Committee of the Whole

Tuesday, October 20, 2026 5:30 PM
Ridge Wood Elementary, 49775 Six Mile Road, Northville, MI 48168

1.	**Welcome, Call to Order**	
2.	**Approval of October 13, 2026 Meeting Minutes**	
3.	**Instructional and Special Services**	**Presenter:** Emily Pohlonski & Jadie Kieft
3.a)	Chromebook Purchase	
4.	**Finance & Operations**	**Presenter:** Devin Kling
4.a)	2025-26 Audit Report	
5.	**Public Comment**	
6.	**Adjourn**	

Northville Public Schools

Financial Report
with Supplementary Information
June 30, 2026

Draft

Northville Public Schools

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Independent Auditor's Report

To the Board of Education
Northville Public Schools

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northville Public Schools (the "School District") as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise Northville Public Schools' basic financial statements, as listed in the table of contents.

In our opinion, the accompanying 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 Northville Public Schools as of June 30, 2026 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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.

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 12 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

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- 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 other required supplementary information, as defined 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, which 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 Northville Public Schools' basic financial statements. The supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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To the Board of Education
Northville Public Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2026 on our consideration of Northville Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northville Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northville Public Schools' internal control over financial reporting and compliance.

October 21, 2026

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

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Northville Public Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund, the Sinking Fund (2022), the 2023 Building and Site Bond Fund and the 2026 Building and Site Bond Fund with all other funds presented in one column as nonmajor funds. The School District's proprietary Internal Service Fund is reported separately from the governmental funds. The remaining statements, the statement of fiduciary net position and the statement of changes in fiduciary net position, present financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. This report is composed of the following elements:

Management's Discussion and Analysis (MD&A)
(Required Supplementary Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Proportionate Share of the Net OPEB Liability (Asset)

Schedule of Pension Contributions

Schedule of OPEB Contributions

Notes to Required Supplementary Information

Supplementary Information

Reporting the School District as a Whole - Government-wide Financial Statements

One of the most important questions asked about the School District 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, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to 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 revenue and expenses are taken into account, regardless of when cash is received or paid.

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These two statements report the School District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as 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, are indicators of whether its financial health is improving or deteriorating. The relationship between revenue 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 commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, early childhood development, 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 Fund Financial Statements

The School District's fund financial statements provide detailed information about 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 establishes many other funds to help it control and manage money for particular purposes (the Food Services Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

Governmental Funds

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps 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 the statement of activities) and governmental funds in a reconciliation.

Proprietary Fund

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services it provides to other funds. The School District established a proprietary fund, specifically the Internal Service Fund, to finance specific services provided to other funds of the School District on a cost-reimbursement basis. The specific services represent health insurance benefits.

Fiduciary Funds

The School District has certain fiduciary responsibility for its custodial funds. All of the School District's fiduciary activities are reported in the separate statement of fiduciary net position and statement of changes in fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Overall Financial Summary

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2026 and 2025:

	Governmental Activities	
	2026	2025
	(in millions)	
Assets		
Current and other assets	$ 200.7	$ 150.3
Capital assets	218.5	194.0
Total assets	419.2	344.3
Deferred Outflows of Resources	33.2	40.7
Liabilities		
Current liabilities	27.9	23.3
Noncurrent liabilities	207.6	149.1
Net pension liability	103.2	124.0
Total liabilities	338.7	296.4
Deferred Inflows of Resources	72.1	75.1
Net Position (Deficit)		
Net investment in capital assets	93.8	94.7
Restricted	41.7	27.8
Unrestricted	(93.9)	(109.0)
Total net position (deficit)	**$ 41.6**	**$ 13.5**

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was $41.6 million at June 30, 2026. Net investment in capital assets totaling $93.8 million 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 that net position for day-to-day operations. The remaining amount of net position, $(93.9) million, was unrestricted.

The $(93.9) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact of recording the School District's share of the net pension and OPEB liabilities (assets) from the state-managed retirement system. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund and the change in the net pension/OPEB liabilities (assets) will have a significant impact on the change in unrestricted net position from year to year.

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The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ending June 30, 2026 and 2025.

	Governmental Activities	
	2026	2025
	(in millions)	
Revenue		
Program revenue:		
Charges for services	$ 6.4	$ 6.9
Operating grants	46.8	49.3
General revenue:		
Taxes	30.6	28.7
State aid not restricted to specific purposes	57.7	55.2
Other	8.1	9.7
Total revenue	149.6	149.8
Expenses		
Instruction	65.1	64.6
Support services	41.0	39.6
Athletics	1.3	1.2
Food services	4.2	4.3
Community services	3.7	4.3
Debt service	6.2	7.3
Total expenses	121.5	121.3
Change in Net Position	28.1	28.5
Net Position (Deficit) - Beginning of year	13.5	(15.0)
Net Position (Deficit) - End of year	**$ 41.6**	**$ 13.5**

As reported in the statement of activities, the cost of all of our governmental activities this year was $121.5 million. Certain activities were partially funded from those who benefited from the programs ($6.4 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($46.8 million). We paid for the remaining public benefit portion of our governmental activities with $30.6 million in taxes, $57.7 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of $28.1 million, compared to an increase in net position of $28.5 million in the previous year. On a year-over-year basis, total revenue decreased by $0.2 million. This was due to an decrease in program revenue of $3.0 million and an increase in general revenue of $2.8 million. The decrease in program revenue is attributed to various program fee decreases. The increase in general revenue is attributed primarily to a $1.9 million increase in tax revenue.

Financial Summary of Individual Funds

As we 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 this year, the governmental funds reported a combined fund balance of 135.0 million, which is a increase of 35.7 million from last year. The primary reasons for the decrease are as follows:

In the General Fund, our principal operating fund, fund balance decreased by $1.4 million to $32.0 million. General Fund revenue was $102.5 million, up from $99.3 million a year ago. This increase of 3.2 million is explained by an increase in local revenue of $0.3 million, combined with higher revenue of $3.5 million and lower federal funding ($0.9 million).

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During the fiscal year, activity in the 2023 Building and Site Bond Fund reflected signficiant capital project execution. Total revenues generated were $1.3 million, primarily derived from interest earnings on invested bond proceeds ($1.2 million). Total expenditures totaled $30.8 million, driven primarily by building construction and facility additions ($18.13 million), district-wide technology hardware ($3.11 million), professional architechtural and construction management fees ($2.76 million), site and athletic field improvements ($2.33 million), structured cabling upgrades ($1.34 million), and bus purchases ($1.24 million).

During the fiscal year, activity in the 2026 Building and Site Bond Fund (Series 2) reflected the successful issuance and closing of the Series 2 bond sale in June 2026. Total revenues and other financing sources generated were $67.5 million, comprising $61.9 million in principal bond proceeds and $5.6 million in bond premium. Total expenditures for the period were approximately $0.4 million, representing required bond issuance costs. Net activity resulted in a net increase to fund balance of $67.2 million.

Activity in the Building and Site Sinking Fund reflected ongoing facility preservation, major infrastructure updates, and schduled technology replacements. Total revenues earned were $4.4 million in interest earnings on fund investments. Total expenditures totaled $7.5 million, driven primarily by STEAM building additions and renovations ($2.68 million), district-wide instructional technology hardware replacement ($2.65 million), high school mechanical and plumbing overhauls ($1.44 million), and building roof replacements ($0.55 million).

