 16. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through September 19, 2025, the date the financial statements were available to be issued. No events or transactions occurred during this period which requires recognition or disclosure in the financial statements.

**REQUIRED SUPPLEMENTARY  
INFORMATION**

# RIVER VALLEY SCHOOL DISTRICT

## REQUIRED SUPPLEMENTARY SCHEDULE BUDGETARY COMPARISON SCHEDULE – GENERAL FUND YEAR ENDED JUNE 30, 2025

	Original Budget	Final Budget	Actual	Variance (Negative) Positive
<b>Revenues</b>				
Property taxes	\$10,904,822	\$10,934,831	\$ 10,942,309	\$ 7,478
Local sources	27,500	387,784	416,419	28,635
State sources	1,873,827	2,452,343	2,485,435	33,092
Federal sources	260,887	313,547	306,382	(7,165)
Athletic sources	7,500	18,594	18,594	-
Interdistrict sources	-	1,020,025	1,042,679	22,654
Total Revenues	<u>\$ 13,074,536</u>	<u>\$15,127,124</u>	<u>\$ 15,211,818</u>	<u>\$ 84,694</u>
<b>Expenditures</b>				
Instruction				
Elementary	\$ 2,534,340	\$ 2,011,772	\$ 2,005,451	\$ 6,321
High school	2,406,103	2,284,490	2,279,506	4,984
Preschool	193,298	172,623	171,187	1,436
Summer school	-	1,800	1,270	530
Special education	625,619	548,916	549,341	(425)
Compensatory education	323,188	249,578	238,661	10,917
Technical education	131,686	134,907	138,953	(4,046)
Pupil Services	679,515	532,729	531,518	1,211
Supporting services				
Improvement of instruction	294,359	260,399	259,374	1,025
Media services/audiovisual	62,263	41,436	42,922	(1,486)
Homeless	3,001	6,717	6,139	578
Board of Education	123,967	183,036	187,045	(4,009)
Executive	441,767	333,913	329,901	4,012
Principal	734,156	638,351	638,148	203
Business	256,781	320,164	319,085	1,079
Operations	1,497,108	1,394,500	1,375,482	19,018
Pupil transportation	1,306,429	943,811	879,762	64,049
Personnel services	25,336	31,996	26,661	5,335
Information management services	528,957	618,859	621,733	(2,874)
Pupil accounting	6,658	6,378	6,530	(152)
Athletics	473,056	559,312	554,065	5,247
Community services	6,250	12,083	10,129	1,954
Total Expenditures	<u>\$ 12,653,837</u>	<u>\$ 11,287,770</u>	<u>\$ 11,172,863</u>	<u>\$ 114,907</u>
<b>Excess of Revenues over Expenditures</b>	<u>\$ 420,699</u>	<u>\$ 3,839,354</u>	<u>\$ 4,038,955</u>	<u>\$ 199,601</u>
<b>Other Financing Uses</b>				
Operating transfers out	<u>\$ (809,332)</u>	<u>\$ (3,971,921)</u>	<u>\$ (3,974,841)</u>	<u>\$ (2,920)</u>
<b>Net Change in Fund Balances</b>	<u>\$ (388,633)</u>	<u>\$ (132,567)</u>	<u>\$ 64,114</u>	<u>\$ 284,295</u>
<b>Fund Balances - Beginning of year</b>	<u>4,542,395</u>	<u>4,542,395</u>	<u>4,542,395</u>	
<b>Fund Balances - End of year</b>	<u>\$ 4,153,762</u>	<u>\$ 4,409,828</u>	<u>\$ 4,606,509</u>	

*The Notes to Required Supplementary Information are an integral part of this statement.*

**RIVER VALLEY SCHOOL DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
 MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
 AMOUNTS WERE DETERMINED AS OF THE PLAN YEAR ENDED SEPTEMBER 30TH

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of net pension liability	0.04389%	0.04681%	0.04829%	0.04978%	0.05003%	0.04921%	0.04866%	0.04802%	0.04708%	0.04639%
District's proportionate share of net pension liability	\$ 10,746,193	\$ 15,151,688	\$ 18,161,939	\$ 11,784,735	\$ 17,185,722	\$ 16,296,946	\$ 14,629,385	\$ 12,444,034	\$ 11,745,953	\$ 11,329,644
District's covered-employee payroll	\$ 4,497,667	\$ 4,684,447	\$ 4,657,019	\$ 4,554,298	\$ 4,587,175	\$ 4,394,987	\$ 4,218,721	\$ 4,069,254	\$ 4,024,463	\$ 3,950,053
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	238.93%	323.45%	389.99%	258.76%	374.65%	370.81%	346.77%	305.81%	291.86%	286.82%
Plan fiduciary net position as a percentage of total pension liability	74.44%	65.91%	60.77%	72.60%	59.49%	60.08%	62.12%	63.96%	63.01%	62.92%

