

# **Mid Peninsula School District**

**Audited Financial Statements and  
Additional Supplemental Information**

**For the Year Ended**

**June 30, 2025**

**Johnson & Rennie, LLC**  
Certified Public Accountants

**Mid Peninsula School District**  
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CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Education  
Mid Peninsula School District  
Rock, Michigan

## INDEPENDENT AUDITOR'S REPORT

### OPINIONS

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mid Peninsula School District, Rock, Michigan as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise of the School'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 Mid Peninsula School District, Rock, Michigan as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### BASIS FOR OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 School, 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.

### 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 School'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.

### 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 assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is 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, 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 School'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 School'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.

#### **REQUIRED SUPPLEMENTARY INFORMATION**

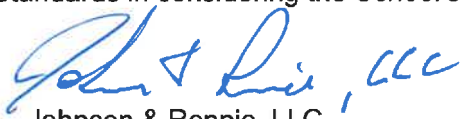
Accounting principles generally accepted in the United States of America require that the Management's discussion and analysis, the major fund budgetary comparison schedule and the pension and OPEB system schedules of funding progress and employer contributions be presented to supplement the basic financial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

#### **OTHER SUPPLEMENTARY INFORMATION**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The other supplemental information as identified in the table of contents is presented for the 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 additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### **OTHER REPORTING REQUIRED BY GOVERNMENTAL AUDITING STANDARDS**

In accordance with *Government Auditing Standards*, we have also issued our report letter dated October 31, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 or on compliance and results of that testing and not to provide an opinion on the effectiveness of the School's internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School's internal control over financial reporting and compliance.



Johnson & Rennie, LLC  
Menominee, Michigan  
October 31, 2025

**Mid Peninsula School District**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2025**

**Management's Discussion and Analysis**

This section of the Mid Peninsula School District's annual financial report presents our discussion and analysis of the School District's performance during the year ended June 30, 2025. It is to be read in conjunction with the School District's financial statements, which immediately follow this section.

Generally accepted accounting principles (GAAP) according to GASB 34 require the reporting of two types of financial statements: District-Wide Financial Statements and Fund Financial Statements. These statements are organized so the reader can understand the Mid Peninsula School District financially as a whole. The District-Wide Financial Statements provide information about the activities of the whole School District presenting both an aggregate view of the School District's finances and a long-term view of those finances. The Fund Financial Statements provide the next level of detail. For governmental activities these statements tell how services were financed in the short-term as well as what remains for future spending. The fund Financial Statements look at the School District's operations in more detail than in the government-wide financial statements by providing information about the School District's most significant funds, the General Fund and Food Service Fund with all other funds presented in one column as non-major funds. The remaining statement, the statement of fiduciary net position, presents financial information about Scholarships for which the School District acts solely as an agent.

**Financial Section**

Basic Financial Statements

- District-Wide Financial Statements

Fund Financial Statements

- Balance Sheet – Governmental Funds
- Statement of Revenue, Expenditures
- Statement of Fiduciary Net Position
- Notes to Financial Statements

Required Supplemental Information

- Budgetary Comparison Schedule
- Schedule of Pension and OPEB Contributions
- Schedule of Proportionate Share of the Net Pension Liability
- Schedule of Proportionate Share of the OPEB Liability

Other Supplemental Information

- General Fund Schedule of Revenue
- General Fund Schedule of Expenditures

**Mid Peninsula School District**  
**Management's Discussion and Analysis (continued)**  
**Year Ended June 30, 2025**

**The School District as a Whole**

The following summarizes the net position at fiscal year ended June 30, 2025 and June 30, 2024.

	Governmental Activities	
	2024	2025
<b>Assets</b>		
Current assets	\$ 1,728,065	\$ 1,760,008
Net capital and right to use assets	1,223,285	1,152,282
Net OPEB asset	-	548,819
<b>Total Assets</b>	<u>2,951,350</u>	<u>3,461,109</u>
<b>Total Deferred Outflow of Resources</b>		
Deferred Outflow of Resources - Pensions	1,824,713	1,403,019
Deferred Outflow of Resources - OPEB	358,635	239,531
<b>Total Deferred Outflow of Resources</b>	<u>2,183,348</u>	<u>1,642,550</u>
<b>Total Assets and Deferred Outflow of Resources</b>	<u>5,134,698</u>	<u>5,103,659</u>
<b>Liabilities</b>		
Current liabilities	925,873	881,366
Long-term liabilities	4,074,489	3,337,638
<b>Total Liabilities</b>	<u>5,000,362</u>	<u>4,219,004</u>
<b>Deferred Inflow of Resources</b>		
Unavailable Revenue	31,812	26,740
Pensions	685,071	1,040,414
OPEB	578,816	708,414
<b>Total Deferred Inflow of Resources</b>	<u>1,295,699</u>	<u>1,775,568</u>
<b>Total Liabilities and Inflow of Resources</b>	<u>6,296,061</u>	<u>5,994,572</u>
<b>Net Position</b>		
Net investment in capital assets	1,223,285	1,152,282
Restricted	190,744	280,997
Unrestricted (Deficit)	(2,575,392)	(2,324,192)
<b>Total Net Position (Deficit)</b>	<u>\$ (1,161,363)</u>	<u>\$ (890,913)</u>

The above analysis focuses on the net position. The School District's net position was a deficit of \$890,913 as of June 30, 2025. Capital and Right to Use assets, net of related debt, totaled \$1,152,282. This compares to the original cost, less depreciation and amortization of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. The School had no debt due on assets. The remaining \$2,324,192 deficit represents the accumulated results of all past year's operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

**Mid Peninsula School District**  
**Management's Discussion and Analysis (continued)**  
**Year Ended June 30, 2025**

The results of this year's operations for Mid Peninsula School District as a whole are reported in the statement of activities which show the changes in net position for fiscal year 2025 and 2024.

	Government Activities	
	2024	2025
<b>Program Revenue</b>		
Charges for services	\$ 36,579	\$ 44,589
Operating grants and contributions	1,269,108	1,286,039
<b>Total Program Revenue</b>	1,305,687	1,330,628
<b>General Revenue</b>		
Property taxes levied for general operations and CFR	796,930	830,382
State foundation allowance and stabilization	1,318,712	1,374,209
Other school districts	-	-
Other	30,699	79,337
<b>Total General Revenue</b>	2,146,341	2,283,928
<b>Total Revenue</b>	3,452,028	3,614,556
<b>Expenses</b>		
Instruction	1,350,308	1,801,305
Support services	826,341	910,697
Depreciation / Amortization - unallocated	187,447	149,511
Interest on debt	-	-
Student activities	54,876	83,112
Athletics	113,272	127,940
Food services	282,763	271,541
<b>Total Expenses</b>	2,815,007	3,344,106
<b>(Decrease) Increase in Net Position</b>	\$ 637,021	\$ 270,450

As indicated above, net position increased by \$270,450. This increase relates directly to the operations of the District during the year.

**Mid Peninsula School District**  
**Management's Discussion and Analysis (continued)**  
**Year Ended June 30, 2025**

**Sources of Revenues**

Local sources of revenues totaled \$1,024,115 and include revenues to the General Fund of \$846,460.

State sources of revenues total \$2,247,303 and include revenues to the General Fund of \$2,239,045 and School Lunch Fund of \$8,258. State sources of revenue make up 71% of General Fund Revenues.

Federal sources of revenues total \$346,490 and include revenues to the General Fund of \$63,713 and School Lunch Fund of \$282,777.

**Expenses**

Government-wide expenses include instruction of \$1,801,305, Support Services of \$910,697. Unallocated depreciation and amortization was \$149,511 for the year.

**Capital Assets and Debt Administration**

**Capital and Right to Use Assets**

At June 30, 2025 the District had \$5,521,052 invested in a broad range of capital assets, including land, building, furniture and equipment. They also have \$12,785 in a right to use copier, for a total of 5,533,837 invested.

	2024	2025
<b>Capital and Right to Use Assets</b>		
Land	\$ 2,000	\$ 2,000
Land improvements	856,076	885,651
Buildings and land improvements	3,977,117	3,977,117
Vehicles	276,245	283,695
Machinery and equipment	349,339	372,589
Right to Use copier	-	12,785
<b>Total Capital and Right to Use Assets</b>	5,460,777	5,533,837
Less Accumulated Depreciation	(4,237,492)	(4,379,211)
Less Accumulated Amortization	-	(2,344)
<b>Net Total</b>	\$ 1,223,285	\$ 1,152,282

There were \$69,075 in capital assets that were purchased for the year, as well as an addition of \$12,785 in a right to use asset. Depreciation expense for the year is \$147,167, and amortization expense was \$2,344. There were also asset disposals totaling \$8,800.

**Debt**

At the end of this year the District had no General Obligation Bonds outstanding.

**Economic Factors and Next Year's Budget Rates**

The Board of Education and administration consider many factors when setting the School District's 2025 fiscal year budget. Two of the major factors affecting the budget are the student count and the State funding of unrestricted foundation allowance.

**Mid Peninsula School District**  
Management's Discussion and Analysis (continued)  
Year Ended June 30, 2025

**Economic Factors and Next Year's Budget Rates (continued)**

The 2025 budget was adopted in June 2024, based on an estimate of students that will be enrolled in October 2024. As a result, District funding is heavily dependent on the state's ability to fund local school operations. Once the final student count and related pupil finding is validated, state law requires the District to amend the budget if actual District resources are not sufficient to fund original appropriations. Since the District's revenue is heavily dependent upon state funding, actual funding depends on the state's ability to collect revenues to fund its appropriations to school districts.

**Original vs. Revised Budgets**

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 three times during the School year. The fiscal year 2024-2025, the budget was revised in December, May and June.

**General Fund Revenues**

Total Revenues - June revision	\$ 3,139,784
Total Revenues - original budget	<u>(3,038,950)</u>
Increase in Revenue Budget	<u>\$ 100,834</u>

**Revenue-Budget Vs. Actual**

The District's actual fund revenue was \$7,934 more than the revised budget, not including other financing sources and uses.

**General Fund Expenditures**

Total Expenditures - June revision	\$ 3,282,438
Total Expenditures - original budget	<u>(2,969,454)</u>
Increase in Expenditure Budget	<u>\$ 312,984</u>

**Expenditures-Budget Vs. Actual**

The District's actual general fund expenditures were \$141,128 less than the revised budget, not including other financing sources and uses.

**Property Taxes**

A significant portion of local revenue is provided from property taxes and CFR for the General and Sinking Funds. Tax revenue totaled \$830,382. This amount is obtained through a voter approved 18 mill levy on the taxable value of non-homestead properties for the District's operations and voter approved 1 mill levy on the taxable value of all properties, homestead and non-homestead, to be used for capital projects.