Significant Capital Asset and Long-Term Financing Activity

Capital Assets

As of June 30, 2026, the School District had $218.5 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately $24.5 million, or 12.6 percent, from last year.

	Governmental Activities	
	2026	2025
Land	$ 3,377,000	$ 3,377,000
Construction in progress	47,760,586	17,696,233
Buildings and improvements	145,556,798	149,369,341
Furniture and equipment	19,264,251	21,723,744
Buses and other vehicles	2,586,583	1,850,909
Total capital assets - Net of accumulated depreciation	**$ 218,545,218**	**$ 194,017,227**

This year's additions of $37.9 million include technology, furnishings, building renovations, and site improvements.

Debt

At the end of this year, the School District had $181.9 million in bonds outstanding versus $128.2 million in the previous year, a change of 41.9 percent. Those bonds consisted of the following:

Those bonds consisted of the following:

	2026	2025
General obligation bonds	$ 181,930,000	$ 128,200,000
Total	**$ 181,930,000**	**$ 128,200,000**

During the current year, the School District issued $61.9 million in qualified general obligation bonds, resulting in a corresponding increase in the School District's outstanding long-term debt. The bonds carry an interest rate of 5.00 percent, mature in 2048, and require annual principal payments ranging from $1.0 million to $3.8 million. The School District also recognized approximately $5.6 million of bond premium associated with the issuance. Additional information regarding the bonds and related debt service requirements is presented in the notes to the financial statements.

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The School District's bond rating, as provided by Standard & Poors Global Ratings, is AA. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District's outstanding qualified general obligation debt of $181.9 million is significantly below the statutorily imposed limit.

Other obligations include compensated absences (i.e., accrued vacation pay and sick leave). We present more detailed information about our long-term liabilities in the notes to the financial statements.

Currently Known Facts, Decisions, or Conditions

Our elected officials and administration consider many factors when setting the School District's 2026-2027 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2026-2027 budget was adopted in June 2026 based on an estimate of students who will enroll in September 2026.Approximately 75.0 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2026 school year, we anticipate that the fall student count will be short of the estimates used in creating the 2026-27 budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on state funding and the overall health of the State's School Aid Fund, the actual revenue received is determined by the State's ability to generate sufficient tax collections to fund appropriations to local districts. The State conducts Consensus Revenue Estimating Conferences each January and May to project available resources, with the May conference providing the basis for the State's budget for the upcoming fiscal year.

The May 2026 conference reflected a more moderate economic outlook compared to the prior year, as inflation and slower consumer spending. Despite these challenges, the State continued its investment in public education, increasing the foundation allowance from $10,050 per pupil in 2025-2026 to $10,300 per pupil in 2026-2027. In addition, the State maintained and expanded categorical funding for special education, student mental health and safety, and at-risk students, reflecting an ongoing commitment to supporting student needs while recognizing the limits of one-time funding sources.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the business office.

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Northville Public Schools

Statement of Net Position

June 30, 2026

	Governmental Activities
Assets	
Cash and investments (Note 4)	$ 50,165,888
Receivables:	
Other receivables	81,369
Due from other governments	18,963,632
Inventory	38,642
Prepaid expenses	265,549
Restricted assets (Note 4)	97,481,013
Net OPEB asset (Note 10)	33,690,857
Capital assets: (Note 6)	
Assets not subject to depreciation	51,137,586
Assets subject to depreciation - Net	167,407,632
Total assets	419,232,168
Deferred Outflows of Resources	
Deferred pension costs (Note 10)	27,517,591
Deferred OPEB costs (Note 10)	5,647,767
Total deferred outflows of resources	33,165,358
Liabilities	
Accounts payable	9,188,216
Due to other governmental units	2,284,297
Accrued liabilities and other	13,819,132
Unearned revenue (Note 5)	2,564,198
Noncurrent liabilities:	
Due within one year: (Note 8)	
Compensated absences	130,000
Provision for claims	2,105,295
Current portion of bonds and contracts payable	9,476,661
Due in more than one year (Note 8)	195,923,252
Net pension liability (Note 10)	103,176,612
Total liabilities	338,667,663
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 10)	8,373,524
Deferred pension cost reductions (Note 10)	34,806,032
Deferred OPEB cost reductions (Note 10)	28,956,673
Total deferred inflows of resources	72,136,229
Net Position	
Net investment in capital assets	93,779,245
Restricted:	
Debt service	1,505,727
Capital projects	6,534,547
Net OPEB asset	33,690,857
Unrestricted	(93,916,742)
Total net position	**$ 41,593,634**

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See notes to financial statements.

Northville Public Schools

Statement of Activities

Year Ended June 30, 2026

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	$ 65,088,554	$ 366,023	$ 29,628,186	$ (35,094,345)
Support services	40,973,845	-	13,311,214	(27,662,631)
Athletics	1,263,916	656,443	-	(607,473)
Food services	4,223,426	834,050	3,907,276	517,900
Community services	3,758,058	4,499,811	-	741,753
Interest	5,573,012	-	-	(5,573,012)
Other debt costs	598,981	-	-	(598,981)
Total primary government	**$ 121,479,792**	**$ 6,356,327**	**$ 46,846,676**	(68,276,789)
General revenue:				
Taxes:				
Property taxes levied for general purposes				11,723,262
Property taxes levied for debt service				14,860,757
Property taxes levied for capital projects				4,000,978
State aid not restricted to specific purposes				57,664,409
Interest and investment earnings				3,601,626
Penalties, interest, and other taxes				22,944
Gain on sale of capital assets				10,710
Other				4,462,888
Total general revenue				96,347,574
Change in Net Position				28,070,785
Net Position - Beginning of year				13,522,849
Net Position - End of year				**$ 41,593,634**

