NICE COMMUNITY SCHOOL DISTRICT
ISHPEMING, MICHIGAN

AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
NICE Community School District
300 Westwood Drive
Ishpeming, Michigan 49849

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the NICE Community School District (the School District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Change in Accounting Principle

As described in Note X to the financial statements, in 2025, the School District adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2025, on 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 and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Anderson, Tackman & Company, PLC
Certified Public Accountants

October 27, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of NICE Community School District's (School District) financial performance provides an overview of the School District's financial activities for the year ended June 30, 2025. Please read it in conjunction with the financial statements, which begin as listed in the table of contents.

FINANCIAL HIGHLIGHTS

- Net position for the School District as a whole was reported at ($4,026,064). Net position is comprised of 100% governmental activities.

- During the year, the School District expenses were $17,666,244 while revenues from all sources totaled $21,019,187 resulting in an increase in net position of $3,352,943.

- The General Fund reported a decrease of $21,780 before other financing sources (uses) and a total increase of $270,486. This is $232,108 more than the forecasted increase of $38,378. This was a result of revenues being $64,053 more than forecasted, expenses being $168,305 less than forecasted, and other financing (uses) being $250 more than forecasted.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District financially as a whole. The *District-wide Financial Statements* Statement of Net Position and the Statement of Activities (as listed in the table of contents) provide information about the activities of the School District as a whole and present a longer-term view of those finances. The fund financial statements (as listed in the table of contents) present the next level of detail. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. The fund financial statements also report the School District's operations in more detail than the district-wide statements by providing information about the School District's most significant funds (as listed in Note A), 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 activities for which the School District acts solely as an agent for the benefit of students and parents.

Reporting the School District as a Whole – *District-wide Financial Statements*

Our analysis of the School District as a whole begins below. One of the most important questions asked about the School District's finances is "As a whole, what is the School District's financial condition as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the School District as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position and changes in it. The School District's net position – the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources – is one way to measure the School District's financial health, or financial position. Over time, increases or decreases in the School District's net position – as reported in the Statement of Activities – is an indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as private-sector companies do. One must consider other non-financial factors, such as the quality of education provided, the safety of the schools and the condition of the School District's capital assets, to assess the overall financial health of the School District.

The Statement of Net Position and Statement of Activities report the governmental activities for the School District, which encompass all the School District's services, including instruction, supporting services, community services, athletics, and food services. Property taxes, unrestricted State Aid (foundation allowance revenue), and State and Federal grants finance most of these activities.

Reporting the School District's Most Significant Funds – *Fund Financial Statements*

Our analysis of the School District's major funds begins on the pages below. The fund financial statements as listed in the table of contents provide detailed information on the most significant funds – not the School District as a whole. Some funds are required to be established by State law, and by bond covenants. However, the School District's Board has established other funds to help it control and manage money for particular purposes.

- *Governmental Funds* – All of the School District's services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and Statement of Activities) and governmental funds in a reconciliation which follows the fund financial statements.

The School District as a Whole

Table 1 provides a summary of the School District's net position as of June 30, 2025 and 2024:

Table 1
Net Position

	Governmental Activities – 2025	Governmental Activities – 2024
Current and other assets	$14,872,738	$11,033,485
Capital assets, net	17,909,794	17,183,569
Total Assets	32,782,532	28,217,054
Deferred outflows of resources	7,226,706	8,923,351
Current liabilities	5,724,176	6,328,583
Long-term liabilities	27,871,315	30,758,227
Total Liabilities	33,595,491	37,086,810
Deferred inflows of resources	10,439,811	6,702,890
Net Position:		
Net investment in capital assets	11,984,699	11,442,387
Restricted	6,010,294	1,799,190
Unrestricted	(22,021,057)	(19,890,872)
Total Net Position	($4,026,064)	($6,649,295)

The School District's net position was ($4,026,064) as of June 30, 2025. Net investment in capital assets totaling $11,984,699, compares the original cost, less depreciation of the School District's capital assets to long-term debt, used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use those net position for day-to-day operations. The remaining amount of net position of ($22,021,057) was unrestricted.

The ($22,021,057) in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities (see Table 2).

Table 2
Statement of Activities

	Governmental Activities – 2025	Governmental Activities – 2024
Revenues:		
Program Revenues:		
Charges for services	$428,610	$402,811
Operating grants and contributions	7,026,049	7,406,344
General Revenues:		
Property taxes	5,664,892	4,544,410
State sources not restricted to specific program	7,636,595	8,573,554
Contributions and other unrestricted grants	-	-
Investment earnings	238,248	351,306
Gain on sale of fixed assets	-	-
Miscellaneous	24,793	38,006
Total Revenues	21,019,187	21,316,431
Program Expenses:		
Instruction	9,604,100	10,219,624
Supporting services	5,595,371	5,512,522
Community services	124,654	111,061
Food service activities	471,163	473,231
Interest on long-term debt	293,896	229,779
Payments to other governmental agencies	278,878	271,469
Depreciation – unallocated	1,298,182	1,215,670
Total Expenses	17,666,244	18,033,356
Increase (decrease) in net position	3,352,943	3,283,075
Net position, beginning	(6,649,295)	(9,932,370)
Prior period adjustment	(729,712)	-
Net position, beginning, as restated	(7,379,007)	(9,932,370)
Net Position, Ending	($4,026,064)	($6,649,295)

As reported in the Statement of Activities, the cost of all of our governmental activities this year was $17,666,244. Certain activities were partially funded from those who benefited from the programs $428,610 or by other governments and organizations that subsidized certain programs with grants and contributions $7,026,049. We paid for the remaining "public benefit" portion of our governmental activities with $5,664,892 in taxes, $7,636,595 in State Foundation Allowance, and with our other revenues, such as interest and general entitlements.

The School District experienced a change in net position for the year of $3,352,943. Key reasons for the change in net position were as follows:

- Net change in governmental fund balances of $4,458,506.
- Depreciation charged to expense of ($1,298,182).
- Capital outlays of $2,024,407.
- Proceeds from debt issuance in the amount of ($5,834,541).
- Bond premium of ($104,994)
- Principal payment on debt in the amount of $1,001,078.
- Activity related to pension liability of $1,472,433.

- Activity related to OPEB liability of $1,542,329.
- Change in compensated absences $106,753.
- Change in accrued interest in the amount of ($14,846).

Table 3 presents the cost of each of the School District's largest activities as well as each program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that each function placed on the School District's operation.

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services
Instruction	$9,604,100	$5,312,966
Supporting services	5,595,371	3,267,617
Food service activities	471,163	(45,115)

The net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted State aid constitute the vast majority of the School District's operating revenue sources, the Board of Education and Administration must annually evaluate the needs of the School District and balance those needs with State-prescribed available financial resources.

The School District's Funds

As noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed the year, its governmental funds (as presented in the balance sheet as listed in the table of contents) reported a combined fund balance of $9,216,211, an increase of $4,458,506 from the beginning of the year.

The increase of $4,458,506 in the combined fund balance is the net effect of an increase in the General Fund balance of $270,486, a decrease in the Sinking Fund balance of $650,306, an increase in the 2025 Capital Projects Fund balance of $4,861,071, a decrease in the School Lunch Fund balance of $6,108, an increase in the Scholarship Fund balance of $6,197, a decrease in the Student Activities Fund balance of $23,084, no change in the 2024 Debt Service Fund balance, and an increase in the 2025 Debt Service Fund balance of $250.

General Fund Budgetary Highlights

Over the course of the year, the School District's Board of Education revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

Changes to the General Fund original budget occurred during the annual budget review in June of 2025.

BUDGETED REVENUES

General Fund revenues changed from original to final budget during the year as follows:

	Original Budget	Final Budget	Budget Change Positive (Negative) Amount	Budget Change Positive (Negative) Percent
Total	$19,032,335	$18,810,783	($221,552)	(1.16%)

The decrease in the budgeted revenues was primarily due to decreases in state funding sources.

BUDGETED EXPENDITURES

General Fund expenditures changed from the original to final budget during the year as follows:

	Original Budget	Final Budget	Budget Change Positive (Negative) Amount	Budget Change Positive (Negative) Percent
Total	$19,223,029	$19,064,921	$158,108	0.82%

The decrease in the budgeted expenditures was due to less added needs instruction expenses.

ACTUAL REVENUES

The General Fund actual revenues differed from the final budget as follows:

	Final Budget	Actual	Budget Variance Positive (Negative) Amount	Budget Variance Positive (Negative) Percent
Total	$18,810,783	$18,874,836	$64,053	0.34%

The variance between the budgeted revenue and actual revenue was primarily due to the change in funding between state and local due to the property tax settlement received. Also, some state grant funds received on state aid were unable to be spent as of yearend.

ACTUAL EXPENDITURES

General Fund actual expenditures differed from the final budget as follows:

	Final Budget	Actual	Budget Variance Positive (Negative) Amount	Budget Variance Positive (Negative) Percent
Total	$19,064,921	$18,896,616	$168,305	0.88%

The main variance between the budgeted expenditures and actual expenditures was due to basic programs and instructional staff expenses being less than anticipated.

Enrollment

The School District's 2024-2025 State aid blended membership enrollment from the fall count totaled 1,107. This is a decrease of 42 students from the previous year.