**Mid Peninsula School District**  
Management's Discussion and Analysis (continued)  
Year Ended June 30, 2025

**Unrestricted State Aid Foundation Allowance**

The most significant portion of funding to the District is through the foundation allowance. The foundation allowance is funding from the state for each student set annually. The District's foundation allowance is \$9,608 per student for the 2024-2025 fiscal year. The number of students to be funded is calculated by student enrollment blended at 90% of current year October count and 10% of prior year February count. The overall funding is then reduced by the District's non-homestead tax levy based on 18 mills.

**Contacting the District's Financial Management**

The financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the School District's accountability for the money it received. If you have any questions about this report or need additional information, contact Sandra McPherson in the Business Office at Mid Peninsula School District, 5055 St. Nicholas 31<sup>st</sup> Road, Rock, MI 49880.

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## **Basic Financial Statements**

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**Mid Peninsula School District**  
**Statement of Net Position**  
As of June 30, 2025

	<u>Governmental Activities</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and investments	\$ 1,167,413
Due from other Governmental units	587,607
Due from other funds	4,988
<b>Total Current Assets</b>	<u>1,760,008</u>
<b>Non-Current Assets</b>	
Capital assets	5,521,052
Less: accumulated depreciation	(4,379,211)
Right to Use assets	12,785
Less: amortization	(2,344)
Net OPEB asset	548,819
<b>Total Non-Current Assets</b>	<u>1,701,101</u>
<b>Total Deferred Outflow of Resources</b>	
Deferred Outflow of Resources - Pension	1,403,019
Deferred Outflow of Resources - OPEB	239,531
<b>Total Deferred Outflow of Resources</b>	<u>1,642,550</u>
<b>Total Assets and Deferred Outflow</b>	<u>5,103,659</u>
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts payable	66,551
Accrued salaries and benefits	134,827
Due to other funds	4,988
Notes payable	675,000
<b>Total Current Liabilities</b>	<u>881,366</u>
<b>Non-Current Liabilities</b>	
Net pension liability	3,167,652
Net OPEB liability	-
Right to Use liability	11,036
Accrued compensated absenses	158,950
<b>Total Non-Current Liabilities</b>	<u>3,337,638</u>
<b>Total Liabilities</b>	4,219,004
<b>Deferred Inflow of Resources</b>	
Unavailable Revenue	26,740
Pension	895,957
OPEB	708,414
State aid funding for pension	144,457
<b>Total Deferred Inflow of Resources</b>	<u>1,775,568</u>
<b>Net Position</b>	
Net investment in capital assets	1,152,282
Restricted	280,997
Unrestricted	(2,324,192)
<b>Total Net Position</b>	<u>\$ (890,913)</u>

**Mid Peninsula School District**  
**Statement Activities**  
For the Year Ended June 30, 2025

	Expenses	Program Revenue		Governmental
		Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Changes in Net Position
<b>GOVERNMENTAL FUNCTIONS</b>				
Current:				
Instruction	\$ (1,801,305)	\$ -	\$ 928,549	\$ (872,756)
Supporting services	(910,697)	19,614	-	(891,083)
Food services	(271,541)	10,853	291,035	30,347
Athletics	(127,940)	14,122	-	(113,818)
Student activities	(83,112)	-	66,455	(16,657)
Interest on long-term debt	-	-	-	-
Depreciation/Amortization (unallocated)	(149,511)	-	-	(149,511)
<b>Total Governmental Functions</b>	<u>\$ (3,344,106)</u>	<u>\$ 44,589</u>	<u>\$ 1,286,039</u>	<u>(2,013,478)</u>
<b>GENERAL REVENUE</b>				
Property Taxes:				
General purposes				730,035
Capital projects				100,347
State aid not restricted for specific purpose				1,374,209
Interest and investment earnings				25,408
Other				55,781
<b>Total General Revenue</b>				<u>2,285,780</u>
Loss on the sale of school property				<u>(1,852)</u>
<b>Change in Net Position</b>				270,450
<b>Net Position - Beginning of Year</b>				<u>(1,161,363)</u>
<b>Net Position - End of Year</b>				<u>\$ (890,913)</u>

**Mid Peninsula School District**  
**Balance Sheet**  
**Governmental Funds**  
**As of June 30, 2025**

	Major		Non-Major		Total
	General	Food Service Fund	Sinking Fund	Activity Fund	
<b>Assets</b>					
Cash and investments	\$ 865,893	\$ 98,591	\$ 151,592	\$ 51,337	\$ 1,167,413
Accounts receivable					
Due from other Governmental units	535,320	52,287	-	-	587,607
Due from other funds	4,988	-	-	-	4,988
<b>Total Assets</b>	<b>\$ 1,406,201</b>	<b>\$ 150,878</b>	<b>\$ 151,592</b>	<b>\$ 51,337</b>	<b>\$ 1,760,008</b>
<b>Liabilities, Deferred Inflow of Resources and Fund Equity</b>					
Liabilities					
Accounts payable	\$ 57,668	\$ 8,883	\$ -	\$ -	\$ 66,551
Accrued salaries and benefits	123,005	11,822	-	-	134,827
Due to other funds	3,873	1,115	-	-	4,988
Notes payable	675,000	-	-	-	675,000
<b>Total Liabilities</b>	<b>859,546</b>	<b>21,820</b>			<b>881,366</b>
<b>Deferred Inflow of Resources</b>					
Unavailable Revenue					
Federal and State Grants	26,740	-	-	-	26,740
<b>Fund Balance</b>					
Restricted for food service	-	129,058	-	-	129,058
Restricted for athletics	347	-	-	-	347
Restricted for capital projects	-	-	151,592	-	151,592
Committed to activities	-	-	-	51,337	51,337
Committed to infrastructure	40,000	-	-	-	40,000
Committed to severance pay	15,229	-	-	-	15,229
Unassigned	464,339	-	-	-	464,339
<b>Total Fund Balance</b>	<b>519,915</b>	<b>129,058</b>	<b>151,592</b>	<b>51,337</b>	<b>851,902</b>
<b>Total Deferred Inflow of Resources and Fund Equity</b>	<b>\$ 1,406,201</b>	<b>\$ 150,878</b>	<b>\$ 151,592</b>	<b>\$ 51,337</b>	<b>\$ 1,760,008</b>

**Mid Peninsula School District**  
 Reconciliation of the Governmental Funds  
 Balance Sheet with the Statement of Net Position  
 As of June 30, 2025

**Total Governmental Fund Balance** \$ 851,902

*Amounts Reported for Governmental Activities in the Statement of Net Position Because:*

Capital and Right to Use assets used in governmental activities are not financial resources and are not reported in the funds

The Cost of Capital Assets are:	\$ 5,521,052	
Accumulated Depreciation is:	<u>(4,379,211)</u>	1,141,841
The Cost of Right to Use Assets are:	12,785	
Accumulated Amortization is:	<u>(2,344)</u>	10,441

Right to Use Assets generate a liability for the remaining years on the contract that remain unutilized. This is not included as a liability in governmental funds. (11,036)

Net pension obligations are not due and payable in the current period and therefore, are not reported in the funds

Net Pension Liability		(3,167,652)
Net OPEB Asset		548,819

Deferred outflows and inflows or resources related to pensions are applicable to future periods and therefore, are not reported in the funds

Deferred Outflows of Resources Related to Pensions		1,403,019
Deferred Outflows of Resources Related to OPEB		239,531
Deferred Inflows of Resources Related to Pensions		(895,957)
Deferred Inflows of Resources Related to OPEB		(708,414)
Deferred inflows from state aide funding		(144,457)

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

Compensated absences		<u>(158,950)</u>
<b>Net Position of Governmental Activities</b>		<u><u>\$ (890,913)</u></u>

**Mid Peninsula School District**  
Combining Statement of Revenue, Expenditures  
and Changes in Fund Balances Governmental Funds  
For the Year Ended June 30, 2025

	Major		Non-Major		Total
	General Fund	Food Service Fund	Sinking Fund	Activity Fund	
<b>REVENUES</b>					
Local sources	\$ 844,960	\$ 10,853	\$ 100,347	\$ 66,455	\$ 1,022,615
State sources	2,239,045	8,258	-	-	2,247,303
Federal sources	63,713	282,777	-	-	346,490
Other school districts	-	-	-	-	-
<b>Total Revenues</b>	<u>3,147,718</u>	<u>301,888</u>	<u>100,347</u>	<u>66,455</u>	<u>3,616,408</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	1,879,605	-	-	-	1,879,605
Supporting service	1,233,053	-	-	-	1,233,053
Food Services	-	271,541	-	-	271,541
Activities	-	-	-	83,112	83,112
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	28,652	-	40,423	-	69,075
<b>Total Expenditures</b>	<u>3,141,310</u>	<u>271,541</u>	<u>40,423</u>	<u>83,112</u>	<u>3,536,386</u>
<b>Excess of Revenues - Expenditures</b>	6,408	30,347	59,924	(16,657)	80,022
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Sale of School Property	1,500	-	-	-	1,500
<b>Total Other Financing Sources (Uses)</b>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
Excess Revenues and Other Resources Over (Under) Expenditures & Other Uses	7,908	30,347	59,924	(16,657)	81,522
Fund Balance July 1	<u>512,007</u>	<u>98,711</u>	<u>91,668</u>	<u>67,994</u>	<u>770,380</u>
Fund Balance June 30	<u>\$ 519,915</u>	<u>\$ 129,058</u>	<u>\$ 151,592</u>	<u>\$ 51,337</u>	<u>\$ 851,902</u>

**Mid Peninsula School District**  
Reconciliation of the Statement of Revenue, Expenditures  
and Change in Fund Balances  
to the Statement of Activities  
For the Year Ended June 30, 2025

**Net Changes in Fund Balances - Total Governmental Funds** \$ 81,522

*Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:*

Governmental Funds report capital outlays as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation and amortization.