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Northville Public Schools

Governmental Funds
Balance Sheet

June 30, 2026

	General Fund	2023 Building and Site Bond Fund	2026 Building and Site Bond Fund	Sinking Fund (2022)	Nonmajor Funds	Total Governmental Funds
Assets						
Cash and investments (Note 4)	$ 35,194,284	$ -	$ -	$ -	$ 12,924,470	$ 48,118,754
Receivables:						
Other receivables	81,369	-	-	-	-	81,369
Due from other governments	17,961,496	-	-	-	1,002,136	18,963,632
Due from other funds (Note 7)	762,351	405,786	-	-	1,391,366	2,559,503
Inventory	-	-	-	-	38,642	38,642
Prepaid expenses	265,549	-	-	-	-	265,549
Restricted assets (Note 4)	-	16,342,565	67,339,087	10,323,871	3,475,490	97,481,013
Total assets	**$ 54,265,049**	**$ 16,748,351**	**$ 67,339,087**	**$ 10,323,871**	**$ 18,832,104**	**$ 167,508,462**
Liabilities						
Accounts payable	$ 767,666	$ 4,180,671	$ 186,208	$ 3,970,926	$ 75,808	$ 9,181,279
Due to other governmental units	2,284,297	-	-	-	-	2,284,297
Due to other funds (Note 7)	5,452,738	-	-	711	761,640	6,215,089
Accrued liabilities and other	12,255,369	-	-	-	-	12,255,369
Unearned revenue (Note 5)	1,547,387	-	-	-	1,016,811	2,564,198
Total liabilities	22,307,457	4,180,671	186,208	3,971,637	1,854,259	32,500,232
Fund Balances						
Nonspendable:						
Inventory	-	-	-	-	38,642	38,642
Prepaids	265,549	-	-	-	-	265,549
Restricted:						
Debt service	-	-	-	-	2,630,516	2,630,516
Capital projects	-	12,567,680	67,152,879	6,352,234	438,974	86,511,767
Special education	-	-	-	-	5,902,517	5,902,517
Food service	-	-	-	-	1,458,168	1,458,168
Committed:						
Capital projects	-	-	-	-	1,061,545	1,061,545
Early childhood development	-	-	-	-	3,594,025	3,594,025
Student activities	-	-	-	-	1,853,458	1,853,458
Assigned - Subsequent year's budget	4,567,539	-	-	-	-	4,567,539
Unassigned	27,124,504	-	-	-	-	27,124,504
Total fund balances	31,957,592	12,567,680	67,152,879	6,352,234	16,977,845	135,008,230
Total liabilities and fund balances	**$ 54,265,049**	**$ 16,748,351**	**$ 67,339,087**	**$ 10,323,871**	**$ 18,832,104**	**$ 167,508,462**

Draft

See notes to financial statements.

Northville Public Schools

Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2026

Fund Balances Reported in Governmental Funds	$ 135,008,230
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	365,184,453
Accumulated depreciation	(146,639,235)
Net capital assets used in governmental activities	218,545,218
Bonds payable, including premiums, are not due and payable in the current period and are not reported in the funds	(202,097,731)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,563,763)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(1,225,694)
Net pension liability and related deferred inflows and outflows	(110,465,053)
Net OPEB asset and related deferred inflows and outflows	10,381,951
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(8,373,524)
Other long-term liabilities, consisting of arbitrage rebate liabilities, do not present a claim on current financial resources and are not reported as fund liabilities	(2,206,488)
Internal service funds are included as part of governmental activities	3,590,488
Net Position of Governmental Activities	**$ 41,593,634**

Draft

Northville Public Schools

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2026

	General Fund	2023 Building and Site Bond Fund	2026 Building and Site Bond Fund	Sinking Fund (2022)	Formerly Major - Special Education Center Program Fund	Nonmajor Funds	Total Governmental Funds
Revenue							
Local sources	$ 15,523,218	$ 1,316,253	$ 39,092	$ 4,398,754	$ -	$ 23,760,972	$ 45,038,289
State sources	78,825,386	-	-	6,051	-	11,235,697	90,067,134
Federal sources	2,178,097	-	-	-	-	857,616	3,035,713
Interdistrict sources	5,978,987	-	-	-	-	7,067,933	13,046,920
Total revenue	102,505,688	1,316,253	39,092	4,404,805	-	42,922,218	151,188,056
Expenditures							
Current:							
Instruction	66,085,738	-	-	-	-	9,638,401	75,724,139
Support services:							
Pupil	7,985,365	-	-	-	-	2,173,142	10,158,507
Instructional staff	4,632,241	-	-	-	-	565,903	5,198,144
General administration	1,104,665	-	-	-	-	3,431	1,108,096
School administration	5,005,990	-	-	-	-	582,918	5,588,908
Business	1,091,362	-	-	-	-	-	1,091,362
Operations and maintenance	9,158,813	-	-	261,521	-	-	9,420,334
Pupil transportation services	4,017,063	-	-	-	-	118,201	4,135,264
Central	2,998,965	-	-	-	-	18,048	3,017,013
Other	-	-	-	-	-	3,488,736	3,488,736
Athletics	1,521,618	-	-	-	-	-	1,521,618
Food services	-	-	-	-	-	4,525,051	4,525,051
Community services	288,942	-	-	-	-	4,166,073	4,455,015
Debt service:							
Principal	-	-	-	-	-	8,140,000	8,140,000
Interest	-	-	-	-	-	6,094,250	6,094,250
Other debt costs	-	-	390,379	-	-	-	390,379
Capital outlay	573,483	30,851,233	-	7,231,900	-	331,358	38,987,974
Total expenditures	104,464,245	30,851,233	390,379	7,493,421	-	39,845,512	183,044,790
Excess of Revenue (Under) Over Expenditures	(1,958,557)	29,534,980)	(351,287)	(3,088,616)	-	3,076,706	(31,856,734)
Other Financing Sources (Uses)							
Face value of debt issued (Note 8)	-	-	61,870,000	-	-	-	61,870,000
Premium on debt issued (Note 8)	-	-	5,634,166	-	-	-	5,634,166
Proceeds from sale of capital assets (Note 6)	10,710	-	-	-	-	-	10,710
Transfers in (Note 7)	555,000	-	-	-	-	-	555,000
Transfers out (Note 7)	-	-	-	-	-	(555,000)	(555,000)
Total other financing sources (uses)	565,710	-	67,504,166	-	-	(555,000)	67,514,876
Net Change in Fund Balances	(1,392,847)	29,534,980)	67,152,879	(3,088,616)	-	2,521,706	35,658,142
Fund Balances - Beginning of year, as previously reported	33,350,439	42,102,660	-	-	4,055,210	19,841,779	99,350,088
Change within financial reporting entity (Note 2)	-	-	-	9,440,850	(4,055,210)	(5,385,640)	-
Fund Balances - Beginning of year, as adjusted or restated	$ 33,350,439	$42,102,660	$ -	$ 9,440,850	$ -	$ 14,456,139	$ 99,350,088

Draft

See notes to financial statements.

Governmental Funds
Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)

Year Ended June 30, 2026

	General Fund	2023 Building and Site Bond Fund	2026 Building and Site Bond Fund	Sinking Fund (2022)	Formerly Major - Special Education Center Program Fund	Nonmajor Funds	Total Governmental Funds
Fund Balances - End of year	**$ 31,957,592**	**$12,567,680**	**$67,152,879**	**$ 6,352,234**	**$ -**	**$ 16,977,845**	**$135,008,230**

Draft

Governmental Funds
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2026

Net Change in Fund Balances Reported in Governmental Funds	$	35,658,142
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, these costs are allocated over their estimated useful lives as depreciation:		
Capitalized capital outlay		37,870,144
Depreciation expense		(13,342,153)
Revenue in support of pension contributions made subsequent to the measurement date		(1,648,189)
Issuing debt, net of premiums and discounts, provides current financial resources to governmental funds but increases long-term liabilities in the statement of net position		(67,504,166)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premiums are not expenses in the governmental funds		9,205,410
Interest expense is recognized in the government-wide statements as it accrues		(544,172)
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		30,015,367
Arbitrage rebate costs that do not use current financial resources are not reported as expenditures in the governmental funds		(208,602)
Internal service funds are included as part of governmental activities		(1,430,996)
Change in Net Position of Governmental Activities	**$**	**28,070,785**

Draft

Northville Public Schools

Proprietary Fund
Statement of Net Position

June 30, 2026

	Internal Service Fund
Assets	
Current assets:	
Cash and investments (Note 4)	$ 2,047,134
Due from other funds (Note 7)	3,649,129
Total assets	5,696,263
Liabilities - Current liabilities - Provisions for claims (Note 9)	2,105,775
Net Position - Unrestricted	**$ 3,590,488**

Draft

See notes to financial statements.