Enrollment changes over the last five years can be illustrated as follows:

Fiscal Year	(Fall) Student FTE	Increase (Decrease) in Student Enrollment (FTE)
2024-2025	1,107	(42)
2023-2024	1,149	(1)
2022-2023	1,150	11
2021-2022	1,139	41
2020-2021	1,098	(64)

Student enrollment is important to the financial health of the School District because state funding is based on a per pupil formula.

Capital Asset and Debt Administration

Capital Assets

As of June 30, 2025, the School District had $17,909,794 invested in a variety of capital assets including land, buildings, and machinery and equipment. (See Table 4 below)

Table 4
Capital Assets at Year-End
(net of depreciation)

	Governmental Activities – 2025	Governmental Activities – 2024
Land	$41,000	$41,000
Construction in progress	948,930	71,288
Land improvements	779,577	866,456
Buildings and additions	14,895,150	14,972,983
Machinery and equipment	527,767	545,347
Buses and other vehicles	717,370	686,495
Total	$17,909,794	$17,183,569

During the current year, the School District finished the 2024 Capital Projects, started the 2025 Capital Projects, purchased various pieces of equipment, purchased two new buses, and updated some technology equipment. The School District disposed of two buses in the current year. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had $10,574,645 in bonds and installment loans outstanding as depicted in Table 5 below.

Table 5
Outstanding Debt at Year-End

	Governmental Activities – 2025	Governmental Activities – 2024
Bonds	$9,993,000	$5,242,000
Installment loans	581,645	499,182
Total	$10,574,645	$5,741,182

The School District issued a new bond for $5.5 million and two new installment loans totaling $334,541 in the current year. Principal payments were $749,000 for bonds and $252,078 for installment loans. We present more detailed information about our long-term debt in the notes to the financial statements.

Economic Factors and Next Year's Budgets

The Board and administration consider many factors to develop budgets. The 2025-2026 budget plans to balance revenues and expenditures through various budget reductions and staff retirements. Locally, new mining interests in the area will bring increased tax values as wells as new employment opportunities in the area.

Contacting the School District's Financial Management

This financial report is designated to provide the School District's citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the NICE Community School District, 300 Westwood Drive, Ishpeming, Michigan 49849.

NICE Community School District

STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities
ASSETS	
Current Assets:	
Cash and cash equivalents	$ 6,676,191
Investments	4,744,132
Receivables:	
Accounts receivable	28,363
Due from other governmental units	3,409,970
Inventories	14,082
Prepaid expenses	-
Non-current Assets:	
Capital Assets:	
Land and construction in progress	989,930
Other capital assets, net	16,919,864
TOTAL ASSETS	32,782,532
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of related to proportionate share of net pension liability	3,384,995
District's contributions made subsequent to pension measurement date	2,775,265
Deferred outflows of related to proportionate share of net OPEB liability	988,731
District's contributions made subsequent to OPEB measurement date	77,715
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,226,706
LIABILITIES	
Current Liabilities:	
Accounts payable	1,312,023
Accrued liabilities	1,393,694
Accrued interest	67,649
State anticipation note	2,000,000
Unearned revenue	950,810
Non-current Liabilities:	
Portion due or payable within one year:	
Notes payable	241,594
Bonds payable	768,000
Compensated absences	639,442
Portion due or payable after one year:	
Notes payable	340,051
Bonds payable	9,329,994
Compensated absences	245,139
Proportionate share of net pension liability	19,862,429
Proportionate share of net OPEB liability/(benefit)	(3,555,334)
TOTAL LIABILITIES	33,595,491
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to proportionate share of net pension liability	5,763,663
Deferred inflows related to proportionate share of net OPEB liability	4,676,148
TOTAL DEFERRED INFLOWS OF RESOURCES	10,439,811
NET POSITION	
Net investment in capital assets	11,984,699
Restricted	6,010,294
Unrestricted	(22,021,057)
TOTAL NET POSITION	$ (4,026,064)

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

NICE Community School District

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

Function / Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:				
Instruction	$ 9,604,100	$ 375,304	$ 3,915,830	$ (5,312,966)
Supporting services	5,595,371	-	2,327,754	(3,267,617)
Community services	124,654	-	5,040	(119,614)
Food service activities	471,163	53,306	462,972	45,115
Interest on retirement of debt	293,896	-	-	(293,896)
Payments to other governmental agencies	278,878	-	314,453	35,575
Depreciation - unallocated	1,298,182	-	-	(1,298,182)
TOTAL GOVERNMENTAL ACTIVITIES	$ 17,666,244	$ 428,610	$ 7,026,049	(10,211,585)

General revenues:	
Taxes	
Property taxes, levied for general purposes	4,444,381
Property taxes, levied for debt services and sinking fund	1,220,511
State Aid not restricted to specific purposes	7,636,595
Contributions and other unrestricted grants	-
Interest and investment earnings	238,248
Gain on sale of fixed assets	-
Miscellaneous	24,793
TOTAL GENERAL REVENUES	13,564,528
CHANGES IN NET POSITION	3,352,943
Net position, beginning of year, as restated	(7,379,007)
NET POSITION, END OF YEAR	$ (4,026,064)

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

NICE Community School District

GOVERNMENTAL FUNDS

BALANCE SHEET

June 30, 2025

	General Fund	Capital Project Funds: Sinking Fund	Capital Project Funds: 2025 Capital Projects Fund	Other Non-major Governmental Funds	Total
ASSETS					
Cash and cash equivalents	$ 442,847	$ 701,167	$ 5,276,421	$ 255,756	$ 6,676,191
Investments	4,683,490	-	-	60,642	4,744,132
Accounts receivable	27,241	-	-	1,122	28,363
Due from other governmental units	3,113,892	296,078	-	-	3,409,970
Due from other funds	-	-	-	6,599	6,599
Inventories	-	-	-	14,082	14,082
Prepaid expenses	-	-	-	-	-
TOTAL ASSETS	8,267,470	997,245	5,276,421	338,201	14,879,337
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 8,267,470	$ 997,245	$ 5,276,421	$ 338,201	$ 14,879,337
LIABILITIES					
Accounts payable	$ 895,282	$ 480	$ 415,350	$ 911	$ 1,312,023
Accrued liabilities	1,393,694	-	-	-	1,393,694
Due to other funds	6,599	-	-	-	6,599
State aid notes payable	2,000,000	-	-	-	2,000,000
Unearned revenue	950,810	-	-	-	950,810
TOTAL LIABILITIES	5,246,385	480	415,350	911	5,663,126
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-
FUND BALANCES					
Non-spendable	-	-	-	14,082	14,082
Restricted	-	996,765	4,861,071	138,376	5,996,212
Committed	-	-	-	184,832	184,832
Assigned	-	-	-	-	-
Unassigned	3,021,085	-	-	-	3,021,085
TOTAL FUND BALANCES	3,021,085	996,765	4,861,071	337,290	9,216,211
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 8,267,470	$ 997,245	$ 5,276,421	$ 338,201	$ 14,879,337

NICE Community School District

GOVERNMENTAL FUNDS

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

June 30, 2025

Total Fund Balances for Governmental Funds		$ 9,216,211
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Cost of capital assets	$ 36,422,719	
Accumulated depreciation	(18,512,925)	17,909,794
Net pension liability is not due and payable in the current period and is not reported in the funds.		
Proportionate share of net pension liability	19,862,429	
Deferred outflows related to proportionate share of net pension liability	(3,384,995)	
Deferred outflows made subsequent to pension measurement date	(2,775,265)	
Deferred inflows related to proportionate share of net pension liability	5,763,663	(19,465,832)
Net OPEB liability is not due and payable in the current period and is not reported in the funds.		
Proportionate share of net OPEB liability/(benefit)	(3,555,334)	
Deferred outflows related to proportionate share of net OPEB liability	(988,731)	
Deferred outflows made subsequent to OPEB measurement date	(77,715)	
Deferred inflows related to proportionate share of net OPEB liability	4,676,148	(54,368)
Long-term liabilities are not due and payable in the current period and are not reported in the funds. Long-term liabilities at year-end consist of:		
Notes payable - current	241,594	
Notes payable - non-current	340,051	
Bonds payable - current	768,000	
Bonds payable - non-current	9,225,000	
Deferred premium of bonds	104,994	
Compensated absences - current	639,442	
Compensated absences - non-current	245,139	
Accrued interest	67,649	(11,631,869)
Net Position of Governmental Activities		$ (4,026,064)