Depreciation Expense	\$ (147,167)	
Amortization Expense	(2,344)	
Capital Outlay	69,075	(80,436)

Compensated absences are reported as expenditures when financial resources are used in Governmental Funds	(147,874)
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Principal paid on the Right to Use liability is an expense in the statement of activities	1,749
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Net book disposal on sale of school property	(3,352)
--	---------

In the statement of activities, operating expenses for pension related items are measured by amounts earned during the year while governmental funds report expenditures as amounts paid. This year the amount paid for pension related items was more than the amount earned.	45,639
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In the statement of activities, operating expenses for OPEB related items are measured by amounts earned during the year while governmental funds report expenditures as amounts paid. The amount paid for OPEB related items was less than the amount earned.	373,202
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**Change in Net Position as Governmental Activities** \$ 270,450

**Mid Peninsula School District**  
**Statement of Fiduciary Net Position**  
As of June 30, 2025

	Private-Purpose Trust	Scholarships	Total
<b>ASSETS</b>			
Cash	\$ 309,987	\$ 38,763	\$ 348,750
<b>Total Assets</b>	<u>\$ 309,987</u>	<u>\$ 38,763</u>	<u>\$ 348,750</u>
<b>NET POSITION</b>			
Reserve for scholarships	\$ 309,987	\$ 38,763	\$ 348,750
<b>Total Liabilities and Net Position</b>	<u>\$ 309,987</u>	<u>\$ 38,763</u>	<u>\$ 348,750</u>

**Statement of Changes in Fiduciary Net Position**  
For the Year Ended June 30, 2025

	Private-Purpose Trust	Scholarships	Total
Investment income (loss)	\$ 21,976	\$ 24,938	\$ 46,914
Contributions	-	-	-
<b>Total Revenues</b>	<u>21,976</u>	<u>24,938</u>	<u>46,914</u>
<b>EXPENDITURES</b>			
Scholarships	<u>(10,395)</u>	<u>(20,325)</u>	<u>(30,720)</u>
<b>Total Expenditures</b>	<u>(10,395)</u>	<u>(20,325)</u>	<u>(30,720)</u>
Excess Revenue Over (Under) Expenditures	11,581	4,613	16,194
Net Position			
Beginning Balance July 1	298,406	34,150	332,556
Ending Balance June 30	<u>\$ 309,987</u>	<u>\$ 38,763</u>	<u>\$ 348,750</u>

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## **Notes to Financial Statements**

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**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2025

**NOTE A      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Mid Peninsula School District have been prepared as prescribed by the Michigan Department of Education. These policies are in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant accounting policies.

Reporting Entity

In conformity with generally accepted accounting principles, other autonomously operated governmental organizations are not considered to be part of the School District's entity financial reporting purposes nor is the School District a component unit of another entity. The criteria established for determining the various governmental organizations to be included in the School District's financial statements include oversight responsibility, scope of public service and special financing relationships. Based upon the application of these criteria the financial statements of the School District contain all the funds controlled by the District's Board of Education as no other entity meets the criteria to be considered a blended component unit or a discretely presented component unit of the District.

Basis of Presentation

District-Wide Financial Statements

The School District-Wide financial statements (Statement of Net Position and Statement of Activities) report information on all of the activities of the School District except for the fiduciary activities. All of the School District's activities are considered to be governmental activities. Interfund activity including operating transfers between activities and amounts due to and from governmental activities has been eliminated in the School District-Wide statements.

Fund-Based Financial Statements

Separate financial statements are provided on the basis of funds, each of which is considered a separate fiscal and accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Governmental as well as fiduciary funds are provided. The various fund types are grouped in the financial statements as major funds or non-major funds. The School District reports the following major governmental funds:

General Fund - is the general operating fund of the School District. The fund is used to account for all financial resources except those required to be accounted for in another fund.

Food Service Fund – is used by the School District to account for Food Services.

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2025

**NOTE A**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**  
Basis of Presentation (continued)

*All other governmental funds are considered to be non-major. They include:*

Special Revenue Fund - used by the School District to account for assets held by the School District in its capacity as a receiving and paying agent for activity groups.

Sinking Fund – used by the School District to levy local property taxes for the use of capital projects.

**Fiduciary Funds**

Private-Purpose Trust Fund - used to account for assets held by the School District in a trustee capacity as administrator of scholarship and other funds under direct control of the School District.

Agency Fund – used for scholarship money held by the School District.

Basis of Accounting

**District-Wide Financial Statements**

The District-Wide financial statements report all financial and capital assets, short and long-term liabilities, revenues, expenses, gains and losses using the economic resources measurement focus and the accrual basis of accounting. All revenue is recorded when earned and expenses are recorded when a liability is incurred.

The statement of Activities reports net cost information based on the School District's functions. Direct expenses are listed by function with program revenues for each function offset against those expenses. Program revenues include charges for services that are fees and other charges to the users or recipients of the services the School District provides. Program revenues also include operating grants and contributions that are restricted for a particular purpose. Property taxes, nonrestricted state aid and other revenues that are not program revenues are reported as general revenues.

**Fund-Based Financial Statements**

The governmental funds are accounted for by using the modified accrual basis of accounting as required by the Michigan Department of Education. Under the modified accrual basis of accounting, revenue is recognized when the revenue is subject to accrual, eligibility requirements are met and the revenues are available to finance expenditures of the fiscal period. Revenue is considered available when the revenue has been collected in the current period or soon enough after the end of the period to use to pay current period liabilities.

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2025

**NOTE A**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**  
Basis of Accounting (continued)

Fund-Based Financial Statements (continued)

The School District considers revenues to be available if collected within 60 days of the end of the period. Expenditures are recorded when the related liability is incurred. Exceptions to this general rule include certain compensated absences and principal and interest on long-term debt, both of which are recognized when due. Property taxes are recognized in the fiscal year for which the taxes have been levied.

Property Taxes

Property taxes attach as an enforceable lien on property as of December 31. Current property taxes are collected for the School District by the Townships of Baldwin, Maple Ridge, Ewing and Turin. School taxes are levied on July 1.

Delinquent real property taxes of the School District are purchased annually by the Counties of Marquette and Delta.

State Foundation Revenue

The State of Michigan follows a foundation grant approach, which provides for a specific annual amount of revenue per student based on a state wide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information regarding average pupil membership supplied by the districts. The funds received in July and August of 2025 are state appropriations for the year ended June 30, 2025, and, as such, are recorded as accounts receivable.

State Categorical Revenue

The School District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue.

Federal Revenue

Expenditure-driven grants are recognized as revenue when revenue is available, the qualifying expenditures have been incurred and all other grant requirements have been met.

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposit accounts at local financial institutions.

**Mid Peninsula School District**  
**Notes to Financial Statements**  
**June 30, 2025**

**NOTE A      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Investments**

State statutes authorize the School District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts or depository receipts of a bank, savings and loan association or credit union which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which mature not more than 270 days after the date of purchase. The School District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks and mutual funds composed of investments outlined above.

**Short-Term Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet of the fund-based financial statements.

**Restricted Assets**

Restricted assets consist of cash and cash equivalents of the Food Service and Sinking Funds required to be set aside for future use.

**Inventories and Prepaid Items**

Inventories are stated at cost and consist principally of supplies, heating fuel and bus fuel. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Capital Assets and Depreciation**

Capital assets include land and improvements, buildings, furniture and fixtures, equipment, school buses and vehicles are reported in the School District-Wide financial statements. Capital assets are defined by the School District as assets with an acquisition cost of more than \$1,000 with an estimated useful life in excess of one year. Assets meeting these criteria are recorded at historical cost or estimated historical costs if the amount is not known. Any donated capital assets are recorded at estimated fair market value at the date of donation. The costs of capital assets are charged to expense using an annual allocation of depreciation expense. Taking the depreciable cost of an asset and dividing that cost by its estimated useful life calculates the annual expense. The expense is recorded on the District-Wide Statement of Activities and included as a direct expense of an identifiable function. Depreciation expense (unallocated) is the amount of depreciation expense that cannot be charged to any particular function.

The capital assets are depreciated using the straight-line method with a half month depreciation taken for assets purchased during the year over the following useful lives (land excluded as not depreciable):

Land improvements	20 years
Building and additions	50 years
Furniture, fixtures and other equipment	10 years
School buses and vehicles	5 - 15 years

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2025

**NOTE A      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Compensated Absences**

The liability for accumulated vacation and sick pay amounts is recorded in the District-Wide statement of net position.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of net position and balance sheet 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 position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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 position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

**Pension and Other Postemployment Benefit (OPEB) Plans**

For the purpose of measuring the net pension and net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contributions revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related Investments are reported at fair value.

**Unemployment Insurance**

The School District reimburses the Michigan Employment Security Commission for the actual amount disbursed on behalf of the School District.

**Long-Term Obligations**

The School District reports long-term debt and other long-term obligations in the District-Wide statement of net position. Amounts are recorded at face value along with any accrued interest to June 30, 2025.

**Investment in Capital Assets**

This is a portion of the net position of the School District that consists of capital assets, net of accumulated depreciation and reduced by long-term liabilities for notes, bonds and other debt attributable to the acquisition, construction or improvement of those assets.

**Restricted Net Position**

Net position is restricted when there are constraints placed on their use by external parties or by statute.

**Unrestricted Net Position**

Net position not meeting either criteria above or considered unrestricted.

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2025

**NOTE A      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Fund Balance

In the fund-based financial statements the restricted fund balances represent the amount set aside for constraints placed on them by external creditors or laws of other Governments. The committed fund balances represent the internal reservations by the School District's Board.

The non-spendable balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through the date of the audit report.

**NOTE B      STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgets

The School District follows these procedures in establishing the budgetary data reflected in the financial statements for the General and Special Revenue Funds. The School District is not legally required to adopt budgets for the Debt Service Funds.

1. Prior to July 1, the School District Superintendent submits to the Board of Education, a proposed operating budget for the fiscal year commencing July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is held to obtain taxpayer comments.
3. Prior to July 1, the budget is legally enacted at a regular meeting by Board of Education approval.
4. Any revisions to the budgeted amounts must be approved by the Board of Education.
5. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. These budgets lapse at the end of each year.
6. Budgeted amounts presented in the financial statements are as originally adopted or as amended by the Board of Education prior to June 30, 2025.

Public Act 621 of 1978 Disclosures

Public Act 621 of 1978 requires local units of government (including School Districts) to prepare and to monitor their fiscal year budgets in accordance therewith. The Act provides that a school district must amend its budget if it becomes apparent that the School District's actual revenues will deviate from those budgeted or if the School District's expenditures will exceed the amount appropriated. During the year ended June 30, 2025, the School District monitored and amended its budget and was in substantial compliance with the Act.

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2025

**NOTE B STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (continued)**

Public Act 275 of 1980 Disclosure

There were no deficits in any of the School District's fund-based financial statements as of June 30, 2025.

**NOTE C DEPOSITS AND INVESTMENTS**

The carrying amount of various deposits presented on the statement of net position as "Deposits and Investments" were made in financial institutions whose deposits are covered by federal depository insurance or in a municipal investment fund. All deposits were made in accordance with State of Michigan statutes and under authorization of the Board of Education.

At June 30, 2025, cash and investments on deposit at the bank total is as follows:

<u>Investments</u>	
Financial Institutions	\$ 797,877
Municipal Fund	542,909
Foundations - Agency Funds	292,724
	<u>\$ 1,633,510</u>

The amount covered by depository insurance is \$256,599. The School District places its deposits and investments with, what it believes to be, high quality financial institutions. An amount of \$542,909 was deposited in some uninsured municipal funds. The municipal investment funds are not subject to credit risk categorization. The School District places its deposits and investments in some uninsured funds and they are, in the opinion of the School District, subject to minimal risk.

Transactions for governmental fund-types are recorded separately; however, the School District uses a common bank account to deposit and disburse cash of the General Fund and Special Revenue Funds.

The School Board has adopted a formal investment policy.