Northville Public Schools

Proprietary Fund
Statement of Revenue, Expenses, and Changes in Fund Net Position

Year Ended June 30, 2026

	Internal Service Fund
Operating Revenue - Charges for services	$ 11,619,748
Operating Expenses - Cost of insurance claims	13,050,744
Change in Net Position	(1,430,996)
Net Position - Beginning of year	5,021,484
Net Position - End of year	**$ 3,590,488**

Draft

Northville Public Schools

Proprietary Fund
Statement of Cash Flows

Year Ended June 30, 2026

	Internal Service Fund
Cash Flows from Operating Activities	
Receipts from other funds	$ 13,195,671
Payments for services	(12,986,641)
Net Increase in Cash and Investments - Net cash provided by operating activities	209,030
Cash and Investments - Beginning of year	1,838,104
Cash and Investments - End of year	**$ 2,047,134**
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	$ (1,430,996)
Adjustments to reconcile operating income to net cash from operating activities:	
Changes in assets and liabilities:	
Due to and from other funds	1,575,923
Accounts payable	480
Accrued and other liabilities	63,623
Total adjustments	1,640,026
Net cash provided by operating activities	**$ 209,030**

Draft

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2026

	Private Purpose Trust Funds
Assets	
Cash and investments (Note 4)	$ 487,184
Due from other funds (Note 7)	6,457
Total assets	493,641
Liabilities	-
Net Position - Restricted for scholarships	**$ 493,641**

Draft

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2026

	Private Purpose Trust Funds
Additions - Investment income - Interest and dividends	$ 41,292
Deductions - Scholarships awarded	3,450
Change in Net Position	37,842
Net Position - Beginning of year	455,799
Net Position - End of year	**$ 493,641**

Draft

See notes to financial statements.

Note 1 - Nature of Business

Northville Public Schools (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule occur when there are charges between the School District's business-type activities and various other functions of the School District.

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

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Note 2 - Significant Accounting Policies (Continued)

Fund Accounting

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The 2023 Building and Site Bond Fund, 2026 Building and Site Bond Fund, and Sinking Fund (2022) are used to record bond proceeds, property tax revenue related to the Sinking Fund millage, or other revenue and disbursements of invoices specifically designated capital projects, including the acquisition, construction, renovation, furnishing, and equipping of school facilities; technology upgrades; and improvements to playgrounds, athletic fields, and other district facilities. These funds operate until the purpose for which they were created is accomplished.

Additionally, the School District reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. Included within the nonmajor special revenue funds is the Special Education Center Program Fund. It is used to record special education millage revenue from Wayne County, Michigan (the "County"); state revenue related to special education; and disbursements associated with special education center programs administered by the School District on behalf of the County.
- The Public Improvement Fund, a capital project fund established under the requirements of Michigan Public Act 177 of 1943, is used for the purpose of appropriating, providing for, setting aside, and accumulating money, as determined by action of the Board of Education, to be used for acquiring, constructing, extending, altering, repairing, or equipping public school improvements or buildings.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Proprietary Funds

The proprietary fund is an internal service fund that provides goods or services to other funds of the School District.

The School District's Internal Service Fund is used to account for health care-related services provided to other governmental funds of the School District on a cost-reimbursement basis.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the School District's programs. The Private Purpose Trust Funds are used to account for funds entrusted to the School District for scholarship award programs and various school-related purposes.

Draft

Note 2 - Significant Accounting Policies (Continued)

Interfund Activity

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Proprietary funds and fiduciary funds, as applicable, use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for investments in external investment pools, which are valued at amortized cost. Pooled investment income from the School District's funds is generally allocated to each fund using a weighted average of balance for the principal.

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Inventories accounted for using the purchase method are recorded as expenditures when purchased and include all inventories of governmental funds other than commodities within the Food Services Fund. Inventories accounted for using the consumption method are recorded as expenditures when consumed rather than when purchased and include commodities within the Food Services Fund. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Draft

Note 2 - Significant Accounting Policies (Continued)

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the bonded capital project funds required to be set aside for construction or other allowable bond purchases
- Unspent property taxes levied and held in the debt service funds required to be set aside for future bond principal and interest payments
- Unspent property taxes levied and held in the Sinking Fund required to be set aside for construction or allowable purchases

Capital Assets

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings and improvements	20 to 50
Furniture and equipment	5 to 10
Buses and other vehicles	5 to 10

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Draft

Note 2 - Significant Accounting Policies (Continued)

Net Position Flow Assumption

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by passing a resolution, prior to the end of the fiscal year, commit fund balance. Once committed, the limitation imposed by the Board of Education resolution remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the assistant superintendent for finance and operations to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally exist only temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The fund balance goal is to maintain an annual unassigned general fund balance of at least 18 percent of estimated expenditures. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year.

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Note 2 - Significant Accounting Policies (Continued)

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Tax collections are forwarded to the School District as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. Any delinquent taxes collected by the County are remitted to the School District by June 30. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes.

Pension and Other Postemployment Benefit (OPEB) Plans

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

Compensated Absences (Vacation and Sick Leave)

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A leave liability is recognized due to leave attributable to services already rendered, leave that accumulates, and leave that is more than likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Both of these are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee’s compensation are used to liquidate the obligations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

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Note 2 - Significant Accounting Policies (Continued)

Accounting Changes

Adoption of New Accounting Pronouncements

During the current year, the School District adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. The implementation of this standard established new accounting and financial reporting requirements or modified existing requirements related to management's discussion and analysis, the presentation of proprietary fund operating and nonoperating activities, and the budgetary comparison schedules reported as required supplementary information.

The implementation of this standard did not result in a change to the School District's total net position or fund balances; however, management's discussion and analysis and budgetary comparison schedules were modified to conform to the new presentation requirements of GASB Statement No. 103.

Changes to or within the Financial Reporting Entity

Change in Major Funds

The Sinking Fund (2022) was previously reported as nonmajor fund but is now reported as major fund for fiscal year 2026. The Special Education Center Program Fund was previously reported as major fund but is now reported as nonmajor fund for fiscal year 2026. The effects of this change in major funds are shown below.

Adjustments to and Restatements of Beginning Balances

During fiscal year 2026, the changes noted above resulted in adjustments to and restatements of the governmental funds as follows:

	June 30, 2025 As Previously Reported	Change to or within the Financial Reporting Entity	June 30, 2025 As Restated
Governmental funds:			
Major funds:			
General Fund	$ 33,350,439	$ -	$ 33,350,439
2023 Building and Site Bond Fund	42,102,660	-	42,102,660
Formerly Major - Special Education Center Program Fund	4,055,210	(4,055,210)	-
Sinking Fund (2022)	-	9,440,850	9,440,850
Nonmajor funds	19,841,779	(5,385,640)	14,456,139
Total governmental funds	$ 99,350,088	$ -	$ 99,350,088

Upcoming Accounting Pronouncements

In December 2025, the Government Accounting Standards Board issued Statement No. 105, *Subsequent Events*, which improves financial reporting requirements for subsequent events by clarifying the subsequent events time frame and the distinction between recognized and nonrecognized events. This statement also establishes specific note disclosure requirements and requires disclosure of the date through which subsequent events have been evaluated. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2027.