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

NICE Community School District

GOVERNMENTAL FUNDS

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2025

	General Fund	Capital Project Funds: Sinking Fund	Capital Project Funds: 2025 Capital Projects Fund	Other Non-major Governmental Funds	Total
REVENUES:					
Local sources	$ 5,163,339	$ 1,251,097	$ 1,533	$ 425,780	$ 6,841,749
State sources	13,537,666	2,969	-	181,089	13,721,724
Federal sources	173,831	-	-	281,883	455,714
TOTAL REVENUES	18,874,836	1,254,066	1,533	888,752	21,019,187
EXPENDITURES:					
Instruction	11,632,656	-	-	-	11,632,656
Supporting services	6,435,766	55	-	388,662	6,824,483
Community services	159,217	-	-	-	159,217
Food service activities	-	-	-	523,085	523,085
Debt Service:					
Principal	252,078	509,000	-	240,000	1,001,078
Interest and fees	118,826	18,178	-	142,046	279,050
Bond issuance costs	-	-	-	-	-
Payments to other governmental agencies	278,878	-	-	-	278,878
Capital outlay	19,195	1,037,118	745,456	-	1,801,769
TOTAL EXPENDITURES	18,896,616	1,564,351	745,456	1,293,793	22,500,216
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(21,780)	(310,285)	(743,923)	(405,041)	(1,481,029)
OTHER FINANCING SOURCES (USES):					
Proceeds from borrowing	334,541	-	5,500,000	-	5,834,541
Bond premium	-	-	104,994	-	104,994
Transfers in	-	-	-	382,296	382,296
Transfers (out)	(42,275)	(340,021)	-	-	(382,296)
TOTAL OTHER FINANCING SOURCES (USES)	292,266	(340,021)	5,604,994	382,296	5,939,535
NET CHANGE IN FUND BALANCES	270,486	(650,306)	4,861,071	(22,745)	4,458,506
Fund balance, July 1	2,750,599	1,647,071	-	360,035	4,757,705
FUND BALANCE, JUNE 30	$ 3,021,085	$ 996,765	$ 4,861,071	$ 337,290	$ 9,216,211

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

NICE Community School District

GOVERNMENTAL FUNDS

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENTS
AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds		$ 4,458,506
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Depreciation expense	$ 1,298,182	
Capital outlays - supporting services	(399,143)	
Capital outlays - instruction	(1,625,264)	
Net book value of disposed assets	-	726,225
Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position.		
Proceeds from general obligation bonds/loans		(5,834,541)
Governmental funds also report the effect of discounts and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of general obligation bonds:		
Bond premium		(104,994)
Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,001,078
Increase in net pension liability reported in the statement of activities does not require the use of current resources, and therefore, is not reported in the fund statements until it comes due for payment.		
Pension expense		1,472,433
Increase in net OPEB liability reported in the statement of activities does not require the use of current resources, and therefore, is not reported in the fund statements until it comes due for payment.		
OPEB expense		1,542,329
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds, as follows:		
Change in compensated absences		106,753
Interest on long-term debt is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the net amount of accrued interest recognized in the statement of activities.		(14,846)
Change in Net Position of Governmental Activities		$ 3,352,943

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

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the NICE Community School District (the School District) conform to accounting principles generally accepted in the United States of America as applicable to school districts. The following is a summary of the more significant policies:

REPORTING ENTITY

The School District is a local school district as defined by Michigan law that operates under a locally elected seven member Board form of government, and that provides elementary and secondary education and related support services to the residents of National Mine, Ishpeming, Champion, Ely, Tilden, and Humboldt Townships in Marquette County and Spurr Township in Baraga County.

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units by applying the criteria set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*. The basic but not the only criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the School District and/or its constituents, or whether the activity is conducted within the geographic boundaries of the School District and is generally available to its constituents. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financial relationships, regardless of whether the School District is able to exercise oversight responsibilities.

Based upon the application of these criteria, the basic financial statements of the School District contain all the funds controlled by the School District's Board of Education as no other entity meets the criteria to be considered a component unit of the School District nor is the School District a component unit of another entity.

BASIS OF PRESENTATION

District-Wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the School District as a whole. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through State sources, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. All of the School District's district-wide activities are considered to be governmental activities.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Fund Financial Statements:

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures. Government 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. The various funds are grouped in the financial statements in this report into two major categories: governmental and proprietary categories. An emphasis is placed on major funds within the governmental and proprietary categories. The General Fund is always considered a major fund and the remaining funds of the School District are considered major if it meets the following criteria:

a. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and

b. Total assets/deferred outflows of resources, liabilities/deferred inflows of resources, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The School District reports the General, Sinking Fund, and 2025 Capital Projects Fund as its major governmental funds in accordance with the above criteria. The funds of the School District are described below:

<u>Governmental Funds</u>

General Fund – The General Fund is the main operating fund and accordingly, it is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – The special revenue funds account for revenue sources that are legally restricted to expenditures for specific purposes (not including major capital projects), such as the School Lunch Fund, Scholarship Fund, and Student Activities Fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources such as taxes, state aid and interest revenue for the payment of general long-term debt principal, interest, and related costs.

Capital Projects Funds – The Capital Projects Funds are used to record bond proceeds or other revenue to be used for the acquisition or construction of major capital facilities or other capital assets, including equipment.

The School District will first apply restricted net position for expenses incurred for purposes for which both restricted and unrestricted net position is available.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the district-wide Statement of Net Position and the Statement of Activities, governmental activities are presented using the economic resource measurement focus as defined in item (a) below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable resources at the end of the period.

Basis of Accounting

In the district-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Also, the proprietary fund financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures, including capital outlay, are recorded when the related liability is incurred, except for principal and interest on general long-term debt and accrued compensated absences, which are reported when due.

Cash and Cash Equivalents
The School District cash and cash equivalents as reported in the Statement of Net Position are considered to be cash on hand, demand deposits, certificates of deposit and short-term investments with maturities of three months or less. The fair value measurements of investments is based on the hierarchy established by generally accepted accounting principles, which has three levels based on the valuation inputs used to measure an asset's fair value.

Investments
Investments are carried at market value.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Receivables
All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Due From and To Other Funds
Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital Assets
Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure-type assets.

Depreciation of all exhaustible capital assets is recorded as an unallocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Land improvements	15 – 20 years
Buildings and additions	20 – 50 years
Machinery and equipment	5 – 20 years
Buses and other vehicles	5 – 10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the district-wide financial statements.

Deferred Outflows of Resources
In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government reports the following in this category:

On the district-wide financial statements, changes in assumptions, differences between expected and actual experience and changes in proportion and differences between employer contributions and proportionate share of contributions for the pension plan and/or OPEB plan create a deferred outflow of resources.

On the district-wide financial statements, the district's contributions made into the pension plan and/or OPEB plan subsequent to the plan's fiscal year end creates a deferred outflow of resources.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

State Anticipation Note
The School District issued notes through the Michigan Municipal Bond Authority for cash flow purposes. The School District has pledged a portion of their state aid to repay the principal and interest on the notes. Furthermore, the School District has irrevocably pledged its full faith and credit in case of the insufficiency of the pledged state aid.

Long-Term Debt
In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight-line amortization. Bonds payable are reported net of the applicable bond premium or discount.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. Premiums received on debt issuance are reported as other financing sources and bond discounts are reported as other financing uses.

Compensated Absences
The School District's policies regarding compensated absences permits employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as long-term debt in the district-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

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

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

Deferred Inflows of Resources
In addition to liabilities, the statement of net position and governmental funds balance sheet 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 a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government reports the following in this category:

On the district-wide financial statements, the net difference between projected and actual pension plan and/or OPEB plan investment earnings, differences between expected and actual experience, changes in assumptions and changes in proportion and differences between employer contributions and proportionate share of contributions create a deferred inflow of resources.

Equity Classification

District-Wide Statements

Equity is classified as net position and displayed in three components:

a. Net investment in Capital Assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

b. Restricted Net Position – Consists of net position with constraints placed on its use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions of enabling legislation. These amounts are derived from the fund financial statements by combining non-spendable and restricted fund balance classifications.

c. Unrestricted Net Position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, and unassigned.

Revenues

District-Wide Statements

In the district-wide Statement of Activities, revenues are segregated by activity (governmental or business-type), and are classified as either a program revenue or a general revenue. Program revenues include charges to customers or applicants for goods or services, operating grants and contributions and capital grants and contributions. General revenues include all revenues, which do not meet the criteria of program revenues and include revenues such as State funding and interest earnings.

Fund Statements

In the governmental fund statements, revenues are reported by source, such as federal sources, state sources and charges for services. Revenues consist of general purpose revenues and restricted revenues. General purpose revenues are available to fund any activity reported in that fund, while restricted revenues are available for a specific purpose or activity and the restrictions are typically required by law or a grantor agency. When both general purpose and restricted revenues are available for use, it is the School District's policy to use the restricted resources first.

Property Taxes

Property taxes are levied on December 1, on behalf of the School District by various taxing units and are payable without penalty by July 1 and September 30. The School District recognizes property tax revenue when levied to the extent they result in current receivables (collected within sixty days of the end of the fiscal year). Property taxes that are not collected within sixty days of the end of the fiscal year are recognized as revenue when collected.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Expenses/Expenditures
District-Wide Statements
In the district-wide Statement of Activities, expenses are segregated by activity (governmental or business-type), and are classified by function.

Fund Statements
In the governmental fund financial statements, expenditures are classified by character such as current operations, debt service and capital outlay.

OTHER SIGNIFICANT ACCOUNTING POLICIES

Interfund Activity
As a general rule, the effect of interfund activity has been eliminated from the district-wide statements. Exceptions to this rule are (1) activities between funds reported as governmental activities and funds reported as business-type activities; and (2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct cost and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets between funds without equivalent flows of assets in return or a requirement for repayment.

Interfund receivables and payables have been eliminated from the Statement of Net Position.

Budgets and Budgetary Accounting
The School District follows these procedures in establishing the budgetary data reflected in the financial statements:

a. The Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

b. Public hearings are conducted to obtain taxpayer comments.

c. Prior to July 1, the budget is approved by the Board of Education.

d. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Education.

e. All annual appropriations lapse at fiscal year-end.