The following disclosures are made to the School Board's deposits and investments:

**Custodial Credit Risk**

*Custodial Credit Risk – Deposits.* For a deposit, custodial credit risk is a risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The School Board maintains its deposit accounts at several financial institutions. The balances, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of the \$250,000 per interest bearing account and \$250,000 per non-interest-bearing account.

As of January 1, 2013, the insurance coverage of public unit accounts depends upon the type of deposit and the location of the insured depository institution. All time and savings deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000.

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2025

**NOTE C DEPOSITS AND INVESTMENTS (continued)**

**Custodial Credit Risk**

Separately, all demand deposits owned by a public unit and held by the public unit's official custodian in an insured depository institution within the State in which the public unit is located are added together and insured up to \$250,000.

For the purpose of these rules, the term 'time and savings' deposits includes NOW accounts and money market deposit accounts but does not include interest-bearing demand deposit accounts (which were permitted after July 21, 2011). The term 'demand deposits' means both interest-bearing and noninterest-bearing deposits that are payable on demand and for which the depository institution does not reserve the right to require advance notice of an intended withdrawal. The insurance coverage of accounts held by government depositors is different if the depository institution is located outside the State in which the public unit is located. In that case, all deposits, both time and savings deposits and demand deposits, owned by the public unit and held by the public unit's official custodian are added together and insured up to \$250,000. Time and savings deposits are not insured separately from demand deposits. Management acknowledges the possibility of risk in this arrangement. However, the size and longevity of the depository institution minimizes such risk.

*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

The School Board held no securities or deposits at financial institutions classified as investments under the Governmental Accounting Standard Board Statement No. 40 as of June 30, 2025.

**Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Presented below is the minimum rating required by state statutes and the actual rating as of year end for each investment type.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Rated as of Year End</u>	<u>Not Rated</u>
Money Market/Savings	\$ 470,347	Not Available	\$ -	\$ 470,347
	<u>\$ 470,347</u>		<u>\$ -</u>	<u>\$ 470,347</u>

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the School Board manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2025

**NOTE C DEPOSITS AND INVESTMENTS (continued)**

**Interest Rate Risk**

Information about the sensitivity of the fair values of the School Board's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the School Board's investments by maturity:

Type	Total	Months			
		< 12	13-24	25-36	36 +
Money Market / Savings	\$ 470,347	\$ 470,347	\$ -	\$ -	\$ -
Total	\$ 470,347	\$ 470,347	\$ -	\$ -	\$ -

**Interest Rate Risk**

Certain investments are highly sensitive to interest rate fluctuations, to a greater degree than already indicated in the information provided above. The School Board held no such investments as of June 30, 2025.

**NOTE D CAPITAL AND RIGHT TO USE ASSETS**

Capital and Right to Use asset balances and activity for the year ended June 30, 2025 were as follows:

	Balance 6/30/24	Additions	Disposals and Adjustments	Balance 6/30/25
<b>Assets not being Depr:</b>				
Land	\$ 2,000	\$ -	\$ -	2,000
<b>Capital Assets being Depr:</b>				
Bldg & bldg improvement	3,977,117	-	-	3,977,117
Land improvement	856,076	29,575	-	885,651
Vehicles	276,245	16,250	8,800	283,695
Equipment	349,339	23,250	-	372,589
Total	5,460,777	69,075	8,800	5,521,052
<b>Accumulated Depreciation:</b>				
Bldg & bldg improvement	2,930,269	112,727	-	3,042,996
Land improvement	856,073	619	-	856,692
Vehicles	244,041	7,348	5,448	245,941
Equipment	207,109	26,473	-	233,582
Total	4,237,492	147,167	5,448	4,379,211
<b>Net Capital Assets</b>	<b>\$ 1,223,285</b>	<b>\$ (78,092)</b>	<b>\$ 3,352</b>	<b>\$ 1,141,841</b>
<b>Right to Use Assets:</b>				
Copier	\$ -	\$ 12,785	\$ -	\$ 12,785
Total	-	12,785	-	12,785
<b>Accumulated Amortization:</b>				
Copier	-	2,344	-	2,344
Total	-	2,344	-	2,344
<b>Net Right to Use Assets</b>	<b>-</b>	<b>10,441</b>	<b>-</b>	<b>10,441</b>

Depreciation and Amortization expense was not charged to activities as the District considers its assets to impact multiple activities and allocation is not practical.

**Mid Peninsula School District**  
**Notes to Financial Statements**  
**June 30, 2025**

**NOTE E LONG-TERM DEBT**

Changes in Long-Term Debt are summarized as follows:

	Balance 6/30/24	Additions	Deductions	Balance 6/30/25
Notes payable for:				
School bldg & site bonds	\$ -	\$ -	\$ -	\$ -
Compensated absences	11,076	147,874	-	158,950
Note payable	-	-	-	-
School bond loan fund	-	-	-	-
	<u>\$ 11,076</u>	<u>\$ 147,874</u>	<u>\$ -</u>	<u>\$ 158,950</u>

Compensated Absences

Compensated absences consist of amounts due to employees for unused accumulated sick and vacation pay upon termination of their employment. They were all considered long term at June 30, 2025.

**NOTE F GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) PENSION PLAN**

**PLAN DESCRIPTION**

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

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

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

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Benefits Provided**

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. Depending on the plan option selected, member retirement benefits for are determined by final average compensation, years of service and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2025

**NOTE F GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) PENSION PLAN (continued)**

**Benefits Provided**

rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

**Contributions**

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

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

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

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

Required contributions to the pension plan from Mid Peninsula School District were \$540,948 for the year ended September 30, 2023.

**PENSION, LIABILITIES, PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

At June 30, 2024, Mid Peninsula School District reported a liability of \$3,167,652 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2024 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. Mid Peninsula School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, Mid Peninsula School District's proportion was 0.0001293869 percent, which was an increase of 0.0000060995 percent from its proportion measured as of September 30, 2023.

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2025

**NOTE F GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) PENSION PLAN (continued)**

For the year ended June 30, 2025, Mid Peninsula School District's recognized pension expense is \$538,955. At June 30, 2025, Mid Peninsula School District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 85,941	\$ 34,417
Changes of assumptions	330,247	232,089
Net difference between projected and actual earnings on pension plan investments	-	604,522
Changes in proportion and differences between Mid Peninsula Public School's contributions and proportionate share of contributions	464,280	24,929
Mid Peninsula Public School's contributions subsequent to the measurement date	522,551	-
	\$ 1,403,019	\$ 895,957

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year (to Be Recognized in Future Pension Expenses)

Plan Year Ended Plan Year	Amount
2025	\$ 117,610
2026	\$ 158,933
2027	\$ (152,927)
2028	\$ (139,105)

**Actuarial Assumptions**

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

Additional information as of the latest actual valuation as follows:

**Mid Peninsula School District**  
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**NOTE F GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) PENSION PLAN (continued)**  
**Summary of Actuarial Assumptions**

Valuation Date	September 30, 2023
Actuarial Cost Method	Entry Age, Normal
Wage Inflation Rate	2.75%
Investment Rate of Return	
-MIP and Basic Plans	6.00% net of investment expenses
-Pension Plus Plan	6.00% net of investment expenses
-Pension Plus 2 Plan	6.00% net of investment expenses
Projected Salary Increases	2.75-11.55%, including wage inflation at 2.75%
Cost of Living Pension Adjustments	3% Annual Non-Compounded for MIP Members
Mortality:	Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010 Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010

**Notes:**

- 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 annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2024, is based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4612 for non-university employers.
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2024 MPSERS Comprehensive Annual Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2025

**NOTE F GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) PENSION PLAN (continued)**

**Long-Term Expected Return on Plan Assets**

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

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

\* Long-term rate of return does not include 2.3% inflation

**Rate of Return**

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

**Discount Rate**

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus Plan, 6.00% for the Pension Plus 2 Plan, hybrid plans provided through non-university employers only) This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus Plan, 6.0% for the Pension Plus 2 Plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate.

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

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2025

**NOTE F GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) PENSION PLAN (continued)**

**Sensitivity of Mid Peninsula School District Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents Mid Peninsula School District proportionate share of the net pension liability, calculated using a discount rate of 6.00% (6.00% for the Pension Plus Plan, 6.00% for the Pension Plus 2 Plan), as well as what Mid Peninsula School District 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:

<b>1% Decrease</b>	<b>Current Single Discount Rate Assumption</b>	<b>1% Increase</b>
<u><b>5.00%</b></u>	<u><b>6.00%</b></u>	<u><b>7.00%</b></u>
\$4,643,812	\$3,167,652	\$1,938,465

*\*Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus and Pension Plus 2. Non-university employers provide Basic, MIP, Pension Plus and Pension Plus 2 Plans. University employers provide only the Basic and MIP Plans.*

**Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR. Available at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Payables to the Michigan Public School Employees' Retirement System (MPSERS)**

At June 30, 2025, the District reported a \$37,902 payable amount of contributions to the pension plan required for the year ended June 30, 2025.

**NOTE G POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) OPEB PLAN**

**Plan Description**

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

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

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

The System's financial statements are available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Mid Peninsula School District**  
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**NOTE G GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) OPEB PLAN (continued)**

**Benefits Provided**

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

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

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

**Contributions**

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

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method.

**Mid Peninsula School District**  
Notes to Financial Statements  
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**NOTE G GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) OPEB PLAN (continued)**

**Contributions (continued)**

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

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

<b>OPEB Contribution Rates</b>		
<b>Benefit Structure</b>	<b>Member</b>	<b>Employer</b>
Premium Subsidy	3.00%	8.31%
Personal Healthcare Fund	0.00%	7.06%

Required contributions to the OPEB plan from Mid Peninsula School District were \$105,980 for the year ended September 30, 2024.

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

At June 30, 2025, Mid Peninsula School District reported an asset of (\$548,819) for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2023. Mid Peninsula School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2024, Mid Peninsula School District's proportion was 0.0001275019 percent which was an decrease of 0.000001692 percent from its proportion measured as of October 1, 2023.