Draft

Note 3 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund, non-bonded capital project funds, and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year.

Encumbrance accounting is employed in governmental funds. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. As a result, fund balance has not been committed or assigned.

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the School District incurred expenditures in the General Fund, which were in excess of the amounts budgeted, as follows:

	Budget	Actual
Capital outlay	$ 469,045	$ 573,483

Capital Projects Fund Compliance

The 2023 Building and Site Bond and 2026 Building and Site Bond capital project funds include capital project activities funded with bonds issued after May 1, 1994. For these capital project funds, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code. The funds are not yet considered substantially complete and subsequent years audits are expected.

The Sinking Fund (2022) records capital project activities funded with the sinking fund millage. For this fund, authorized after March 29, 2017, the School District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code.

Note 4 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The School District has designated banks for the deposit of its funds.

The investment policy adopted by the board in accordance with state statutes has authorized investment in bonds and securities of the United States government and bank accounts, CDs, and all other investments, as noted by the state statutory authority listed above.

The School District's investments in the Michigan Liquid Asset Fund Plus - MAX Class fund may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State. Redemptions made prior to the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed. There are no limitations or restrictions on participant withdrawals for the School District's investment in the Comerica J Fund that are recorded at amortized cost.

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Note 4 - Deposits and Investments (Continued)

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank 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. The School District does not have a deposit policy for custodial credit risk. At year end, the School District had bank deposits totaling $22,816,743 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. The School District does not have investments with custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

At year end, the School District had the following investments:

Investment	Carrying Value	Weighted-average Maturity (Years)
Bank investment pool - Michigan CLASS	$ 31,920,556	0.227

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
Bank investment pool - Michigan CLASS	$ 31,920,556	AAAm	S&P
Bank investment pool - MILAF MAX Class*	97,481,013	AAAm	S&P
Bank investment pool - Comerica J Fund*	43,144	Not rated	N/A
Total	$ 129,444,713		

*Investments are valued at amortized cost rather than fair value.

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer.

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Note 4 - Deposits and Investments (Continued)

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's policy prohibit investments in foreign currency.

Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The School District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The School District has the following recurring fair value measurements as of June 30, 2026:

- Mutual funds held by the Private Purpose Trust Funds totaling $444,040 are valued using significant other observable inputs (Level 2 inputs).

The securities classified as Level 2 are valued using broker investment statements.

Investments in Entities that Calculate Net Asset Value per Share

The School District holds shares or interests in investment companies where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

At June 30, 2026, the School District invested $31,920,556 in the Michigan CLASS pool.

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

Note 5 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2026, the School District had no unavailable revenue and approximately $2,564,000 of unearned revenue, primarily related to categorical aid and federal assistance payments received prior to meeting all eligibility requirements.

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Note 6 - Capital Assets

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

Governmental Activities

	Balance July 1, 2025	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2026
Capital assets not being depreciated:					
Land	$ 3,377,000	$ -	$ -	$ -	$ 3,377,000
Construction in progress	17,696,233	(3,451,020)	33,515,373	-	47,760,586
Subtotal	21,073,233	(3,451,020)	33,515,373	-	51,137,586
Capital assets being depreciated:					
Buildings and improvements	255,027,071	3,451,020	1,639,737	-	260,117,828
Furniture and equipment	47,097,527	-	1,477,868	-	48,575,395
Buses and other vehicles	4,286,433	-	1,237,166	(169,955)	5,353,644
Subtotal	306,411,031	3,451,020	4,354,771	(169,955)	314,046,867
Accumulated depreciation:					
Buildings and improvements	105,657,730	-	8,903,300	-	114,561,030
Furniture and equipment	25,373,783	-	3,937,361	-	29,311,144
Buses and other vehicles	2,435,524	-	501,492	(169,955)	2,767,061
Subtotal	133,467,037	-	13,342,153	(169,955)	146,639,235
Net capital assets being depreciated	172,943,994	3,451,020	(8,987,382)	-	167,407,632
Net governmental activities capital assets	$ 194,017,227	$ -	$ 24,527,991	$ -	$ 218,545,218

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
Instruction	$ 8,668,397
Support services	3,818,524
Community services	565,707
Food services	289,525
Total governmental activities	$ 13,342,153

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Note 6 - Capital Assets (Continued)

Construction Commitments

The School District has active construction projects at year end. As of June 30, 2026, the School District had approximately $24.8 million in outstanding commitments with contractors.

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

	Primary Government			
	Fund Due From			
Fund Due To	General Fund	Sinking Fund	Nonmajor Funds	Total
General Fund	$ -	$ 711	$ 761,640	$ 762,351
2023 Building and Site Bond Fund	405,786	-	-	405,786
Nonmajor governmental funds	1,391,366	-	-	1,391,366
Internal Service Fund	3,649,129	-	-	3,649,129
Private Purpose Trust Funds	6,457	-	-	6,457
Total	$ 5,452,738	$ 711	$ 761,640	$ 6,215,089

Interfund balances represent routine and temporary cash flow assistance from the General Fund until amounts are transferred from fund bank accounts. Interfund balances between the General Fund and the Internal Service Fund are for amounts owed to the Internal Service Fund for its share of certain employee benefit costs.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Nonmajor governmental funds	General Fund	$ 555,000

Transfers to the General Fund from the nonmajor governmental funds relate to the transfer of indirect costs of the Food Services Fund. Transfers from the Special Education Center Program Fund provide excess resources, capped by regulatory requirements where applicable, to supplement General Fund operations.

Note 8 - Long-term Debt

Long-term debt activity for the year ended June 30, 2026 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligation	$ 128,200,000	$ 61,870,000	$ (8,140,000)	$ 181,930,000	$ 8,180,000
Unamortized bond premiums	15,598,975	5,634,166	(1,065,410)	20,167,731	1,296,661
Total bonds payable	143,798,975	67,504,166	(9,205,410)	202,097,731	9,476,661
Compensated absences	1,226,731	-	(1,037)	1,225,694	130,000
Self-insurance	2,041,672	13,050,263	(12,986,640)	2,105,295	2,105,295
Arbitrage liability	1,997,886	208,602	-	2,206,488	-
Total governmental activities long-term debt	$ 149,065,264	$ 80,763,031	$ (22,193,087)	$ 207,635,208	$ 11,711,956

The table above discloses the net change in the compensated absence liability of the School District.