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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through October 27, 2025, the date of the accompanying independent auditor's report, which is the date the financial statements were available to be issued.

NOTE B – DEPOSITS AND INVESTMENTS:

Cash Equivalents

As of June 30, 2025, the School District's cash and cash equivalents and investments were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash and cash equivalents	$6,676,191
Investments	4,744,132
Total	$11,420,323

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. State law does not require, and the School District does not have a deposit policy for custodial credit risk. The carrying amounts of the School District's deposit with financial institutions were $6,676,191 and the bank balance was $6,857,806. The bank balance is categorized as follows.

Amount insured by the FDIC	$6,448,551
Amount uncollateralized and uninsured	409,255
Total	$6,857,806

Investments

Investments, including derivative instruments that are not hedging derivatives, are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As of June 30, 2025, the School District had the following investments:

			Fair Value Measurements Using		
Investments	Fair Value		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Equity securities:					
Michigan Liquid Asset Fund – Mutual Funds	$4,683,490	*	$-	$4,683,490	$-
Mutual Funds	60,642	*	60,642	-	-
Total	$4,744,132		$60,642	$4,683,490	$-

*Investments matures within one year

NOTE B – DEPOSITS AND INVESTMENTS (Continued):

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the School District's investments. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk
Michigan statutes authorize the School District to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC and authorized to operate in this state, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days from date of purchase, bankers' acceptances of the United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds. Michigan law prohibits security in the form of collateral, surety bond, or another form for the deposit of public money.

The School District has no investment policy that would further limit its investment choices and has no investments for which ratings are required. The School District's investments are in accordance with statutory authority.

NOTE C – DUE FROM OTHER GOVERNMENTAL UNITS:

Amounts due from other governments totaled $3,409,970. Of that balance $1,580,186 is due from the State of Michigan for State Aid, $30,662 is due from the Federal Government for grants, $1,579,016 due from Marquette County for a property tax settlement, and $220,106 due from other governmental units for the operation of special programs and grant projects.

NOTE D – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS:

The School District reports interfund balances between many of its funds. Some of the balances are considered immaterial and are aggregated into a single column or row. The total of all balances agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds, and fiduciary funds. Interfund transactions resulting in interfund receivables and payables are as follows:

		DUE FROM OTHER FUNDS			
		General Fund	Sinking Fund	School Lunch Fund	Total Due To Other Funds
DUE TO OTHER FUNDS	General Fund	$-	$-	$6,599	$6,599
	Sinking Fund	-	-	-	-
	School Lunch Fund	-	-	-	-
	Scholarship Fund	-	-	-	-
	Total Due From Other Funds	$-	$-	$6,599	$6,599

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. See table below.

NOTE D – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued):

The amounts transferred to and from individual funds for the year ended June 30, 2025 are as follows:

TRANSFERS OUT TO OTHER FUNDS	TRANSFERS IN FROM OTHER FUNDS: General Fund	Sinking Fund	2024 Debt Service Fund	2025 Debt Service Fund	Total Transfers Out
General Fund	$-	$-	$42,025	$250	$42,275
Sinking Fund	-	-	340,021	-	340,021
School Lunch Fund	-	-	-	-	-
Scholarship Fund	-	-	-	-	-
Total Transfers In	$-	$-	$382,046	$250	$382,296

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

NOTE E – CAPITAL ASSETS:

Capital asset activity of the School District's governmental activities was as follows:

	Balance at 6/30/24	Additions	Deductions	Balance at 6/30/25
GOVERNMENTAL ACTIVITIES:				
Capital assets not being depreciated:				
Land	$41,000	$-	$-	$41,000
Construction in progress	71,288	1,467,544	(589,902)	948,930
Capital assets being depreciated:				
Land improvements	1,677,420	-	-	1,677,420
Buildings and additions	27,271,207	747,622	-	28,018,829
Machinery and equipment	3,175,976	145,575	-	3,321,551
Buses and other vehicles	2,319,867	253,568	(158,446)	2,414,989
Total Capital Assets	34,556,758	2,614,309	(748,348)	36,422,719
Less accumulated depreciation:				
Land improvements	(810,964)	(86,879)	-	(897,843)
Buildings and additions	(12,298,224)	(825,455)	-	(13,123,679)
Machinery and equipment	(2,630,629)	(163,155)	-	(2,793,784)
Buses and other vehicles	(1,633,372)	(222,693)	158,446	(1,697,619)
Total Accumulated Depreciation	(17,373,189)	(1,298,182)	158,446	(18,512,925)
CAPITAL ASSETS, NET	$17,183,569	$1,316,127	($589,902)	$17,909,794

Depreciation expense charged to governmental activities was $1,298,182.

NOTE F – CONSTRUCTION IN PROGRESS:

As of June 30, 2025, construction in progress totaled $948,930 for the start of the 2025 Capital Fund Project which consists of adding two classrooms and constructing an additional gymnasium. The project is expected to be completed during the next fiscal year at an approximate cost of $5.2 million.

NOTE G – ACCRUED LIABILITIES:

A summary of accrued liabilities as of June 30, 2025 is as follows:

	Governmental Activities
Accrued wages	$891,516
Accrued fringes	502,178
Total	$1,393,694

NOTE H – SHORT-TERM DEBT:

The School District utilizes short-term borrowing secured with pledged state aid for cash flow purposes due to the timing of state aid payments. A summary of the changes in short-term debt for the year ended June 30, 2025 is as follows:

	Balance 6/30/24	Additions	Deductions	Balance 6/30/25
State anticipation note:				
2023-2024	$2,500,000	$-	($2,500,000)	$-
2024-2025	-	2,000,000	-	2,000,000
TOTAL	$2,500,000	$2,000,000	($2,500,000)	$2,000,000

NOTE I – LONG-TERM DEBT:

The following is a summary of the long-term debt activity for the year ending June 30, 2025:

	Balance 6/30/24	Additions	Deductions	Balance 6/30/25	Due Within One year
Bonds Payable:					
2020 School Building & Site	$1,027,000	$-	($509,000)	$518,000	$518,000
2023 School Improvement	4,215,000	-	(240,000)	3,975,000	250,000
2025 School Improvement	-	5,500,000	-	5,500,000	-
Subtotal	5,242,000	5,500,000	(749,000)	9,993,000	768,000
Bond Premium:					
2025 School Improvement	-	104,994	-	104,994	-
Subtotal	-	104,994	-	104,994	-
Notes Payable:					
Bus Loan 2019	38,219	-	(38,219)	-	-
Bus Loan 2020	148,270	-	(73,423)	74,847	74,847
Bus Loan 2021	112,709	-	(36,898)	75,811	37,566
Scoreboards Loan 2021	36,629	-	(11,970)	24,659	12,208
Bus Loan 2023	163,355	-	(38,000)	125,355	40,000
Bus Loan 2024	-	253,568	(53,568)	200,000	50,000
Computers & Equip 2025	-	80,973	-	80,973	26,973
Subtotal	499,182	334,541	(252,078)	581,645	241,594

NOTE I – LONG-TERM DEBT (Continued):

	Balance 6/30/24		Additions	Deductions	Balance 6/30/25	Due Within One year
Employee Benefits:						
Compensated absences	$991,334	*	$-	($106,753)	$884,581	$639,442
Subtotal	991,334		-	(106,753)	884,581	639,442
TOTAL	$6,732,516		$5,939,535	($1,107,831)	$11,564,220	$1,649,036

*During the current year the School District implemented GASB 101, Compensated Absences; as a result, beginning balances have been restated.

Long-term debt as of June 30, 2025 consists of the following:

2020 School Building and Site Bond
June 30, 2025

	July 1		
	Principal	Interest	Total
2026	$518,000	$9,168	$527,168
Total	$518,000	$9,168	$527,168

The School District borrowed $2,500,000 for the purpose of the School District's 2020 Sinking Fund Project. The Bond is payable annually on July 1st, with an interest rate of 1.770%, and matures on July 1, 2025.

2023 School Improvement Bond
June 30, 2025

	May 1		November 1	
	Principal	Interest	Interest	Total
2026	$250,000	$66,979	$66,979	$383,958
2027	470,000	62,766	62,766	595,532
2028	490,000	54,847	54,847	599,694
2029	510,000	46,590	46,590	603,180
2030	530,000	37,997	37,997	605,994
2031-2033	1,725,000	58,975	58,975	1,842,950
Total	$3,975,000	$328,154	$328,154	$4,631,308

The School District borrowed $4,215,000 for the purpose of the School District's 2023 School Improvement Project. The Bond is payable semi-annually on May 1st (principal and interest) and November 1st (interest only), with an interest rate of 3.370%, and matures on May 1, 2033.

NOTE I – LONG-TERM DEBT (Continued):

2025 School Improvement Bond
June 30, 2025

	May 1		November 1	
	Principal	Interest	Interest	Total
2026	$-	$110,000	$81,278	$191,278
2027	350,000	110,000	110,000	570,000
2028	365,000	103,000	103,000	571,000
2029	380,000	95,700	95,700	571,400
2030	395,000	88,100	88,100	571,200
2031-2035	3,060,000	307,600	307,600	3,675,200
2036	950,000	19,000	19,000	988,000
Total	$5,500,000	$833,400	$804,678	$7,138,078

The School District borrowed $5,500,000 for the purpose of the School District's 2025 School Improvement Project. The Bond is payable semi-annually on May 1st (principal and interest) and November 1st (interest only), with an interest rate of 4.000%, and matures on May 1, 2036.