For the year ending June 30, 2025, Mid Peninsula School District recognized OPEB expense of (\$145,830). At June 30, 2025, Mid Peninsula School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ -	\$ 581,580
Changes of assumptions	119,870	13,778
Net difference between projected and actual earnings on pension plan investments	-	103,898
Changes in proportion and differences between employer contributions and proportionate share of contributions	114,875	9,158
Employer contributions subsequent to the measurement date	4,786	-
	\$ 239,531	\$ 708,414

**Mid Peninsula School District**  
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**NOTE G GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) OPEB PLAN (continued)**

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year (to Be Recognized in Future OPEB Expenses)

Plan Year	Amount
2025	\$ (146,756)
2026	\$ (79,472)
2027	\$ (95,818)
2028	\$ (90,595)
2029	\$ (50,452)
Thereafter	\$ (10,576)

**Actuarial Assumptions**

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

Additional information as of the latest actuarial valuation follows:

**Summary of Actuarial Assumptions**

Valuation Date:	September 30, 2023
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95% net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	Pre-65: 7.0% Year 1 graded to 3.5% Year 15
	Post-65: 5.25% Year 1 graded to 3.5% Year 15
Mortality:	Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
	PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

**Mid Peninsula School District**  
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**NOTE G GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) OPEB PLAN (continued)**

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

*Notes:*

- *Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2024, is based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study.*
- *Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [6.2834 for non-university employers].*
- *Recognition period for assets in years is 5.0000.*
- *Full actuarial assumptions are available in the 2024 MPSERS Comprehensive Annual Financial Report found on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).*

**Long-Term Expected Return on Plan Assets**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2023, are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic Equity Pools	25.0%	5.3%
Private Equity Pools	16.0%	9.0%
International Equity Pools	15.0%	6.5%
Fixed Income Pools	13.0%	2.0%
Real Estate and Infrastructure Pools	10.0%	7.1%
Absolute Return pools	9.0%	5.2%
Real Return/Opportunistic Pools	10.0%	6.9%
Short-Term Investment Pools	2.0%	1.4%
<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 the fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense was 15.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Mid Peninsula School District**  
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**NOTE G GENERAL INFORMATION ABOUT THE MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM (MPSERS) OPEB PLAN (continued)**

**Discount Rate**

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

**Sensitivity of Mid Peninsula School District's proportionate share of the net OPEB liability to changes in the discount rate**

The following presents Mid Peninsula School District's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what Mid Peninsula School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1-percentage-point higher:

<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
<u><b>5.00%</b></u>	<u><b>6.00%</b></u>	<u><b>7.00%</b></u>
(\$424,132)	(\$548,819)	(\$656,624)

**Sensitivity of Mid Peninsula School District's proportionate share of the net OPEB liability to Healthcare Cost Trend Rate**

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

<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Increase</b>
<u><b>1%</b></u>	<u><b>1%</b></u>	<u><b>2%</b></u>
(\$656,625)	(\$548,819)	(\$433,197)

**OPEB Plan Fiduciary Net Position**

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2024 MPSERSCAFR, available on the ORS website at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Payables to the OPEB Plan**

Mid Peninsula School District reported no payables to the defined benefit OPEB plan as of June 30, 2025.

**Mid Peninsula School District**  
Notes to Financial Statements  
June 30, 2025

**NOTE H DEFERRED OUTFLOW (INFLOW) OF RESOURCES**

The School District's deferred outflow of resources at June 30, 2025, consisted of:

	Governmental Funds	District-wide Funds
Pension	\$ -	\$ 1,403,019
OPEB	-	239,531
	\$ -	\$ 1,642,550

The School District's deferred inflow of resources at June 30, 2025, consisted of:

	Governmental Funds	District-wide Funds
31A At Risk	\$ 17,832	\$ 17,832
47g MPSERS	8,908	8,908
Pension	-	895,957
State aid funding for pensions	-	144,457
OPEB	-	708,414
	\$ 26,740	\$ 1,775,568

**NOTE I INTERFUND RECEIVABLES AND PAYABLES - FUND BASED FINANCIAL STATEMENTS**  
At June 30, 2025, the General Fund reported an interfund receivable of \$4,988. The amount is comprised of interfund payables of \$3,873 from the Athletics Fund (within the General Fund) and \$1,115 from the Food Service Fund.

**NOTE J INTERFUND TRANSFERS - FUND BASED FINANCIAL STATEMENTS**  
There were no Interfund transfers during the year ending June 30, 2025.

**NOTE K SINKING FUNDS**  
A Sinking Fund has been created as of August 8, 2023, which has authorized a separate 1 mill increase in tax levy for a period of 10 years from 2023 – 2032. The taxes of which are allowed to be used for purchase of real estate, new construction, repairs, security improvements, technology, student transportation vehicles, trucks and vans related to the School District. For these Sinking Funds the School District complied with applicable provisions of Sec. 1212(1) and 1351(a) of the revised school code.

**Mid Peninsula School District**  
Notes to Financial Statements  
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**NOTE L RISK MANAGEMENT**

The School District is exposed to various risks of losses to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District has obtained coverage from commercial insurance companies. The School District has comprehensive general liability coverage of \$25,000 per occurrence and a \$1,000,000 aggregate limit with no deductible amount.

All risk management activities are accounted for in the General Fund and Special Revenue Funds of the School District. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create but for which none have been reported are considered.

Management estimates that the amount or potential claims against the School District as of June 30, 2025 will not materially affect the financial condition of the School District. Therefore, the financial statements contain no provision for estimated claims. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

**NOTE M FUND BALANCES**

Portions of the fund balances have been classified to include the District's current plans for accumulating funds for use in subsequent periods as follows:

<u>Non-Spendable</u>		
Inventory	\$	-
Prepays		-
		-
 <u>Restricted</u>		
Hot lunch	\$	129,058
Capital Projects		151,592
Athletics		347
		280,997
	\$	280,997
 <u>Committed</u>		
General	\$	55,229
Activity		51,337
		106,566
	\$	106,566

**NOTE N UNEMPLOYMENT COMPENSATION**

Since January 1, 1978, the School District has been a reimbursing employer in accordance with Section 13:(1) of the Michigan Employment Security Act. A reimbursing employer is one who pays to the Michigan Employment Security Commission an amount equal to the full amount of regular benefits, extended benefits and training benefits paid by the Commission.

**Mid Peninsula School District**  
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**NOTE O SHORT-TERM STATE AID ANTICIPATION NOTE PAYABLE**

A \$675,000 State Aid Anticipation Note payable to First Bank, Gladstone, Michigan, is payable at the rate of 4.49% and is due June 22, 2026. The detail is as follows:

	<u>Interest</u>	<u>Proceeds</u>	<u>Amount Due</u>
State Aid Note	4.49%	\$ 675,000	\$ 675,000
	<u>Balance</u>	<u>Additional</u>	<u>Disposal</u>
	<u>7/1/2024</u>		<u>Balance</u>
	<u>\$ 750,000</u>	<u>\$ 675,000</u>	<u>\$ 675,000</u>

**NOTE P LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

For the year ended June 30, 2025, the School implemented the following new pronouncement: Governmental Accounting Standards Board (GASB) Statement No. 87 *Leases* and Statement No. 96 *Subscription-Based Information Technology Arrangements*.

GASB Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of government’s financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

In May 2020, the GASB issued Statement No. 96, *Subscription-based information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

On August 15, 2024 the School District entered into a lease agreement with US bank for use of two copiers. The term was set at 60 months, and can be reflected as \$12,785 of Right to Use Assets in the government wide financial statements. This copier lease will amortize over a period of five years.

**Mid Peninsula School District**  
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June 30, 2025

**NOTE Q NEW ACCOUNTING PRONOUNCEMENT – GASB 101 COMPENSATED ABSENCES:**

Effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter, this new accounting pronouncement requires the implementation of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This new standard provides updated recognition and measurement guidance for all types of compensated absences, such as vacation, sick leave, and paid time off, requiring that liabilities be recognized as employees earn the benefits, rather than when they are used or paid.

The implementation of GASB 101 improves consistency in accounting for compensated absences and enhances the usefulness of financial statement information. The School District evaluated the impact of the standard and determined that it did not result in a material change to the beginning net position or financial position as previously reported. Any liability for compensated absences as of June 30, 2025 has been disclosed in the financial statements.

In addition, the State of Michigan recently enacted the Michigan Earned Sick Time Act (ESTA) which was effective February 21, 2025, or will be effective October 1, 2025, depending on the number of each organization's employees as defined by the ESTA. The ESTA requires employers to provide eligible employees with certain guaranteed paid sick leave hours. The requirements of the ESTA will need to be evaluated by the School District in conjunction with the requirements of GASB 101 for the fiscal year ended June 30, 2026.

The School District had \$158,950 in long term compensated absences for the year ended June 30, 2025. The details of the School Districts compensated absences policy may be found in Note E.

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## **Required Supplemental Information**

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**Mid Peninsula School District**  
 Required Supplemental Information  
 Budgetary Comparison Schedule – General Fund  
 For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>			<u>Variance</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Actual to Final Budget</u>	<u>Original to Final Budget</u>
<b>REVENUE</b>					
Local sources	\$ 683,528	\$ 824,254	\$ 844,960	\$ 20,706	\$ 140,726
State sources	2,289,970	2,248,603	2,239,045	(9,558)	(41,367)
Federal sources	65,452	66,927	63,713	(3,214)	1,475
<b>Total Revenue</b>	<u>3,038,950</u>	<u>3,139,784</u>	<u>3,147,718</u>	<u>7,934</u>	<u>100,834</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	1,874,132	1,967,241	1,879,605	87,636	(93,109)
Supporting service	1,095,322	1,305,187	1,233,053	72,134	(209,865)
Debt retirement	-	-	-	-	-
Capital outlay	-	10,010	28,652	(18,642)	(10,010)
<b>Total Expenditures</b>	<u>2,969,454</u>	<u>3,282,438</u>	<u>3,141,310</u>	<u>141,128</u>	<u>(312,984)</u>
<b>Excess of Revenues- (Expenditures)</b>	<u>69,496</u>	<u>(142,654)</u>	<u>6,408</u>	<u>149,062</u>	<u>(212,150)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Sale of School Property	-	-	1,500	1,500	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Excess of Revenues and Other Resources Over (Under) Expenditures & Other Uses	69,496	(142,654)	7,908	150,562	(212,150)
Fund Balance Beginning of Year	<u>512,007</u>	<u>512,007</u>	<u>512,007</u>		
Fund Balance End of Year	<u><u>\$ 581,503</u></u>	<u><u>\$ 369,353</u></u>	<u><u>\$ 519,915</u></u>		

**Mid Peninsula School District**  
 Required Supplemental Information  
 Budgetary Comparison Schedule – Food Service Fund  
 For the Year Ended June 30, 2025

	Budgeted Amounts			Variance	
	Original	Budget	Actual	Actual to Final Budget	Original to Final Budget
<b>REVENUE</b>					
Local sources	\$ 4,600	\$ 8,163	\$ 10,853	\$ 2,690	\$ 3,563
State sources	8,000	8,000	8,258	258	-
Federal sources	215,300	260,101	282,777	22,676	44,801
<b>Total Revenue</b>	<u>227,900</u>	<u>276,264</u>	<u>301,888</u>	<u>25,624</u>	<u>48,364</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	-	-	-	-	-
Supporting service	245,960	299,780	271,541	28,239	(53,820)
Debt retirement	-	-	-	-	-
Capital outlay	2,000	-	-	-	2,000
<b>Total Expenditures</b>	<u>247,960</u>	<u>299,780</u>	<u>271,541</u>	<u>28,239</u>	<u>(51,820)</u>
<b>Excess of Revenues- (Expenditures)</b>	<u>(20,060)</u>	<u>(23,516)</u>	<u>30,347</u>	<u>53,863</u>	<u>(3,456)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues and Other Resources Over (Under) Expenditures &amp; Other Uses</b>	<u>(20,060)</u>	<u>(23,516)</u>	<u>30,347</u>	<u>53,863</u>	<u>(3,456)</u>
Fund Balance Beginning of Year	<u>98,711</u>	<u>98,711</u>	<u>98,711</u>		
Fund Balance End of Year	<u>\$ 78,651</u>	<u>\$ 75,195</u>	<u>\$ 129,058</u>		