*The Notes to Required Supplementary Information are an integral part of this statement.*

**RIVER VALLEY SCHOOL DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS  
 MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
 AMOUNTS WERE DETERMINED AS OF THE YEAR ENDED JUNE 30TH

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contributions	\$ 1,835,153	\$ 1,876,656	\$ 2,070,524	\$ 1,528,517	\$ 1,408,203	\$ 1,324,767	\$ 1,325,141	\$ 1,254,227	\$ 1,057,195	\$ 1,074,217
Contributions in relation to statutorily required contributions	<u>1,835,153</u>	<u>1,876,656</u>	<u>2,070,524</u>	<u>1,528,517</u>	<u>1,408,203</u>	<u>1,324,767</u>	<u>1,325,141</u>	<u>1,254,227</u>	<u>1,057,195</u>	<u>1,074,217</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,781,790	\$ 4,492,087	\$ 4,697,303	\$ 4,604,644	\$ 4,522,025	\$ 4,644,593	\$ 4,364,198	\$ 4,173,906	\$ 4,067,242	\$ 4,005,495
Contributions as a percentage of covered-employee payroll	38.38%	41.78%	44.08%	33.20%	31.14%	28.52%	30.36%	30.05%	25.99%	26.82%

*The Notes to Required Supplementary Information are an integral part of this statement.*

**RIVER VALLEY SCHOOL DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
AMOUNTS WERE DETERMINED AS OF THE PLAN YEAR ENDED SEPTEMBER 30TH

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of net OPEB liability (asset)	0.04227%	0.04650%	0.04755%	0.05005%	0.05152%	0.05015%	0.04954%	0.04822%
District's proportionate share of net OPEB liability (asset)	\$ (1,819,656)	\$ (263,085)	\$ 1,007,191	\$ 763,914	\$ 2,760,138	\$ 3,599,342	\$ 3,938,044	\$ 4,269,764
District's covered-employee payroll	\$ 4,497,667	\$ 4,684,447	\$ 4,657,109	\$ 4,554,298	\$ 4,587,175	\$ 4,394,987	\$ 4,218,721	\$ 4,269,764
District's proportionate share of net OPEB liability (asset) as a percentage of its covered-employee payroll	-40.46%	-5.62%	21.63%	16.77%	60.17%	81.90%	93.35%	104.93%
Plan fiduciary net position as a percentage of total OPEB liability (asset)	143.08%	105.04%	83.09%	87.33%	59.76%	48.67%	43.10%	36.53%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

*The Notes to Required Supplementary Information are an integral part of this statement.*

**RIVER VALLEY SCHOOL DISTRICT**

REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
AMOUNTS WERE DETERMINED AS OF THE YEAR ENDED JUNE 30TH

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions	\$ 351,387	\$ 342,502	\$ 306,804	\$ 295,224	\$ 313,371	\$ 321,340	\$ 321,573	\$ 299,343
Contributions in relation to statutorily required contributions	351,387	342,502	306,804	295,224	313,371	321,340	321,573	299,343
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 4,781,790	\$ 4,492,087	\$ 4,697,303	\$ 4,604,644	\$ 4,522,025	\$ 4,644,593	\$ 4,364,198	\$ 4,173,906
Contributions as a percentage of covered-employee payroll	7.35%	7.62%	6.53%	6.41%	6.93%	6.92%	7.37%	7.17%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District presents information for those years for which information is available.

*The Notes to Required Supplementary Information are an integral part of this statement.*

**NOTE 1 - PENSION INFORMATION**

Benefit changes - there were no changes of benefit terms for each of the reported plan years ended September 30.

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

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

**NOTE 2 - OPEB INFORMATION**

Benefit changes - there were no changes of benefit terms for each of the reported plan years ended September 30.

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

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

*The Notes to Required Supplementary Information are an integral part of this statement.*

**NOTE 2 - OPEB INFORMATION (Concluded)**

- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

**NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Excess of Expenditures Over Appropriations in Budgeted Funds — See previous Budgetary Comparison Schedule for budget variances as they apply to the District.