Note 8 - Long-term Debt (Continued)

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for both governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's qualified bonds are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2026 are as follows:

Purpose	Remaining Annual Installments	Interest Rate(s) (Percent)	Maturing May 1	Outstanding
$26,940,000 qualified general obligation serial and term bonds (2020)	$1,060,000 - $1,075,000	4.00% - 5.00%	2043	$ 18,110,000
$52,740,000 qualified general obligation serial and term bonds (2019)	$1,965,000 - $2,910,000	4.00% - 5.00%	2043	42,865,000
$11,910,000 qualified general obligation serial and term bonds (2018)	$2,550,000	5.00%	2027	2,550,000
$61,900,000 qualified general obligation serial and term bonds (2023)	$1,175,000 - $4,185,000	4.00% - 5.00%	2045	56,535,000
$61,870,000 qualified general obligation serial and term bonds (2026)	$1,000,000 - $3,780,000	5.00%	2048	61,870,000
Total governmental activities				$ 181,930,000

Other Long-term Liabilities

The arbitrage liability attributable to the governmental activities will be liquidated from the applicable capital project funds when payable to the Internal Revenue Service.

The self-insurance liability will generally be liquidated through the School District's Internal Service Fund. The fund will finance the payment of those claims by charging the General Fund based on management's assessment of the relative insurance risk that should be assumed by individual funds.

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Note 8 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

	Governmental Activities		
	Other Debt		
Years Ending June 30	Principal	Interest	Total
2027	$ 8,180,000	$ 8,352,075	$ 16,532,075
2028	7,795,000	8,429,450	16,224,450
2029	8,800,000	8,070,400	16,870,400
2030	6,485,000	7,663,300	14,148,300
2031	6,990,000	7,373,300	14,363,300
2032-2036	42,190,000	31,355,500	73,545,500
2037-2041	51,165,000	20,191,000	71,356,000
2042-2046	42,765,000	7,309,500	50,074,500
2047-2048	7,560,000	567,000	8,127,000
Total	$ 181,930,000	$ 99,311,525	$ 281,241,525

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District participates in the Metropolitan Association for Improved School Legislation (MAISL) shared-risk program for claims relating to workers' compensation and the SET SEG risk pool for claims related to property loss, torts, and errors and omissions. The School District is partially insured for health and dental claims.

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

The School District estimates the liability for health and dental claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported. These estimates are recorded in the Internal Service Fund, as well as the government-wide statements. Changes in the estimated liability for the past two fiscal years were as follows:

	2026	2025
Estimated liability - Beginning of year	$ 2,041,672	$ 2,074,169
Estimated claims incurred, including changes in estimates	13,050,263	10,213,678
Claim payments	(12,986,640)	(10,246,175)
Estimated liability - End of year	$ 2,105,295	$ 2,041,672

Note 10 - Michigan Public School Employees' Retirement System

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain school district employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

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Note 10 - Michigan Public School Employees' Retirement System (Continued)

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment health care plans. That report is available on the web at http://www.michigan.gov/orsschools.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care 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 pension plan and the postemployment health care plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced by 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplementary payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree health care recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Contributions

Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

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Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

The School District's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The ranges of rates are as follows:

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

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2026 were $22,481,313, which includes the School District's contributions required for those members with a defined contribution benefit.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2026 were $1,539,759, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2026, the School District reported a liability of $103,176,612 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2024, which used update procedures to roll forward the estimated liability to September 30, 2025. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2025 and 2024, the School District's proportion was approximately 0.515034 and 0.506671 percent, representing a change of 1.65 percent.

Net OPEB Asset

At June 30, 2026, the School District reported an asset of $33,690,857 for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2026 was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2024, which used update procedures to roll forward the estimated liability to September 30, 2025. The School District’s proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2025 and 2024, the School District’s proportion was approximately 0.554206 and 0.501867 percent, representing a change of 10.43 percent.

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Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

For 2026, the School District recognized pension expense of $3,636,761, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2026, 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
Difference between expected and actual experience	$ 3,996,326	$ (918,985)
Changes in assumptions	3,703,304	(5,453,132)
Net difference between projected and actual earnings on pension plan investments	-	(24,657,001)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	1,860,929	(3,776,914)
The School District's contributions to the plan subsequent to the measurement date	17,957,032	-
Total	$ 27,517,591	$ (34,806,032)

The $8,373,524 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2027. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2027	$ (2,694,996)
2028	(11,917,593)
2029	(8,355,711)
2030	(2,277,173)
Total	$ (25,245,473)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

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

For the year ended June 30, 2026, the School District recognized OPEB recovery of $10,866,304.

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

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Note 10 - Michigan Public School Employees' Retirement System (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (23,066,357)
Changes in assumptions	4,496,406	(357,321)
Net difference between projected and actual earnings on OPEB plan investments	-	(4,734,300)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	149,856	(798,695)
Employer contributions to the plan subsequent to the measurement date	1,001,505	-
Total	$ 5,647,767	$ (28,956,673)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will increase the net OPEB asset and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2027	$ (6,515,607)
2028	(6,353,690)
2029	(5,899,348)
2030	(3,838,080)
2031	(1,308,652)
Thereafter	(395,034)
Total	$ (24,310,411)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2025 are based on the results of an actuarial valuation as of September 30, 2024 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75% for 2019 and 3.50% for 2018
Health care cost trend rate - OPEB	6.50% - 7.75%	Year 1 graded to 3.5 percent in year 15
Mortality basis		PubT-2010 Male and Female Employee Mortality Tables, scaled 100 percent (retirees: 116 percent for males and 116 percent for females) and adjusted for mortality improvements using projection scale MP-2021 from 2010
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

Assumption changes as a result of an experience study for the periods from 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension liability and OPEB liability as of September 30, 2025, is based on the results of an actuarial valuation date of September 30, 2024, and rolled forward using generally accepted actuarial procedures, including the experience study.

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Note 10 - Michigan Public School Employees' Retirement System (Continued)

Significant assumption changes since the prior measurement date, September 30, 2024, for the OPEB plans include an increase in the health care cost trend rate of 0.50 percent for members under 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2024.

Discount Rate

The discount rate used to measure the total pension liability and OPEB liability was 6.00 percent as of September 30, 2025 depending on the plan option. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

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

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (Pension)	Target Allocation (OPEB)	Long-term Expected Real Rate of Return
Domestic equity pools	21.00 %	16.00 %	5.80 %
Private equity pools	16.00	16.00	9.30
International equity pools	14.00	11.00	5.60
Fixed-income pools	15.00	26.00	2.50
Real estate and infrastructure pools	8.00	5.00	7.00
Absolute return pools	13.00	15.00	4.40
Real return/opportunistic pools	9.00	7.00	7.00
Short-term investment pools	4.00	4.00	1.30
Total	100.00 %	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.4 percent.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	$ 162,818,384	$ 103,176,612	$ 53,502,650

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Note 10 - Michigan Public School Employees' Retirement System (Continued)

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB asset of the School District	$ 29,026,804	$ 33,690,857	$ 37,772,913

Sensitivity of the Net OPEB Asset to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB asset of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB asset would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00%)	Current Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB asset of the School District	$ 37,735,664	$ 33,690,857	$ 29,443,942

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan

At June 30, 2026, the School District reported a payable of $5,241,702 and $309,058 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2026.