**Mid Peninsula School District**  
Schedule of Mid Peninsula School District's Pension Contributions  
Michigan Public School Employees' Retirement Plan  
Last 10 Reporting Fiscal Years (*Amounts determined as of 6/30 of each year*)

	2020	2019	2018	2017	2016
Statutory required contributions	\$ 181,649	\$ 142,551	\$ 114,522	\$ 149,237	\$ 216,039
Contributions in relation to statutory required contributions	181,649	142,551	114,522	149,237	216,039
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered employee payroll	\$ 802,019	\$ 760,139	\$ 639,758	\$ 873,022	\$ 911,621
Contributions as a percentage of covered employee payroll	22.65%	18.75%	17.90%	17.09%	23.70%

	2025	2024	2023	2022	2021
Statutory required contributions	\$ 378,094	\$ 327,299	\$ 291,957	\$ 241,956	\$ 230,602
Contributions in relation to statutory required contributions	378,094	327,299	291,957	241,956	230,602
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
School's covered employee payroll	\$ 1,474,300	\$ 1,341,670	\$ 1,295,261	\$ 1,038,483	\$ 947,849
Contributions as a percentage of covered employee payroll	25.65%	24.39%	22.54%	23.30%	24.33%

**Note Disclosures:**

Changes of benefit terms: There were no changes of benefit terms in the FY 2025.

Changes of benefit assumptions: There were no changes of benefit assumptions in FY 2025.

**Mid Peninsula School District**  
Schedule of Mid Peninsula School District's Proportionate Share of the Net Pension Liability  
Michigan Public School Employees' Retirement Plan  
Last 10 Reporting Fiscal Years (*Amounts determined as of 9/30 of each year*)

	2019	2018	2017	2016	2015
Proportion of net pension liability %	.08314%	.00889%	.01051%	.01116%	.01120%
Proportionate share of net pension liability	\$ 2,753,470	\$ 2,671,821	\$ 2,723,274	\$ 2,783,760	\$ 2,735,304
Covered employee payroll	\$ 758,460	\$ 648,777	\$ 850,478	\$ 932,114	\$ 911,621
Proportionate share of net pension liability as a percentage of its covered employee payroll %	363.03%	411.82%	320.21%	295.65%	360.05%
Plan fiduciary net position as a percentage of total pension liability	60.31%	62.36%	64.21%	63.27%	63.17%

	2024	2023	2022	2021	2020
Proportion of net pension liability %	0.01294%	0.12329%	0.11231%	0.10139%	0.09005%
Proportionate share of net pension liability	\$ 3,167,652	\$ 3,990,328	\$ 4,423,847	\$ 2,400,500	\$ 3,093,360
Covered employee payroll	\$ 1,386,038	\$ 1,325,469	\$ 1,125,001	\$ 1,005,742	\$ 820,936
Proportionate share of net pension liability as a percentage of its covered employee payroll %	228.54%	301.05%	393.23%	238.68%	376.81%
Plan fiduciary net position as a percentage of total pension liability	65.91%	65.91%	60.77%	72.60%	59.72%

**Note Disclosures:**

Changes in benefit terms: There were no changes of benefit terms in FY 2025.

Changes of benefit assumptions: There were no changes of benefit assumptions in FY 2025.

**Mid Peninsula School Districts**  
Schedule of Mid Peninsula School District's OPEB Contributions  
Michigan Public School Employees' Retirement Plan  
Last 10 Reporting Fiscal Years *(Amounts determined as of 6/30 of each year)*

	2022	2021	2020	2019	2018
Statutory required OPEB contributions	\$ 18,857	\$ 18,886	\$ 15,989	\$ 11,675	\$ 9,180
OPEB contributions in relation to statutory required contributions *	<u>18,857</u>	<u>18,886</u>	<u>15,989</u>	<u>11,675</u>	<u>9,180</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll (OPEB)	<u>\$ 1,038,488</u>	<u>\$ 947,849</u>	<u>\$ 802,109</u>	<u>\$ 760,139</u>	<u>\$ 693,578</u>
OPEB contributions as a percentage of covered payroll	1.82%	1.99%	1.99%	1.54%	1.32%

	2027	2026	2025	2024	2023
Statutory required OPEB contributions			\$ 4,786	\$ 26,997	\$ 22,686
OPEB contributions in relation to statutory required contributions *			<u>4,786</u>	<u>26,997</u>	<u>22,686</u>
Contribution deficiency (excess)			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School's covered payroll (OPEB)			<u>\$ 1,474,300</u>	<u>\$ 1,341,670</u>	<u>\$ 1,295,261</u>
OPEB contributions as a percentage of covered payroll			0.32%	2.01%	1.75%

**Note Disclosures:**

Changes of benefit terms: There were no changes of benefit terms in FY 2025.

Changes of benefit assumptions: There were no changes of benefit assumptions in FY 2025.

**Mid Peninsula School Districts**  
Schedule of Mid Peninsula School District's Proportionate Share of OPEB Liability  
Michigan Public School Employees' Retirement Plan  
Last 10 Reporting Fiscal Years (*Amounts determined as of 9/30 of each year*)

	2021	2020	2019	2018	2017
Proportion of net OPEB liability %	0.10926%	0.09182%	0.08627%	.00763%	.01050%
Proportionate share of net OPEB liability	\$ 166,690	\$ 491,934	\$ 619,211	\$ 607,036	\$ 929,966
Covered employee payroll (OPEB) *	\$ 1,005,742	\$ 820,936	\$ 758,460	\$ 648,777	\$ 850,748
Proportionate share of net OPEB liability as a percentage of its covered employee payroll %	16.57%	59.92%	81.64%	93.57%	109.31%
Plan fiduciary net position as a percentage of total OPEB liability	87.33%	59.44%	48.46%	42.95%	36.39%
	2026	2025	2024	2023	2022
Proportion of net OPEB liability %			0.12750%	0.12919%	0.11295%
Proportionate share of net OPEB liability			\$ (548,819)	\$ (73,085)	\$ 239,230
Covered employee payroll (OPEB) *			\$ 1,386,038	\$ 1,325,469	\$ 1,125,001
Proportionate share of net OPEB liability as a percentage of its covered employee payroll %			-39.60%	-5.51%	21.26%
Plan fiduciary net position as a percentage of total OPEB liability			105.04%	105.04%	83.09%

**Note Disclosures:**

Changes of benefit terms: There were no changes of benefit terms in FY 2025.

Changes of benefit assumptions: There were no changes of benefit assumptions in FY 2025.

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## **Other Supplemental Information**

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**Mid Peninsula School District**  
 Budgetary Schedule of Revenue  
 General Fund  
 For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>	
	<u>Original</u>	<u>Final</u>		<u>Actual to Final Budget</u>	<u>Original to Final Budget</u>
<b>REVENUE</b>					
Local Sources					
Property tax levy			\$ 730,035		
Athletics			14,122		
Interest income			25,408		
Daycare			19,614		
Miscellaneous income			55,781		
<b>Total Local Sources</b>	<u>683,528</u>	<u>824,254</u>	<u>844,960</u>	<u>20,706</u>	<u>140,726</u>
State Sources					
State Aid - Foundation Grant			1,374,209		
Other State Aid					
Rate stabilization MPSERS			350,489		
Special education			26,066		
Benchmark assessment			2,169		
GSRP			122,206		
School Safety			7,826		
Early Literacy			2,313		
Filter First Healthy Hydration			5,363		
Transportation			52,152		
ARP Homeless			-		
Mental Health			37,476		
At Risk grant			258,776		
<b>Total State Sources</b>	<u>2,289,970</u>	<u>2,248,603</u>	<u>2,239,045</u>	<u>(9,558)</u>	<u>(41,367)</u>
Federal Sources					
SRSA			27,803		
EANS II			3,077		
Title I			20,978		
Title II Part A			2,028		
Title IV, Part A			9,827		
<b>Total Federal Sources</b>	<u>65,452</u>	<u>66,927</u>	<u>63,713</u>	<u>(3,214)</u>	<u>1,475</u>
<b>TOTAL REVENUE</b>	<u><u>\$3,038,950</u></u>	<u><u>\$3,139,784</u></u>	<u><u>\$3,147,718</u></u>	<u><u>\$ 7,934</u></u>	<u><u>\$ 100,834</u></u>

**Mid Peninsula School District**  
 Budgetary Comparison Schedule of Expenditures  
 General Fund  
 For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>			<u>Variance</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Actual to Final Budget</u>	<u>Original to Final Budget</u>
<b>INSTRUCTION BASIC</b>					
<b>Elementary</b>					
Salaries					
Teacher			\$ 236,426		
Aides			6,217		
Teacher substitute			4,510		
Cash in lieu of			11,000		
Retirement			292,580		
FICA			17,296		
Insurance			82,311		
Other Pro contracts			517		
Instructional services			830		
MPSERS 147g			4,042		
Robotics			3,367		
Equipment repair			3,929		
Workers comp			3,709		
Miscellaneous expense			4,060		
Dues and fees			270		
Supplies and materials			21,745		
<b>Total Elementary</b>	<u>773,602</u>	<u>704,900</u>	<u>692,809</u>	<u>12,091</u>	<u>68,702</u>
<b>Early Literacy Add'l Instruction Time</b>					
Salaries					
Teacher			1,705		
Retirement			478		
FICA			130		
<b>Total Early Literacy Add'l Instruction Time</b>	<u>-</u>	<u>2,313</u>	<u>2,313</u>	<u>-</u>	<u>(2,313)</u>