2020 Bus Loan
June 30, 2025

	July 7		
	Principal	Interest	Total
2026	$74,847	$1,452	$76,299
Total	$74,847	$1,452	$76,299

The School District borrowed $360,260 for the purpose of purchasing four new buses. The Note is payable annually on July 7th, with an interest rate of 1.940%, and matures on July 7, 2025.

2021 Bus Loan
June 30, 2025

	August 1		
	Principal	Interest	Total
2026	$37,566	$1,372	$38,938
2027	38,245	692	38,937
Total	$75,811	$2,064	$77,875

The School District borrowed $184,566 for the purpose of purchasing two new buses. The Note is payable annually on August 1st, with an interest rate of 1.810%, and matures on August 1, 2026.

2021 Scoreboards Loan
June 30, 2025

	August 1		
	Principal	Interest	Total
2026	$12,208	$491	$12,699
2027	12,451	248	12,699
Total	$24,659	$739	$25,398

The School District borrowed $59,879 for the purpose of purchasing three new scoreboards. The Note is payable annually on August 1st, with an interest rate of 1.990%, and matures on August 1, 2026.

NOTE I – LONG-TERM DEBT (Continued):

2023 Bus Loan
June 30, 2025

	July 14		
	Principal	Interest	Total
2026	$40,000	$5,516	$45,516
2027	42,000	3,755	45,755
2028	43,355	1,907	45,262
Total	$125,355	$11,178	$136,533

The School District borrowed $201,355 for the purpose of purchasing two new school buses. The Note is payable annually on July 14th, with an interest rate of 4.4%, and matures on July 14, 2027.

2024 Bus Loan
June 30, 2025

	May 1		
	Principal	Interest	Total
2026	$50,000	$9,500	$59,500
2027	50,000	7,125	57,125
2028	50,000	4,750	54,750
2029	50,000	2,375	52,375
Total	$200,000	$23,750	$223,750

The School District borrowed $253,568 for the purpose of purchasing two new school buses. The Note is payable annually on May 1st, with an interest rate of 4.75%, and matures on May 1, 2029.

2025 Computers and Equipment Loan
June 30, 2025

	June 1		
	Principal	Interest	Total
2026	$26,973	$3,638	$30,611
2027	27,000	2,446	29,446
2028	27,000	1,223	28,223
Total	$80,973	$7,307	$88,280

The School District borrowed $80,973 for the purpose of purchasing computers and related equipment. The Note is payable annually on June 1st, with an interest rate of 4.53%, and matures on June 1, 2028.

As of June 30, 2025, the aggregate maturities of long-term debt are as follows:

Fiscal Year	Principal	Interest	Total
2026	$1,009,594	$356,373	$1,365,967
2027	989,696	359,798	1,349,494
2028	975,355	323,574	1,298,929
2029	940,000	286,955	1,226,955
2030	925,000	252,194	1,177,194
2031-2035	4,785,000	733,150	5,518,150
2036	950,000	38,000	988,000
Total	$10,574,645	$2,350,044	$12,924,689

NOTE J – COMPENSATED ABSENCES:

The School District's policies regarding compensated absences permits employees to accumulate earned but unused leave. The liability for these employee benefits is calculated under GASBS No. 101.

The liability has been recognized in the Statement of Net Position as follows:

Compensated absences	$884,581
Total	$884,581

NOTE K – FUND BALANCES – GOVERNMENTAL FUNDS:

Fund balances of the governmental funds are classified as follows:

Non-spendable — amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted — amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — amounts that can be used only for specific purposes determined by a formal action of the Board of Education. Board of Education is the highest level of decision-making authority for the School District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Education.

Assigned — amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the School District's adopted policy, only the Board of Education may assign amounts for specific purposes.

Unassigned — all other spendable amounts.

As of June 30, 2025, fund balances are composed of the following:

	General Fund	Sinking Fund	2025 Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
Non-spendable:					
Inventories	$-	$-	$-	$14,082	$14,082
Restricted:					
School lunch	-	-	-	26,781	26,781
Scholarship	-	-	-	65,164	65,164
Sinking fund	-	592,863	-	-	592,863
Capital projects	-	-	421,122	-	421,122
Debt service	-	-	-	500	500
FY25/26 budgeted shortfall	-	403,902	4,439,949	45,931	4,889,782
Committed:					
Student activities	-	-	-	184,832	184,832
FY25/26 budgeted shortfall	-	-	-	-	-
Assigned					
FY25/26 budgeted shortfall	-	-	-	-	-
Unassigned	3,021,085	-	-	-	3,021,085
Total fund balances	$3,021,085	$996,765	$4,861,071	$337,290	$9,216,211

NOTE K – FUND BALANCES – GOVERNMENTAL FUNDS (Continued):

The Board of Education establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Board of Education through amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

NOTE L – ECONOMIC DEPENDENCY:

The School District receives approximately 67 percent of its revenues through State and Federal sources to be used for providing elementary and secondary education to the students of the School District.

NOTE M – STATE REVENUE:

The State of Michigan currently uses a foundation grant approach which provides for a specific annual amount of revenue per student based on a statewide formula. The foundation is funded from state and local sources. Revenue from state sources is primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2025, the foundation allowance was based on the three-year average of the blended pupil membership counts taken in October and February.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The state revenue is recognized during the foundation period (currently the fiscal year) and is funded through 11 payments from October 2024 – August 2025.

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.

NOTE N – NON-MONETARY TRANSACTIONS:

The School District receives USDA donated food commodities for use in its food service program which are accounted for in the School Lunch Fund. The commodities are accounted for on the modified accrual basis and the related revenues and expenditures are recognized as commodities utilized. The School District recognized $41,045 during the fiscal year 2024-2025 in revenues and expenditures for USDA commodities.

NOTE O – PROPERTY TAXES:

The taxable value of real and personal property located in the School District for the 2024 tax year, totaled $351,482,798 (consisting of $191,882,970 for PRE, $-0- for Industrial Personal Property, $2,073,580 for Commercial Personal Property, and $157,526,248 for NON-PRE). The tax levy for the year was based on a rate of 18.0000 mills on the NON-PRE property, 6.0000 mills on the Commercial Personal Property, and 1.7500 mills on all property types for the Sinking Fund. One mill is equal to $1.00 per $1,000 of taxable value.

NOTE P – CONTINGENT LIABILITIES:

Grant Assistance
The School District has received significant assistance from federal and state agencies in the form of various grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to audit by the grantor agency. Any disallowed claims resulting from such audits could become a liability of the applicable fund of the School District.

Risk Management
The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The School District was unable to obtain general liability insurance at a cost it considered to be economically justifiable. The School District joined together with other units and created a public entity risk pool currently operating as a common risk management and insurance program. The School District pays an annual premium to the pool for its general insurance coverage. The agreement provides that the pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $75,000 for each insured event.

The School District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The School District is unable to provide an estimate of the amounts of additional assessments that may be required to make the pool self-sustaining.

NOTE Q – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT 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 and a fiduciary component unit of 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) (see Note S for information on the System's OPEB plan).

NOTE Q – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN (Continued):

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

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

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

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

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

Pension Contribution Rates

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

Required contributions to the pension plan from the School District were $3,391,955 for the year ended September 30, 2024.

NOTE Q – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN (Continued):

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

At June 30, 2025, the School District reported a liability of $19,862,429 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, the School District's proportion was 0.08113069 percent, which was an increase of 0.003248 percent from its proportion measured as of September 30, 2023.

For the year ended June 30, 2025, the School District recognized pension expense of $1,722,634. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between actual and expected experience	$538,882	($215,808)
Changes of assumptions	2,070,776	(1,455,288)
Net difference between projected and actual earnings on pension plan investments	-	(3,790,593)
Changes in proportion and differences between the employer contributions and proportionate share of contributions	775,337	(301,974)
Subtotal	3,384,995	($5,763,663)
Employer contributions subsequent to the measurement date	2,775,265	
Total	$6,160,260	

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

Deferred (Inflows) and Deferred Outflows of Resources by Year (to Be Recognized in Future Pension Expenses)

Year Ended September 30	Amount
2025	($537,894)
2026	252,407
2027	(1,207,287)
2028	(885,894)
Total	($2,378,668)

NOTE Q – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN (Continued):

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:		September 30, 2023
Actuarial Cost Method:		Entry Age, Normal
Wage Inflation Rate:		2.75%
Investment Rate of Return:		
- MIP and Basic Plans		6.00% net of investment expenses
- Pension Plus		6.00% net of investment expenses
- Pension Plus 2		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 Sept. 30, 2023 valuation. The total pension liability as of Sept. 30, 2024, is based on the results of an actuarial valuation date of Sept. 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
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at Michigan.gov/ORSSchools.

NOTE Q – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT 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 Sept. 30, 2024, are summarized in the following table:

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

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

Rate of Return

For the fiscal year ended Sept. 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, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE Q – EMPLOYEE RETIREMENT SYSTEM – DEFINED BENEFIT PLAN (Continued):

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the School District's proportionate share of the net pension liability calculated using 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 the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
$29,118,535	$19,862,429	$12,154,941

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

Payables to the Michigan Public Schools Employees' Retirement System (MPSERS)
At June 30, 2025, the School District reported a payable of $201,653 for the outstanding amount of contributions to the pension and OPEB plan required for the year ended June 30, 2025.