**OTHER SUPPLEMENTARY  
INFORMATION**

**RIVER VALLEY SCHOOL DISTRICT**

COMBINING BALANCE SHEET –  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2025

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		<u>Total Non-Major Governmental Funds</u>
	<u>Food Service Fund</u>	<u>Student Activity Fund</u>	<u>2012 Debt Service Fund</u>	<u>2022 Debt Service Fund</u>	
<b>Assets</b>					
Cash and cash equivalents	\$ 114,695	\$ 92,690	\$ 13,341	\$ 145,788	\$ 366,514
Due from other governmental funds	52,124	-	-	-	52,124
Inventories	7,028	-	-	-	7,028
Total Assets	<u>\$ 173,847</u>	<u>\$ 92,690</u>	<u>\$ 13,341</u>	<u>\$ 145,788</u>	<u>\$ 425,666</u>
<b>Liabilities</b>					
Accounts payable	\$ 2,871	\$ -	\$ -	\$ -	\$ 2,871
Salaries and benefits payable	13,602	-	-	-	13,602
Total Liabilities	<u>\$ 16,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,473</u>
<b>Fund Balances</b>					
Non-spendable:					
Used for inventories	\$ 7,028	\$ -	\$ -	\$ -	\$ 7,028
Restricted:					
Food service	150,346	-	-	-	150,346
Debt service	-	-	13,341	145,788	159,129
Committed:					
Student activities	-	92,690	-	-	92,690
Total Fund Balances	<u>\$ 157,374</u>	<u>\$ 92,690</u>	<u>\$ 13,341</u>	<u>\$ 145,788</u>	<u>\$ 409,193</u>
Total Liabilities and Fund Balances	<u>\$ 173,847</u>	<u>\$ 92,690</u>	<u>\$ 13,341</u>	<u>\$ 145,788</u>	<u>\$ 425,666</u>

**RIVER VALLEY SCHOOL DISTRICT**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2025

	<u>Special Revenue Funds</u>		<u>Debt Service Funds</u>		<u>Total Non-Major Governmental Funds</u>
	<u>Food Service Fund</u>	<u>Student Activity Fund</u>	<u>2012 Debt Service Fund</u>	<u>2022 Debt Service Fund</u>	
<b>Revenues</b>					
Local sources	\$ 22,138	\$ 103,543	\$ -	\$ -	\$ 125,681
State sources	51,337	-	-	-	51,337
Federal sources	330,948	-	15,655	-	346,603
Earnings on investments	-	-	37	417	454
Total Revenues	<u>\$ 404,423</u>	<u>\$ 103,543</u>	<u>\$ 15,692</u>	<u>\$ 417</u>	<u>\$ 524,075</u>
<b>Expenditures</b>					
Food service	\$ 434,651	\$ -	\$ -	\$ -	\$ 434,651
Student activities	-	93,526	-	-	93,526
Debt service					
Principal	-	-	134,000	455,000	589,000
Interest	-	-	16,743	215,070	231,813
Total Expenditures	<u>\$ 434,651</u>	<u>\$ 93,526</u>	<u>\$ 150,743</u>	<u>\$ 670,070</u>	<u>\$ 1,348,990</u>
<b>(Excess) Deficiency of Revenues over (under) Expenditures</b>	<u>\$ (30,228)</u>	<u>\$ 10,017</u>	<u>\$ (135,051)</u>	<u>\$ (669,653)</u>	<u>\$ (824,915)</u>
<b>Other Financing Sources</b>					
Operating transfers in	<u>\$ 2,920</u>	<u>\$ -</u>	<u>\$ 134,000</u>	<u>\$ 814,921</u>	<u>\$ 951,841</u>
<b>Net Change in Fund Balances</b>	<u>\$ (27,308)</u>	<u>\$ 10,017</u>	<u>\$ (1,051)</u>	<u>\$ 145,268</u>	<u>\$ 126,926</u>
<b>Fund Balances - Beginning of year</b>	<u>184,682</u>	<u>82,673</u>	<u>14,392</u>	<u>520</u>	<u>282,267</u>
<b>Fund Balances - End of year</b>	<u><u>\$ 157,374</u></u>	<u><u>\$ 92,690</u></u>	<u><u>\$ 13,341</u></u>	<u><u>\$ 145,788</u></u>	<u><u>\$ 409,193</u></u>

## **MANAGEMENT COMPLIANCE LETTER**



**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

To the Board of Education of  
River Valley School District  
Three Oaks, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of River Valley School District, (the “District”) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements, and have issued our report thereon dated September 18, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards*, Concluded**

**Report on Compliance and Other Matters**

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

**Purpose of This Report**

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

Respectfully submitted,



Certified Public Accountants

St. Joseph, Michigan  
September 18, 2025