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Required Supplementary Information

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Northville Public Schools

Required Supplementary Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget - Over (Under) Final Budget	Actual	Variance with Final Budget - Over (Under) Actual Amounts
Revenue					
Local sources	$ 14,603,474	$ 15,095,635	$ 492,161	$ 15,523,218	$ 427,583
State sources	76,098,832	80,669,827	4,570,995	78,825,386	(1,844,441)
Federal sources	2,105,701	2,101,878	(3,823)	2,178,097	76,219
Interdistrict sources	5,592,546	5,117,505	(475,041)	5,978,987	861,482
Total revenue	98,400,553	102,984,845	4,584,292	102,505,688	(479,157)
Expenditures					
Current:					
Instruction:					
Basic programs	52,359,933	55,511,879	3,151,946	55,035,004	(476,875)
Added needs	10,625,602	10,848,520	222,918	11,050,734	202,214
Support services:					
Pupil	7,534,834	7,979,131	444,297	7,985,365	6,234
Instructional staff	5,094,471	5,259,941	165,470	4,632,241	(627,700)
General administration	1,064,059	1,072,347	8,288	1,104,665	32,318
School administration	5,053,752	5,172,143	118,391	5,005,990	(166,153)
Business	1,272,195	1,192,098	(80,097)	1,091,362	(100,736)
Operations and maintenance	10,465,520	10,080,538	(384,982)	9,158,813	(921,725)
Pupil transportation services	3,873,630	3,998,631	125,001	4,017,063	18,432
Central	3,120,725	2,874,256	(246,469)	2,998,965	124,709
Athletics	1,482,164	1,522,270	40,106	1,521,618	(652)
Community services	274,544	307,642	33,098	288,942	(18,700)
Capital outlay	619,525	469,045	(150,480)	573,483	104,438
Total expenditures	102,840,954	106,288,441	3,447,487	104,464,245	(1,824,196)
Excess of Revenue Over (Under) Expenditures	(4,440,401)	(3,303,596)	1,136,805	(1,958,557)	1,345,039
Other Financing Sources (Uses)					
Proceeds from sale of capital assets	-	-	-	10,710	10,710
Transfers in	705,000	1,105,000	400,000	555,000	(550,000)
Total	705,000	1,105,000	400,000	565,710	(539,290)
Net Change in Fund Balances	(3,735,401)	(2,198,596)	1,536,805	(1,392,847)	805,749
Fund Balances - Beginning of year	33,350,439	33,350,439	-	33,350,439	-
Fund Balances - End of year	**$ 29,615,038**	**$ 31,151,843**	**$ 1,536,805**	**$ 31,957,592**	**$ 805,749**

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See notes to required supplementary information.

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
Michigan Public School Employees' Retirement System

Last Ten Plan Years

Plan Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
School District's proportion of the net pension liability	0.51503 %	0.50667 %	0.51909 %	0.53253 %	0.53128 %	0.53219 %	0.52629 %	0.52492 %	0.51747 %	0.50164 %
School District's proportionate share of the net pension liability	$103,176,612	$124,043,211	$168,007,761	$200,276,543	$125,783,818	$182,814,394	$174,289,239	$157,801,775	$134,097,910	$125,153,950
School District's covered payroll	$ 56,697,022	$ 52,603,612	$ 50,388,758	$ 51,174,400	$ 47,512,124	$ 47,299,210	$ 45,902,521	$ 44,858,466	$ 44,027,362	$ 42,108,609
School District's proportionate share of the net pension liability as a percentage of its covered payroll	181.98 %	235.81 %	333.42 %	391.36 %	264.74 %	386.51 %	379.69 %	351.78 %	304.58 %	297.22 %
Plan fiduciary net position as a percentage of total pension liability	79.44 %	74.44 %	65.91 %	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %

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See notes to required supplementary information.

Required Supplementary Information
Schedule of Proportionate Share of the Net OPEB Liability (Asset)
Michigan Public School Employees' Retirement System

Last Nine Plan Years

Plan Years Ended September 30

	2025	2024	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB (asset) liability	0.55421 %	0.50187 %	0.50653 %	0.52884 %	0.52733 %	0.53450 %	0.52556 %	0.52703 %	0.51610 %
School District's proportionate share of the net OPEB (asset) liability	$33,690,857)	$21,602,349)	$(2,865,419)	$11,201,143	$ 8,048,986	$28,634,768	$37,723,096	$41,893,369	$45,703,456
School District's covered payroll	$56,697,022	$52,603,612	$50,388,758	$51,174,400	$47,512,124	$47,299,210	$45,902,521	$44,858,466	$44,027,362
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(59.42)%	(41.07)%	(5.69)%	21.89 %	16.94 %	60.54 %	82.18 %	93.39 %	103.81 %
Plan fiduciary net position as a percentage of total OPEB liability	164.94 %	143.08 %	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

Draft

See notes to required supplementary information.

Required Supplementary Information
Schedule of Pension Contributions
Michigan Public School Employees' Retirement System

Last Ten Fiscal Years

Years Ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	$ 21,851,086	$ 21,970,014	$ 21,498,014	$ 24,283,806	$ 18,053,891	$ 16,140,731	$ 14,743,318	$ 14,050,456	$ 13,492,816	$ 12,072,827
Contributions in relation to the statutorily required contribution	21,851,086	21,970,014	21,498,014	24,283,806	18,053,891	16,140,731	14,743,318	14,050,456	13,492,816	12,072,827
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's Covered Payroll	$ 59,093,712	$ 54,317,928	$ 52,264,112	$ 49,840,374	$ 49,151,302	$ 47,200,208	$ 47,280,480	$ 45,671,978	$ 44,747,710	$ 43,652,996
Contributions as a Percentage of Covered Payroll	36.98 %	40.45 %	41.13 %	48.72 %	36.73 %	34.20 %	31.18 %	30.76 %	30.15 %	27.66 %

Draft

See notes to required supplementary information.

Required Supplementary Information
Schedule of OPEB Contributions
Michigan Public School Employees' Retirement System

Last Nine Fiscal Years

Years Ended June 30

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	$ 1,110,459	$ 1,617,316	$ 4,293,719	$ 4,011,751	$ 4,005,438	$ 3,927,883	$ 3,799,270	$ 3,587,545	$ 3,232,004
Contributions in relation to the statutorily required contribution	1,110,459	1,617,316	4,293,719	4,011,751	4,005,438	3,927,883	3,799,270	3,587,545	3,232,004
Contribution Deficiency	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's Covered Payroll	$59,093,712	$54,317,928	$52,264,112	$49,840,374	$49,151,302	$47,200,208	$47,280,480	$45,671,978	**$44,747,710**
Contributions as a Percentage of Covered Payroll	1.88 %	2.98 %	8.22 %	8.05 %	8.15 %	8.32 %	8.04 %	7.86 %	**7.22 %**

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See notes to required supplementary information.

Budgetary Information

Significant variances between the original and final amended budgets were primarily driven by timing differences inherent in Michigan public school budgeting, as the original budget is adopted in June prior to the enactment of the state budget and the October student count day. State sources revenue increased due to finalized per-pupil foundation allowance amounts and actual student enrollment counts that were unknown at initial budget adoption. Additionally, Basic Program instructional expeditures were amended upward to reflect the necessary post budget adoption staffing changes, finalized employee compensation and benefits, and operational adjustments aligned with final enrollment levels.