NOTE R – EMPLOYEE RETIREMENT SYSTEM – DEFINED CONTRIBUTION PLANS:

Employees of the School District who began working for a Michigan public school July 1, 2010, or later, are members of the Pension Plus plan or Defined Contribution (DC) plan, defined contribution pension plans. Under Public Act 300 of 2012, eligible members of MPSERS had the option to increase, maintain, or stop their contributions to the pension fund as of the transition date. Members of MPSERS who elected to stop their contributions became participants in the DC plan as of their transition date.

Pension Plus Plan
The Pension Plus Plan is administered by Voya Financial. Benefit terms, including employer contribution requirements are established and may be amended by MPSERS. Within the plan employees have three options to choose from: 1) Pension Plus with Premium Subsidy, 2) Pension plus to DC with PHF, and 3) Basic/MIP to DC with Premium Subsidy. The School District's required to contribute ranges 1% to 4% of annual salary for plan members based on the type of plan the employee is participating in. Employees are permitted to make contributions up to applicable Internal Revenue Service Code limits. Employees are considered 100% vested for their own contributions; for employer contributions employees are considered 100% vested after four years of service. Employees are eligible to receive benefits from the Plan in accordance with IRS regulations for 401(k) plans.

NOTE R – EMPLOYEE RETIREMENT SYSTEM – DEFINED CONTRIBUTION PLANS (Continued):

Defined Contribution Plan

The Defined Contribution Plan is a defined contribution plan under sections 401(k) and section 457 of the Internal Revenue Code and is administered by Voya Financial. Benefit terms, including employer contribution requirements are established and may be amended by MPSERS. Employee contributions are 8% of wages with the employer matching contributions dollar for dollar on the first 2% of wages and 50 cents on the dollar on the next 6% of wages. Employee contributions are made into the 457 Plan while employer matching contributions are made in other 401(k) Plan. Employees are considered 100% vested for their own contributions; for employer contributions employees are considered 100% vested after four years of service. Employees are eligible to receive benefits and make contributions to the Plan in accordance with IRS regulations for 401(k) and 457 plans.

The total amount contributed to the Plan for the year ended June 30, 2025 was $364,502 which consisted of $105,160 from the School District and $259,342 from employees.

Personal Healthcare Fund

The Personal Healthcare Fund (PHF) is a personal, portable defined contribution plan under sections 401(k) and section 457 of the Internal Revenue Code and is administered by Voya Financial. Employee contributions are 2% of wages with the employer matching 2%. Employees are considered 100% vested for their own contributions; for employer contributions employees are considered 100% vested after four years of service. Employees are eligible to receive benefits and make contributions to the Plan in accordance with IRS regulations for 401(k) and 457 plans.

The total amount contributed to the Plan for the year ended June 30, 2025 was $134,014 which consisted of $67,007 from the School District and $67,007 from employees.

NOTE S – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB):

Plan Description

The MPSERS Plan, as previously described in the Defined Benefit Plan footnote, includes an Other Post-Employment Benefits component as part of the cost of the Plan. 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). All information related to the OPEB component of the Plan is the same except as noted below:

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

NOTE S – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued):

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

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

OPEB Contribution Rates

Benefit Structure	Member	Employer
Premium Subsidy	3.00%	8.07%
Personal Healthcare Fund (PHF)	0.00%	7.21%

Required contributions to the OPEB plan from the School District were $686,557 for the year ended September 30, 2024.

NOTE S – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued):

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

At June 30, 2025, the School District reported a liability/(benefit) of ($3,555,334) for its proportionate share of the MPSERS net OPEB liability/(benefit). The net OPEB liability/(benefit) was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB liability/(benefit) was determined by an actuarial valuation rolled forward from September 2023. The School District's proportion of the net OPEB liability/(benefit) was determined by dividing each employers' statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2024, the School District's proportion was 0.08259771 percent, which was an increase of .002665 percent from its proportion measured as of September 30, 2023.

For the year ended June 30, 2025, the School District recognized OPEB expense/(benefit) of ($1,283,423). At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between actual and expected experience	$-	($3,767,568)
Changes of assumptions	776,536	(89,256)
Net difference between projected and actual earnings on OPEB plan investments	-	(673,065)
Changes in proportion and differences between employer contributions and proportionate share of contributions	212,195	(146,259)
Subtotal	988,731	($4,676,148)
Employer contributions subsequent to the measurement date	77,715	
Total	$1,066,446	

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/(benefit) 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 (Inflows) and Deferred Outflows of Resources by Year (to Be Recognized in Future OPEB Expenses)

Year Ended September 30	Amount
2025	($1,209,784)
2026	(732,921)
2027	(726,017)
2028	(625,162)
2029	(330,104)
Thereafter	(63,429)
Total	($3,687,417)

NOTE S – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued):

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

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

NOTE S – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued):

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 Sept. 30, 2023 valuation. The total OPEB liability as of Sept. 30, 2024, is based on the results of an actuarial valuation date of Sept. 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
- Recognition period for assets in year is 5.0000
- Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at Michigan.gov/ORSSchools.

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

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

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

1% Decrease 5.00%	**Current Discount Rate 6.00%**	**1% Increase 7.00%**
($2,747,591)	($3,555,334)	($4,253,713)

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability/(Benefit) to Healthcare Cost Trend Rate
The following presents the School District's proportionate share of the net OPEB liability/(benefit) calculated using assumed trend rates, as well as what the School District's proportionate share of the net OPEB liability/(benefit) would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

NOTE S – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued):

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
($4,253,720)	($3,555,334)	($2,806,318)

OPEB Plan Fiduciary Net Position
Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2024 MPSERS Annual Comprehensive Financial Report, available on the ORS website at Michigan.gov/ORSSchools.

NOTE T – SINKING AND CAPITAL PROJECT FUNDS COMPLIANCE:

The Sinking Fund Capital Project Fund records capital project activities funded with the Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of §1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan.

The 2025 Capital Projects Fund includes capital project activities funded with bonds issued after May 1, 1994. For this capital project, the School District has complied with the applicable provisions of §1351a of the Revised School Code.

Beginning in the year of bond issuance, the School District has reported the annual construction activity in the 2025 Capital Projects Fund. The Project for which the 2025 School Improvement Bonds were issued were started in fiscal year 2025 and the project is expected to be finished in fiscal year 2026.

NOTE U – SINGLE AUDIT:

The School District's schedule of expenditures of federal awards reports a total of $455,714 in federal expenditures. As this amount is less than the single audit threshold of $750,000, the School District is not required to have an audit in accordance with the Uniform Guidance for the fiscal year ended June 30, 2025.

NOTE V – TAX ABATEMENTS:

For financial reporting purposes, GASB Statement No. 77, *Tax Abatement Disclosures*, defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. The Statement requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and about tax abatement agreements entered into by other governments that reduce the reporting government's tax revenues.

For the fiscal year ended June 30, 2025, there were no significant tax abatements made by the School District; additionally, no significant tax abatements were disclosed to the School District by other governmental units.

NOTE W – NEW GASB STANDARDS:

Management of the School District has reviewed the following pronouncements released by the Governmental Accounting Standards Board (GASB) that are effective in the current fiscal year for applicability. Pronouncements deemed applicable to the School District by management are described below in *Recently Issued and Adopted Accounting Pronouncements*; pronouncements not applicable are described in *Other Recently Issued Accounting Pronouncements*.

Recently Issued and Adopted Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences.* GASB 101 is built on the unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. This statement is effective for periods beginning after December 15, 2023. The School District does have activities that meet the criteria for GASB 101; therefore, GASB 101 is applicable to the School District.

Other Recently Issued Accounting Pronouncements

In June 2022, the GASB issued Statement No. 101, *Compensated Absences.* GASB 101 is built on the unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. This statement is effective for periods beginning after December 15, 2023. The School District does have activities that meet the criteria for GASB 101; therefore, GASB 101 is applicable to the School District.

NOTE X – NET POSITION RESTATEMENT:

The following net position restatement was a result of implementing GASB issued Statement No. 101, *Compensated Absences*. The adjustment increased the previous year's compensated absences, which changed the beginning net position as listed below:

	Total Governmental Activities
Net Position, beginning of year	($6,649,295)
Prior period adjustment:	
Change in compensated absences	(729,712)
Prior period adjustment	(729,712)
Net Position, beginning of year, as restated	($7,379,007)

NOTE Y – LITIGATION:

A class grievance has been filed against the School District alleging the Master Agreement was violated. An arbitration hearing is scheduled for January 28, 2026. As of the filing of the audit report there is no opinion about the potential liability to the School District, if any.