**Mid Peninsula School District**  
 Budgetary Comparison Schedule of Expenditures (continued)  
 General Fund  
 For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>	
	<u>Original</u>	<u>Final</u>		<u>Actual to Final Budget</u>	<u>Original to Final Budget</u>
<b>INSTRUCTION BASIC (CONTINUED)</b>					
<b>High School</b>					
Salaries					
Teacher			291,897		
Teacher substitute			12,715		
Webmaster			3,531		
Noon hour duty			2,160		
Cash in lieu of			11,000		
Insurance			90,954		
Retirement			93,459		
FICA			22,432		
Workers comp			3,709		
Instructional services			1,921		
Other professional contracts			7,999		
Supplies and materials			4,564		
11bb Supplies			141		
Tuition dual enrollment			23,808		
Early middle college tuition and fees			18,089		
Equipment repair			3,930		
Dues and fees			45		
Payment to other public Schools			7,204		
Robotics			18,158		
MPSERS 147g			924		
Travel			555		
Miscellaneous expense			5,647		
<b>Total High School</b>	<u>593,148</u>	<u>655,748</u>	<u>624,842</u>	<u>30,906</u>	<u>(62,600)</u>
<b>Preschool</b>					
Salaries					
Teacher			56,238		
Retirement			17,078		
FICA			4,217		
Other insurance			1,452		
<b>Total Preschool</b>	<u>91,679</u>	<u>95,233</u>	<u>78,985</u>	<u>16,248</u>	<u>(3,554)</u>
<b>GSRP</b>					
Salaries					
Teacher			11,606		
Retirement			3,534		
Supplies			201		
Other insurance			551		
FICA			873		
<b>Total GSRP</b>	<u>31,656</u>	<u>16,765</u>	<u>16,765</u>	<u>-</u>	<u>14,891</u>
<b>Total Instruction Basic</b>	<u><b>1,490,085</b></u>	<u><b>1,474,959</b></u>	<u><b>1,415,714</b></u>	<u><b>59,245</b></u>	<u><b>15,126</b></u>

**Mid Peninsula School District**  
 Budgetary Comparison Schedule of Expenditures (continued)  
 General Fund  
 For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>			<u>Variance</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Actual to Final Budget</u>	<u>Original to Final Budget</u>
<b>INSTRUCTION ADDED NEEDS</b>					
<b>Special Education</b>					
Salaries					
Teacher			36,456		
Aides			4,185		
Substitute			18,625		
Retirement			17,809		
FICA			3,900		
Insurance			23,261		
Miscellaneous			298		
Supplies			498		
Other professional contracts			25,638		
<b>Total Special Education</b>	125,128	141,554	130,670	10,884	(16,426)
<b>At Risk</b>					
Salaries					
Teacher			84,459		
Teacher aide			77,822		
Cash in lieu of			4,798		
Retirement			49,025		
Health and accident insurance			21,508		
FICA			12,001		
Other contract services			7,473		
Miscellaneous			1,690		
<b>Total at Risk</b>	194,053	258,776	258,776	-	(64,723)
<b>Title I Part A 2024-2025</b>					
Salaries					
Teacher			12,902		
Retirement			3,760		
FICA			853		
Textbooks			3,019		
<b>Total Title I Part A</b>	24,598	22,903	20,534	2,369	1,695
<b>Title IV Part A</b>					
Salaries					
Teacher			7,254		
Cash in lieu of			-		
Retirement			2,017		
FICA			556		
<b>Total Title IV Part A</b>	11,391	10,000	9,827	173	1,391
<b>Title II Part A</b>					
Salaries					
Teacher			-		
Retirement			-		
FICA			-		
<b>Total Title II Part A</b>	7,337	546	-	546	6,791

**Mid Peninsula School District**  
 Budgetary Comparison Schedule of Expenditures (continued)  
 General Fund  
 For the Year Ended June 30, 2025

	Budgeted Amounts			Variance	
	Original	Final	Actual	Actual to Final Budget	Original to Final Budget
<b>INSTRUCTION ADDED NEEDS (CONTINUED)</b>					
<b>Small Rural Schools</b>					
Miscellaneous			27,803		
<b>Total Small Rural Schools</b>	18,835	27,803	27,803	-	(8,968)
<b>Health Services</b>					
Miscellaneous supplies & services			516		
<b>Total Health Services</b>	2,705	5,000	516	4,484	(2,295)
<b>31aa Mental Health and School Safety</b>					
Salaries					
Other professional educational			9,100		
Other school counselor			-		
Insurance			-		
Retirement			2,615		
FICA			655		
<b>Total 31aa Mental Health and School Safety</b>	-	12,370	12,370	-	(12,370)
<b>Pupil Support Service</b>					
Truancy officer			-		
<b>Total Pupil Support Service</b>	-	9,665	-	9,665	(9,665)
<b>MV Homeless Grant</b>					
Supplies			3,395		
<b>Total MV Homeless Grant</b>	-	3,665	3,395	270	(3,665)
<b>Total Instruction Added Needs</b>	<b>384,047</b>	<b>492,282</b>	<b>463,891</b>	<b>28,391</b>	<b>(108,235)</b>
<b>TOTAL BASIC AND ADDED NEEDS</b>	<b>\$ 1,874,132</b>	<b>\$ 1,967,241</b>	<b>\$ 1,879,605</b>	<b>\$ 87,636</b>	<b>\$ (93,109)</b>

**Mid Peninsula School District**  
 Budgetary Comparison Schedule of Expenditures (continued)  
 General Fund  
 For the Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>	
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>	<u>Original to Final Budget</u>
<b>SUPPORTING SERVICES ADMINISTRATION</b>					
<b>Instructional Staff</b>					
23g MI kids back on track			\$ -		
Benchmark assessment			2,169		
GSRP-Early childhood specialist			2,500		
Title II Testing materials			2,028		
<b>Total Instructional Staff</b>	7,094	11,947	6,697	5,250	(4,853)
<b>Board of Education</b>					
Board member compensation					
Legal expense			2,398		
Audit costs			5,081		
Other professional contracts			11,000		
Advertising			3,545		
Miscellaneous			4,885		
Dues and fees			1,184		
<b>Total Board of Education</b>			2,366		
	21,478	30,521	30,459	62	(9,043)
<b>Executive Administration</b>					
Salaries					
Superintendent			65,795		
Secretarial			29,033		
General admin - 31aa			13,420		
Insurance			12,141		
Retirement - Executive Administration			29,826		
Retirement - 31aa Mental Health			3,886		
FICA - Executive Administration			6,781		
FICA - 31aa Mental Health			1,027		
MPSERS 147g			3,127		
Local travel			2,904		
Postage			435		
Office supplies			1,025		
Phone stipend			1,800		
Dues and fees			1,085		
Miscellaneous expense			4,211		
<b>Total Executive Administration</b>	172,115	179,107	176,496	2,611	(6,992)
<b>Principal</b>					
Salaries					
Principal			35,535		
Secretarial			29,033		
Other temporary salaries			3,141		
Insurance			8,879		
Retirement			20,970		
FICA			4,783		
Miscellaneous expense			620		
Other professional contracts			3,663		
Postage			394		
Travel			159		
<b>Total Principal</b>	110,165	112,165	107,177	4,988	(2,000)

**Mid Peninsula School District**  
 Budgetary Comparison Schedule of Expenditures (continued)  
 General Fund  
 For the Year Ended June 30, 2025

	Budgeted Amount			Variance	
	Original	Final	Actual	Actual to Final Budget	Original to Final Budget
<b>SUPPORTING SERVICES ADMINISTRATION</b>					
<b>Fiscal Services</b>					
Salaries					
Business manager			84,303		
Insurance			17,915		
Retirement - Fiscal Services			25,686		
FICA - Fiscal Services			5,819		
MPSERS 147g			1,371		
<b>Total Fiscal Services</b>	129,862	137,012	135,094	1,918	(7,150)
<b>Operations Building Services</b>					
Salaries					
Custodial			80,094		
Other temporary salaries			7,966		
Retirement			26,390		
FICA			6,414		
Other professional contracts			22,042		
Insurance			8,527		
Unemployment			205		
Telephone			1,085		
Waste disposal			4,828		
Property/liability insurance			34,591		
Woodchips and fuel			20,800		
Electricity			21,377		
Local Travel			791		
SRO - other prof contracts			3,358		
GSRP - Insurance			3,000		
GSRP - utilities and maintenance			2,337		
97c Safety assessment - other prof contracts			1,200		
Miscellaneous expenses			946		
Miscellaneous supplies			13,596		
<b>Total Operations Building Services</b>	260,863	284,100	259,547	24,553	(23,237)

**Mid Peninsula School District**  
 Budgetary Comparison Schedule of Expenditures (continued)  
 General Fund  
 For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance	
	Original	Final		Actual to Final Budget	Original to Final Budget
<b>SUPPORTING SERVICES ADMINISTRATION</b>					
<b>Pupil Transportation</b>					
Salaries					
Bus Driver			65,148		
Other Temp			3,085		
Extra Trip			2,963		
Supervision and direction			8,446		
Mechanic			6,319		
Driver - GSRP			7,000		
Other professional contracts			22,169		
Insurance - Pupil Transportation			19,475		
MPSERS 147g			448		
Local travel			1,408		
Retirement - Pupil Transportation			19,188		
Retirement - GSRP			2,055		
FICA - Pupil Transportation			5,534		
FICA - GSRP			535		
Workshop, Conferences and travel			-		
Trans Radio			2,472		
Fleet Insurance			9,806		
Vehicle/Bus Repair and Parts			26,154		
Fleet Fuel/Oil/Grease - Pupil Transportation			14,289		
MV Homeless Grant - Transportation			250		
Vehicle/Bus Repairs - 22L District Transportation			52,152		
Miscellaneous supplies and materials			4,719		
Dues and fees			352		
GSRP - Transportation			3,029		
GSRP - Fleet Fuel			6,000		
<b>Total Pupil Transportation</b>	240,475	312,025	282,996	29,029	(71,550)
<b>Custody and Care of Children</b>					
Salaries					
Daycare			46,635		
Retirement			13,979		
FICA			3,567		
Miscellaneous expense			1,787		
Dues and fees			225		
<b>Total Other Business Services</b>	-	66,508	66,193	315	(66,508)
<b>Other Business Services</b>					
Interest expenses notes			38,175		
<b>Total Other Business Services</b>	37,425	38,175	38,175	-	(750)

**Mid Peninsula School District**  
 Budgetary Comparison Schedule of Expenditures (continued)  
 General Fund  
 For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance	
	Original	Final		Actual to Final Budget	Original to Final Budget
<b>SUPPORTING SERVICES ADMINISTRATION</b>					
<b>Welfare Activities</b>					
Homeless Title I Shelter and Household			443		
Homeless Title I Clothing			44		
Homeless Supplies			1,792		
<b>Total Welfare Activities</b>	-	3,392	2,279	1,113	(3,392)
<b>Athletics</b>					
Salaries					
Coaching wages			58,370		
Other temporary salaries			4,165		
Bus Driver			5,189		
Retirement			20,825		
FICA			4,862		
Other professional contracts			13,062		
Local travel			4,057		
Supplies and materials			5,112		
Dues and fees			4,121		
Miscellaneous			8,177		
<b>Total Athletics</b>	115,845	130,235	127,940	2,295	(14,390)
<b>Total Supporting Services</b>	<b>1,095,322</b>	<b>1,305,187</b>	<b>1,233,053</b>	<b>72,134</b>	<b>(209,865)</b>
<b>Capital Outlay</b>					
Buses			10,010		
11bb supplies			2,936		
Filter First healthy hydration			5,383		
31aa Mental health - other prof contracts			6,773		
Replace equipment			3,550		
<b>Total Capital Outlay</b>	-	10,010	28,652	(18,642)	
<b>TOTAL GENERAL FUND EXPENDITURES</b>	<b>\$ 2,969,454</b>	<b>\$ 3,282,438</b>	<b>\$ 3,141,310</b>	<b>\$ 141,128</b>	<b>\$ (302,974)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	-	-
Sale of School Property	-	-	1,500	1,500	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,500</b>	<b>\$ 1,500</b>	<b>\$ -</b>

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**Independent Auditor's Report on Compliance and Internal Control Based on an Audit of the General Purpose Financial Statements Performed in Accordance with Government Auditing Standards**

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 Governmental activities, each major fund and the aggregate remaining fund information of Mid Peninsula School District as of and for the year ended June 30, 2025, and the related notes to the financial statements which collectively comprise Mid Peninsula School District basic financial statements and have issued our report thereon dated October 31, 2025.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School District internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstance for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the School District internal control. Accordingly, we do not express an opinion on the effectiveness of the School District 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 School District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying Schedule of Findings and Responses as items 2025-001 and 2025-002 that we consider to be significant deficiencies.