REQUIRED SUPPLEMENTAL INFORMATION

NICE Community School District

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN

For the Plan Year Ended September 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of net pension liability	0.08113%	0.07788%	0.07852%	0.08006%	0.07957%	0.07943%	0.07897%	0.07786%	0.07629%	0.07302%
District's proportionate share of net pension liability	$ 19,862,429	$ 25,207,602	$ 29,528,757	$ 18,953,773	$ 27,333,037	$ 26,304,973	$ 23,739,790	$ 20,175,556	$ 19,034,834	$ 17,836,134
District's covered-employee payroll	$ 8,661,709	$ 7,948,908	$ 7,373,287	$ 7,285,308	$ 7,107,895	$ 6,929,499	$ 6,801,211	$ 6,526,046	$ 6,560,957	$ 6,094,876
District's proportionate share of net pension liability as a percentage of covered-employee payroll	229.31%	317.12%	400.48%	260.16%	384.54%	379.61%	349.05%	309.15%	290.12%	292.64%
Plan fiduciary net position as a percentage of total pension liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%
Notes to Required Supplementary Information:										
Changes in benefit terms:	*NONE*	*NONE*	*NONE*	*NONE*	*NONE*	*NONE*	*NONE*	*NONE*	*NONE*	*NONE*
Changes in assumptions:	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*NONE*	*NONE*	*NONE*

2024 - Recognition period for liabilities increased from 4.4406 to 4.4612

2023 - Recognition period for liabilities increased from 4.3922 to 4.4406

2022 - Investment rate of return for MIP and Basic Plans reduced from 6.80% to 6.00%
- Investment rate of return for Pension Plus reduced from 6.80% to 6.00%
- Recognition period for liabilities increased from 4.4367 to 4.3922

2021 - Recognition period for liabilities decreased from 4.4892 to 4.4367

2020 - Recognition period for liabilities decreased from 4.4977 to 4.4892

2019 - Investment rate of return for MIP and Basic Plans reduced from 7.05% to 6.80%
- Recognition period for liabilities increased from 4.5304 to 4.4977

2018 - Investment rate of return for MIP and Basic Plans reduced from 7.50% to 7.05%
- Projected salary increases reduced to 2.75% - 11.55%, including wage inflation at 2.75%
- Mortality tables updated to RP-2014 Male and Female Healthy Annuitant
- Recognition period for liabilities increased from 4.5188 to 4.5304

NICE Community School District

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN

For the Fiscal Year Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions	$3,366,849	$3,367,768	$2,801,283	$2,690,208	$2,406,541	$2,179,839	$2,111,013	$ 1,963,724	$ 2,253,145	$ 2,077,500
Contributions in relation to statutorily required contributions	3,366,849	3,367,768	2,801,283	2,690,208	2,406,541	2,179,839	2,111,013	1,963,724	2,253,145	2,077,500
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$8,911,952	$8,548,496	$7,822,150	$7,514,800	$7,261,262	$7,102,546	$6,878,973	$ 6,620,940	$ 6,649,483	$ 6,236,507
Contributions as a percentage of covered-employee payroll	37.78%	39.40%	35.81%	35.80%	33.14%	30.69%	30.69%	29.66%	33.88%	33.31%

NICE Community School District

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN

For the Plan Year Ended September 30

	2024	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
District's proportion of net OPEB liability	0.08260%	0.07993%	0.07639%	0.08096%	0.08040%	0.07954%	0.07999%	0.07789%
District's proportionate share of net OPEB liability/(benefit)	$ (3,555,334)	$ (452,179)	$ 1,617,966	$ 1,235,731	$ 4,307,435	$ 5,709,294	$ 6,358,075	$ 6,897,850
District's covered-employee payroll	$ 8,661,709	$ 7,948,908	$ 7,373,287	$ 7,285,308	$ 7,107,895	$ 6,929,499	$ 6,801,211	$ 6,526,046
District's proportionate share of net OPEB liability/(benefit) as a percentage of covered-employee payroll	(41.05%)	(5.69%)	21.94%	16.96%	60.60%	82.39%	93.48%	105.70%
Plan fiduciary net position as a percentage of total OPEB liability	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%
Notes to Required Supplementary Information:								
Changes in benefit terms:	*NONE*	*NONE*	*NONE*	*NONE*	*NONE*	*NONE*	*NONE*	*NONE*
Changes in assumptions:	*2024*	*2023*	*2022*	*2021*	*2020*	*2019*	*2018*	*NONE*

2024 - Healthcare Cost Trend Rate decreased from 7.50% to 7.25% for Pre-65; Post-65 increased from 5.25% to 6.50%
- Recognition period for liabilities decreased from 6.5099 to 6.2834

2023 - Healthcare Cost Trend Rate decreased from 7.75% to 7.50% for Pre-65; Post-65 had no change
- Recognition period for liabilities increased from 6.2250 to 6.5099

2022 - Recognition period for liabilities increased from 6.1312 to 6.2250
- Investment rate of return decreased from 6.95% to 6.00%

2021 - Healthcare Cost Trend Rate increased from 7.0% to 7.75% for Pre-65; Post-65 had rate of 5.25%
- Recognition period for liabilities increased from 5.6018 to 6.1312

2020 - Healthcare Cost Trend Rate decreased from 7.5% to 7.0%
- Recognition period for liabilities decreased from 5.7101 to 5.6018

2019 - See pension assumptions
- Investment rate of return reduced from 7.15% to 6.95%
- Recognition period for liabilities increased from 5.6018 to 5.7101

2018 - See pension assumptions
- Healthcare Cost Trend rate 7.5% Year 1 graded to 3.0% Year 12 (compared to 3.5% Year 12)
- Recognition period for liabilities increased from 5.4744 to 5.6018

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

NICE Community School District

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN

For the Fiscal Year Ended June 30

	2025	2024	2023	2022	2021	2020	2019	2018		
Statutorily required contributions	$ 102,382	$ 648,268	$ 600,679	$ 608,687	$ 584,415	$ 559,995	$ 526,467	$ 497,630		
Contributions in relation to statutorily required contributions	102,382	648,268	600,679	608,687	584,415	559,995	526,467	497,630		
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
District's covered-employee payroll	$ 8,911,952	$ 8,548,496	$ 7,822,150	$ 7,514,800	$ 7,261,262	$ 7,102,546	$ 6,878,973	$ 6,620,940		
Contributions as a percentage of covered-employee payroll	1.15%	7.58%	7.68%	8.10%	8.05%	7.88%	7.65%	7.52%		

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

NICE Community School District

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variances Positive (Negative)	
	Original	Final	(GAAP Basis)	Original Budget to Final Budget	Final Budget to Actual
REVENUES:					
Local sources	$ 4,270,464	$ 4,283,578	$ 5,163,339	$ 13,114	$ 879,761
State sources	14,628,500	14,353,913	13,537,666	(274,587)	(816,247)
Federal sources	133,371	173,292	173,831	39,921	539
TOTAL REVENUES	19,032,335	18,810,783	18,874,836	(221,552)	64,053
EXPENDITURES:					
Instruction:					
Basic programs	8,703,651	8,560,999	8,495,147	142,652	65,852
Added needs	3,405,497	2,988,860	2,978,977	416,637	9,883
Adult/Continuing education	168,140	158,532	158,532	9,608	-
Total Instruction	12,277,288	11,708,391	11,632,656	568,897	75,735
Supporting Services:					
Pupil services	922,560	970,161	962,380	(47,601)	7,781
Instructional staff	437,354	640,665	614,995	(203,311)	25,670
General administration	339,093	338,308	338,533	785	(225)
School administration	682,104	680,908	679,094	1,196	1,814
Business services	246,465	243,353	234,058	3,112	9,295
Operation and maintenance	1,635,440	1,733,224	1,737,343	(97,784)	(4,119)
Pupil transportation	1,178,758	1,174,014	1,161,164	4,744	12,850
Support service - central	75,501	75,501	74,805	-	696
Athletic activities	588,035	628,498	633,394	(40,463)	(4,896)
Total Supporting Services	6,105,310	6,484,632	6,435,766	(379,322)	48,866
Community Services:					
Community service	59,555	59,236	59,454	319	(218)
Custody and care of children	84,144	104,294	99,763	(20,150)	4,531
Total Community Services	143,699	163,530	159,217	(19,831)	4,313
Debt Service:					
Principal	198,511	252,078	252,078	(53,567)	-
Interest	118,112	122,169	118,826	(4,057)	3,343
Total Debt Service	316,623	374,247	370,904	(57,624)	3,343
Payments to Other Governmental Agencies:					
Payments to other schools	-	-	-	-	-
Payments to other governmental agencies	380,109	314,926	278,878	65,183	36,048
Total Payments to Other Governmental Agencies	380,109	314,926	278,878	65,183	36,048
Facilities Acquisition:					
Capital outlay	-	19,195	19,195	(19,195)	-
Total Facilities Acquisition	-	19,195	19,195	(19,195)	-
TOTAL EXPENDITURES	19,223,029	19,064,921	18,896,616	158,108	168,305
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(190,694)	(254,138)	(21,780)	(63,444)	232,358
OTHER FINANCING SOURCES (USES):					
Proceeds from borrowing	253,568	334,541	334,541	80,973	-
Transfers in	-	-	-	-	-
Transfers (out)	(40,705)	(42,025)	(42,275)	(1,320)	(250)
TOTAL OTHER FINANCING SOURCES (USES)	212,863	292,516	292,266	79,653	(250)
NET CHANGE IN FUND BALANCE	22,169	38,378	270,486	16,209	232,108
Fund balance, July 1	2,750,599	2,750,599	2,750,599	-	-
FUND BALANCE, JUNE 30	$ 2,772,768	$ 2,788,977	$ 3,021,085	$ 16,209	$ 232,108