Compliance and other Matters

As part of obtaining reasonable assurance about whether Mid Peninsula School District financial statements are free of 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 determination of financial statement amounts. 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

School's Response to Findings

Mid Peninsula School District response to the findings identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit Mid Peninsula School District response and, accordingly, we express no opinion on it.

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 School District internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended for the information and use of the Board of Education, management and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Johnson and Rennie, LLC  
Menominee, Michigan  
October 31, 2025

**Mid Peninsula School District**  
Schedule of Findings and Responses  
For the Year Ended June 30, 2025

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**#2025-001 - Ability to Prepare Financial Statements and Related Note Disclosures**

*Criteria:* Local units of Government are required to possess the ability to prepare its financial statements and related disclosures in accordance with generally accepted accounting principles.

*Condition:* Like other local units of Government of similar size, limited financial summaries and abbreviated financial statements are made available for the Members of the Board. The School District relies on its auditor to draft its financial statements and related disclosures in accordance with generally accepted accounting principles. Members of the Board review and accept the financial statements on behalf of the School District.

*Cause:* The School District does not have staff familiar enough with accounting standards to be able to draft the School District's financial statements and related footnotes.

*Effect:* We consider this condition to be a significant deficiency with nominal effect as the School District's Management possesses the skill and knowledge to prepare and monitor the annual budget and does understand all of the information included in the annual financial statements.

*Recommendation:* The hiring of additional personnel to prepare the financial statements would not be cost effective. Members of the Board should remain involved in the financial reporting process to provide oversight and independent review functions.

*Response:* The School District agrees and will continue to use the auditor's assistance in drafting its financial statements and will remain involved in the financial reporting process.

**#2025-002 – Segregation of Duties**

*Criteria:* Local units of Government including School Districts, are required to have a segregation of duties among its accounting department staff in accordance with sound accounting principles.

*Condition:* As in prior years it was noted that the School District has a lack of segregation of duties. One person handles almost all phases of the accounting and reporting of the School District's finances due to the small number of staff.

*Cause:* It has been determined not to be cost effective to hire more staff to help eliminate this lack of segregation.

*Effect:* The effect of this is minimal as the lack of segregation was mitigated by the Superintendent's supervision and the active oversight of the Board.

*Recommendation:* Although the size of the School District makes complete segregation of duties impossible, we again recommend that the accounting functions be reviewed by management on a regular basis and that the duties be periodically rotated between the staff.

*Managements Response:* The School District is in the process of cross training accounting staff and duties will be rotated in the absence of accounting personnel. Management will continue to closely monitor the accounting functions.

**Mid Peninsula School District**  
Schedule of Prior Findings and Responses  
For the Year Ended June 30, 2025

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**#2024-001 - Ability to Prepare Financial Statements and Related Note Disclosures**

*Criteria:* Local units of Government are required to possess the ability to prepare its financial statements and related disclosures in accordance with generally accepted accounting principles.

*Condition:* Like other local units of Government of similar size, limited financial summaries and abbreviated financial statements are made available for the Members of the Board. The School District relies on its auditor to draft its financial statements and related disclosures in accordance with generally accepted accounting principles. Members of the Board review and accept the financial statements on behalf of the School District.

*Cause:* The School District does not have staff familiar enough with accounting standards to be able to draft the School District's financial statements and related footnotes.

*Effect:* We consider this condition to be a significant deficiency with nominal effect as the School District's Management possesses the skill and knowledge to prepare and monitor the annual budget and does understand all of the information included in the annual financial statements.

*Recommendation:* The hiring of additional personnel to prepare the financial statements would not be cost effective. Members of the Board should remain involved in the financial reporting process to provide oversight and independent review functions.

*Response:* The School District agrees and will continue to use the auditor's assistance in drafting its financial statements and will remain involved in the financial reporting process.

**#2024-002 – Segregation of Duties**

*Criteria:* Local units of Government including School Districts, are required to have a segregation of duties among its accounting department staff in accordance with sound accounting principles.

*Condition:* As in prior years it was noted that the School District has a lack of segregation of duties. One person handles almost all phases of the accounting and reporting of the School District's finances due to the small number of staff.

*Cause:* It has been determined not to be cost effective to hire more staff to help eliminate this lack of segregation.

*Effect:* The effect of this is minimal as the lack of segregation was mitigated by the Superintendent's supervision and the active oversight of the Board.

*Recommendation:* Although the size of the School District makes complete segregation of duties impossible, we again recommend that the accounting functions be reviewed by management on a regular basis and that the duties be periodically rotated between the staff.

*Managements Response:* The School District is in the process of cross training accounting staff and duties will be rotated in the absence of accounting personnel. Management will continue to closely monitor the accounting functions.

JOHNSON & RENNIE, LLC  
CERTIFIED PUBLIC ACCOUNTANTS

Joel T. Rennie, CPA  
Rodney R. Johnson, CPA  
Carl R. Sorensen, CPA

Members  
American Institute of CPA's  
Michigan Association of CPA's  
Wisconsin Institute of CPA's

**October 31, 2025**

**Mid Peninsula School District  
Board of Education  
Rock, Michigan**

We have audited the financial statements of Mid Peninsula School District, for the year ended June 30, 2025 and have issued our report thereon dated October 31, 2025. Professional standards require that we provide you with the following information related to our audit.

**Our Responsibility under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated May 21, 2025, our responsibility as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute assurance that the financial statements are free of material misstatement.

As part of our audit we considered the internal control of the School District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the School District's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the School District, including compliance with certain provisions of laws, regulations, contracts, grant agreements, certain instances of error or fraud, illegal acts applicable to government agencies, and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated October 31, 2025, regarding our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements.

**Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated May 21, 2025.

## **Significant Audit Findings**

### ***Qualitative Aspects of Accounting Practices***

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Mid Peninsula School District are described in Note 1 to the financial statements.

We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus.

We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ slightly from those expected.

The most sensitive estimate affecting the financial statements was the School District's share of the MPSERS and OPEB pension plans net pension liability recorded on the government-wide statements for the implementation of GASB Statement No. 75. The School District's estimate as of June 30, 2025 is \$2,618,833 and is based on data received from the Office of Retirement Services. We evaluated the key factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent and clear.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Disagreements with Management***

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such significant disagreements arose during the course of our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial and communicate them to the appropriate level of management.

We did not detect any misstatements as a result of audit procedures.

### ***Significant Finding or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the School District and business plans and strategies that may affect the risks of material misstatement with management each year prior to our retention of the Schools District's auditors. However, these discussions occurred in the normal course of our professional relationships and our responses were not a condition of our retention.

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated October 31, 2025.

### ***Management Consultations with Other Independent Accountants***

In some cases management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge there were no such consultations with other accountants.

### ***Other Matters***

We applied certain limited procedures to identify the following RSI, which are required supplementary information (RSI) that supplements the basic financial statements:

- Budgetary Comparison Schedule – General Fund
- Budgetary Comparison Schedule – Food Service Fund
- Schedule of Mid Peninsula School District's Pension Contributions
- Schedule of Mid Peninsula School District's Proportionate Share of the Net Pension Liability
- Schedule of Mid Peninsula School District's OPEB Contributions
- Schedule of Mid Peninsula School District's Proportionate Share of OPEB Liability

Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the following, which accompany the financial statements but are not RSI:

- General Fund Budgetary Schedule of Revenue
- General Fund Budgetary Comparison Schedule of Expenditures

With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

***Recommendations/Comments***

- We recommend that all scholarship fund activity be recorded in the general ledger throughout the fiscal year as transactions occur. Doing so will ensure that financial activity is accurately reflected in the accounting records on a timely basis
- We recommend that all student activity fund transactions be recorded in the general ledger throughout the fiscal year as transactions occur. Doing so will ensure that financial activity is accurately reflected in the accounting records on a timely basis
- Our audit procedures noted that check disbursements were issued with only one authorized signature. We recommend that all check disbursements require two authorized signatures prior to issuance. Implementing this control will enhance oversight, reduce the risk of unauthorized or improper payments, and promote stronger overall internal control over cash disbursements.

***Restriction on Use***

This information is intended solely for the information and use of individuals charged with governance and management of Mid Peninsula School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Johnson & Rennie, LLC  
Menominee, Michigan  
October 31, 2025

Eric J. VanDamme  
Superintendent, Principal  
906-359-4387, Ext 7112

**Mid Peninsula School District**  
*Where Workers Learn & Learning Works*  
5055 St. Nicholas 31<sup>st</sup> Rd  
Rock, MI 49880  
[www.mpswolverines.com](http://www.mpswolverines.com)

Sandra McPherson  
Business Manager  
906-359-4387, Ext 7111

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**Corrective Action Plan**  
Year Ended June 30, 2025

U.S. Department of Education

Mid-Peninsula of Rock, Michigan respectfully submits the following corrective action plan for the year ended June 30, 2025.

Name and address of independent public accounting firm:

Johnson & Rennie, LLC  
900 26<sup>th</sup> Street  
Menominee, MI 49858

Audit period June 30, 2025

The findings from the October 31, 2025, Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings – Financial Statements Audit

Significant Deficiencies

**(2025-001)**

**Ability to Prepare Financial Statements and Related Note Disclosures- Auditor Assistance in Preparation of the Financial Statements**

Recommendation: Due to the size and budget constraints of the School District, we do not recommend any changes in procedures at this time.

Action Taken: The School District agrees and should the current situation change, resources and staff will be allocated for education and monitoring to eliminate auditor intervention.

**(2025-002) Segregation of Duties**

Recommendation: The accounting and other staff should be closely monitored throughout the year and periodically rotate duties between the staff.

Action Taken: We concur with the recommendation and the Board and Superintendent will continue to monitor the accounting staff throughout the year and rotate duties between staff whenever possible.

If the U.S. Department of Education has any questions regarding this plan, please call me at (906) 466-9981.

Sincerely yours,



Sandra McPherson  
Business Manager