OTHER SUPPLEMENTAL INFORMATION

NICE Community School District

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

June 30, 2025

	Special Revenue Funds			Debt Service Funds		
	School Lunch Fund	Scholarship Fund	Student Activities Fund	2024 Debt Service Fund	2025 Debt Service Fund	Total
ASSETS						
Cash and cash equivalents	$ 65,402	$ 5,022	$ 184,832	$ 250	$ 250	$ 255,756
Investments	-	60,642	-	-	-	60,642
Accounts receivable	1,122	-	-	-	-	1,122
Inventories	14,082	-	-	-	-	14,082
Due from other funds	6,599	-	-	-	-	6,599
Prepaid expenses	-	-	-	-	-	-
TOTAL ASSETS	87,205	65,664	184,832	250	250	338,201
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 87,205	$ 65,664	$ 184,832	$ 250	$ 250	$ 338,201
LIABILITIES						
Accounts payable	$ 911	$ -	$ -	$ -	$ -	$ 911
Due to other funds	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-
TOTAL LIABILITIES	911	-	-	-	-	911
DEFERRED INFLOWS OF RESOURCES	-	-	-	-	-	-
FUND BALANCES						
Non-spendable	14,082	-	-	-	-	14,082
Restricted	72,212	65,664	-	250	250	138,376
Committed	-	-	184,832	-	-	184,832
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
TOTAL FUND BALANCES	86,294	65,664	184,832	250	250	337,290
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 87,205	$ 65,664	$ 184,832	$ 250	$ 250	$ 338,201

NICE Community School District

NON-MAJOR GOVERNMENTAL FUNDS

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

For the Year Ended June 30, 2025

	Special Revenue Funds			Debt Service Funds		
	School Lunch Fund	Scholarship Fund	Student Activities Fund	2024 Debt Service Fund	2025 Debt Service Fund	Total
REVENUES:						
Local sources	$ 54,005	$ 6,418	$ 365,357	$ -	$ -	$ 425,780
State sources	181,089	-	-	-	-	181,089
Federal sources	281,883	-	-	-	-	281,883
TOTAL REVENUES	516,977	6,418	365,357	-	-	888,752
EXPENDITURES:						
Supporting services	-	221	388,441	-	-	388,662
Community services	-	-	-	-	-	-
Food service activities	523,085	-	-	-	-	523,085
Debt service						
Principal payments	-	-	-	240,000	-	240,000
Interest payments	-	-	-	142,046	-	142,046
Capital outlay	-	-	-	-	-	-
TOTAL EXPENDITURES	523,085	221	388,441	382,046	-	1,293,793
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,108)	6,197	(23,084)	(382,046)	-	(405,041)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	-	382,046	250	382,296
Transfers (out)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	382,046	250	382,296
NET CHANGE IN FUND BALANCE	(6,108)	6,197	(23,084)	-	250	(22,745)
Fund balance, July 1	92,402	59,467	207,916	250	-	360,035
FUND BALANCE, JUNE 30	$ 86,294	$ 65,664	$ 184,832	$ 250	$ 250	$ 337,290

NICE Community School District

SCHOOL LUNCH FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended June 30, 2025

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:			
Local Sources:			
Student lunches	$ 54,110	$ 53,306	$ (804)
Interest earned	500	699	199
State Sources:			
Entitlement payments	152,023	181,089	29,066
Federal Sources:			
Entitlement payments	243,000	240,838	(2,162)
Donated commodities	40,995	41,045	50
TOTAL REVENUES	490,628	516,977	26,349
EXPENDITURES:			
Food Service Activities:			
Salaries	157,861	154,570	3,291
Fringe benefits	97,745	96,023	1,722
Purchased services	9,948	6,114	3,834
Other costs and expenses	23,550	20,405	3,145
Food and milk	206,500	204,928	1,572
Donated commodities	40,995	41,045	(50)
Capital outlay	1,000	-	1,000
TOTAL EXPENDITURES	537,599	523,085	14,514
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(46,971)	(6,108)	40,863
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfer (out)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-
NET CHANGE IN FUND BALANCE	(46,971)	(6,108)	40,863
Fund balance, July 1	92,402	92,402	-
FUND BALANCE, JUNE 30	$ 45,431	$ 86,294	$ 40,863

COMPLIANCE SECTION

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
102 W. Washington St. Suite 109 Marquette, MI 49855 (906) 225-1166 www.atcomqt.com

PARTNERS
Michael A. Grentz, CPA
William C. Sheltrow, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education of the
NICE Community School District
300 Westwood Drive
Ishpeming, Michigan 49849

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the NICE Community School District (the School District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 27, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Anderson, Tackman & Company, PLC
Certified Public Accountants

October 27, 2025

COMMUNICATIONS SECTION

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
102 W. Washington St. Suite 109 Marquette, MI 49855 (906) 225-1166 www.atcomqt.com

PARTNERS
Michael A. Grentz, CPA
William C. Sheltrow, CPA

NICE Community School District
Report to Management
For the Year Ended June 30, 2025

To the Board of Education and Management of the
NICE Community School District
300 Westwood Drive
Ishpeming, Michigan 49849

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of NICE Community School District (the School District) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the School District's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. 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.

This communication is intended solely for the information and use of management, Board of Education, and others within the School District, and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company, PLC
Certified Public Accountants

October 27, 2025

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
102 W. Washington St. Suite 109 Marquette, MI 49855 (906) 225-1166 www.atcomqt.com

PARTNERS
Michael A. Grentz, CPA
William C. Sheltrow, CPA

NICE Community School District
Communication with Those Charged with Governance
For the Year Ended June 30, 2025

October 27, 2025

To the Board of Education of the
NICE Community School District
300 Westwood Drive
Ishpeming, Michigan 49849

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of NICE Community School District (the School District) for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 22, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School District are described in the notes to the financial statements. As described in Note X to the financial statements, the School District changed accounting policies related to Compensated Absences by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 101, Compensated Absences, in fiscal year 2025. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Activities. We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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 significantly from those expected. The most sensitive estimates affecting the School District's financial statements were:

> Management's estimate of accumulated depreciation is based on historical cost. Depreciation is calculated using the straight-line method. We evaluated the methods, assumptions, and data used to develop the current years depreciation

expense and accumulated depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of employee benefit obligations is based on employee pay rates, historical usage, and the various subsidiary ledgers maintained for hour balances. We evaluated the methods, assumptions, and data used to develop the accrued employee benefit balances in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of the School District's proportionate share of Net Pension Liability and Net OPEB Liability is based on an actuarial performed for the Michigan Public Employees' Retirement System (MPSERS) to determine its liability. We evaluated the methods, assumptions, and data used to develop the School District's proportionate share of Net Pension Liability and Net OPEB Liability, based on information provided by the Michigan Department of Technology, Management and Budget Office of Retirement Services, in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's allocation of the School District's pension and OPEB contributions subsequent to the measurement date is based contribution rates set by the Office of Retirement Services. We evaluated the methods, assumptions, and data used to develop the allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of the School District's proportionate share of the Defined Benefit Pension Plan and OPEB Plan includes significant actuarial assumptions used in calculating the valuation. Gabriel, Roeder, Smith & Company was the actuarial company hired by the Retirement Board of the Michigan Public Employees' Retirement System (MPSERS) and the Michigan Department of Technology, Management and Budget Office of Retirement Services for preparation of the annual actuarial valuation. A full listing of the actuarial assumptions used can be found MPSERS' Annual Comprehensive Financial Report of the Fiscal Year Ended September 30, 2024.

The financial statement disclosures 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.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is 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 disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 27, 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 Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Upcoming Changes in Accounting Standards

The Governmental Accounting Standards Board (GASB) has recently released new standards that may be applicable to the School District in the future. We encourage management to review the information included in the Attachment and determine which standard(s) may be applicable to the School District.

<u>Other Matters</u>

We applied certain limited procedures to the required supplementary information (RSI), as listed in the table of contents. 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 other supplemental information, as listed in the table of contents, which accompany the financial statements but are not RSI. 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.

Restriction on Use

This information is intended solely for the use of the Board of Education and management of the School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Anderson, Tackman & Company, PLC
Certified Public Accountants

ATTACHMENT – UPCOMING GASB STANDARDS
For the Year Ended June 30, 2025

The Governmental Accounting Standards Board (the Board) routinely issues pronouncements to enhance accounting and financial reporting. Below are synopses of currently issued standards that may be applicable to the School District in the future. More information related to these standards can be found at www.gasb.org including full copies of the standards along with implementation guides and technical bulletins. We encourage management to review the following pronouncements to determine which standard(s) may be applicable to the School District.

GASB 103: Financial Reporting Model Improvements
Effective for fiscal years beginning after June 15, 2025 (School District's fiscal year 2026)

The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. The Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed and avoid "boilerplate" discussions. The requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses. In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements. The requirement for presentation of major component unit information will improve comparability.

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI. The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

We expect this standard to have a significant effect on the presentation of the School District's financial statements.

GASB 104: Disclosure of Certain Capital Assets
Effective for fiscal years beginning after June 15, 2025 (School District's fiscal year 2026)

The objective of this Statement is to provide detailed information about capital assets in notes to financial statements by requiring certain capital assets to be presented by major class. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale.

We do not expect this standard to have a significant effect on the presentation of the School District's financial statements.