Benefit Changes

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

Changes in Assumptions

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

2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

2022 - The discount rate used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.

2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.

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

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

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

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

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Changes in Assumptions

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

2025 - The health care cost trend rate used in the September 30, 2025 actuarial valuation increased by 0.50 percentatge points for members under 65.

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

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

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

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

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

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

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

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Supplementary Information

Draft

Northville Public Schools

Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2026

	Special Revenue Funds				Debt Service Funds				Capital Project Funds	
	Food Services Fund	Special Education Center Program Fund	Early Childhood Development Center Fund	Student Activity Fund	2018 Debt Fund	2019 Debt Fund	2020 Debt Fund	2023 Debt Fund	Public Improvement Fund	Total
Assets										
Cash and investments	$ 1,405,067	$ 5,759,728	$ 3,831,145	$ 1,928,530	$ -	$ -	$ -	$ -	$ -	$ 12,924,470
Receivables - Other receivables	28,873	907,224	66,039	-	-	-	-	-	-	1,002,136
Due from other funds	166,756	163,065	-	-	-	-	-	-	1,061,545	1,391,366
Inventory	38,642	-	-	-	-	-	-	-	-	38,642
Restricted assets	-	-	-	-	731,687	915,726	632,057	1,196,020	-	3,475,490
Total assets	**$ 1,639,338**	**$ 6,830,017**	**$ 3,897,184**	**$ 1,928,530**	**$ 731,687**	**$ 915,726**	**$ 632,057**	**$ 1,196,020**	**$ 1,061,545**	**$ 18,832,104**
Liabilities										
Accounts payable	$ 35,323	$ 17,894	$ 16,446	$ 6,145	$ -	$ -	$ -	$ -	$ -	$ 75,808
Due to other funds	-	-	286,713	68,927	-	-	-	406,000	-	761,640
Unearned revenue	107,205	909,606	-	-	-	-	-	-	-	1,016,811
Total liabilities	142,528	927,500	303,159	75,072	-	-	-	406,000	-	1,854,259
Fund Balances										
Nonspendable	38,642	-	-	-	-	-	-	-	-	38,642
Restricted:										
Debt service	-	-	-	-	731,687	915,726	632,057	351,046	-	2,630,516
Capital projects	-	-	-	-	-	-	-	438,974	-	438,974
Special education	-	5,902,517	-	-	-	-	-	-	-	5,902,517
Food service	1,458,168	-	-	-	-	-	-	-	-	1,458,168
Committed:										
Capital projects	-	-	-	-	-	-	-	-	1,061,545	1,061,545
Early childhood development	-	-	3,594,025	-	-	-	-	-	-	3,594,025
Student activities	-	-	-	1,853,458	-	-	-	-	-	1,853,458
Total fund balances	1,496,810	5,902,517	3,594,025	1,853,458	731,687	915,726	632,057	790,020	1,061,545	16,977,845
Total liabilities and fund balances	**$ 1,639,338**	**$ 6,830,017**	**$ 3,897,184**	**$ 1,928,530**	**$ 731,687**	**$ 915,726**	**$ 632,057**	**$ 1,196,020**	**$ 1,061,545**	**$ 18,832,104**

Draft

Northville Public Schools

Supplementary Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2026

	Special Revenue Funds				Debt Service Funds				Capital Project Funds		
	Food Services Fund	Special Education Center Program Fund	Early Childhood Development Center Fund	Student Activity Fund	2018 Debt Fund	2019 Debt Fund	2020 Debt Fund	2023 Debt Fund	Formerly Nonmajor - Sinking Fund (2022)	Public Improvement Fund	Total
Revenue											
Local sources	$ 839,050	$ 76,694	$ 4,320,468	$ 3,436,605	$ 2,900,709	$ 4,477,991	$ 2,005,959	$ 5,703,496	$ -	$ -	$ 23,760,972
State sources	3,049,660	7,165,841	948,784	-	71,412	-	-	-	-	-	11,235,697
Federal sources	857,616	-	-	-	-	-	-	-	-	-	857,616
Interdistrict sources	-	7,067,933	-	-	-	-	-	-	-	-	7,067,933
Total revenue	4,746,326	14,310,468	5,269,252	3,436,605	2,972,121	4,477,991	2,005,959	5,703,496	-	-	42,922,218
Expenditures											
Current:											
Instruction	-	8,942,851	695,550	-	-	-	-	-	-	-	9,638,401
Support services - Central	-	3,210,568	251,075	3,488,736	-	-	-	-	-	-	6,950,379
Food services	4,525,051	-	-	-	-	-	-	-	-	-	4,525,051
Community services	-	-	4,166,073	-	-	-	-	-	-	-	4,166,073
Debt service:											
Principal	-	-	-	-	2,550,000	1,955,000	1,060,000	2,575,000	-	-	8,140,000
Interest	-	-	-	-	255,500	2,241,500	819,800	2,777,450	-	-	6,094,250
Capital outlay	218,256	59,742	53,360	-	-	-	-	-	-	-	331,358
Total expenditures	4,743,307	12,213,161	5,166,058	3,488,736	2,805,500	4,196,500	1,879,800	5,352,450	-	-	39,845,512
Excess of Revenue Over (Under) Expenditures	3,019	2,097,307	103,194	(52,131)	166,621	281,491	126,159	351,046	-	-	3,076,706
Other Financing (Uses) Sources - Transfers out (Note 7)	(230,000)	(250,000)	(75,000)	-	-	-	-	-	-	-	(555,000)
Net Change in Fund Balances	(226,981)	1,847,307	28,194	(52,131)	166,621	281,491	126,159	351,046	-	-	2,521,706
Fund Balances - Beginning of year, as previously reported	1,723,791	-	3,565,831	1,905,589	565,066	634,235	505,898	438,974	9,440,850	1,061,545	19,841,779
Change within financial reporting entity (Note 2)	-	4,055,210	-	-	-	-	-	-	(9,440,850)	-	(5,385,640)
Fund Balances - Beginning of year, as adjusted or restated	$ 1,723,791	$ 4,055,210	$ 3,565,831	$ 1,905,589	$ 565,066	$ 634,235	$ 505,898	$ 438,974	$ -	$ 1,061,545	$ 14,456,139

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Supplementary Information
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Continued)
Nonmajor Governmental Funds

Year Ended June 30, 2026

	Special Revenue Funds				Debt Service Funds				Capital Project Funds		
	Food Services Fund	Special Education Center Program Fund	Early Childhood Development Center Fund	Student Activity Fund	2018 Debt Fund	2019 Debt Fund	2020 Debt Fund	2023 Debt Fund	Formerly Nonmajor - Sinking Fund (2022)	Public Improvement Fund	Total
Fund Balances - End of year	**$ 1,496,810**	**$ 5,902,517**	**$ 3,594,025**	**$ 1,853,458**	**$ 731,687**	**$ 915,726**	**$ 632,057**	**$ 790,020**	**$ -**	**$ 1,061,545**	**$ 16,977,845**

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Supplementary Information
Schedule of Bonded Indebtedness

June 30, 2026

Years Ending June 30	2018 Building and Site Bonds Principal	2019 Building and Site Bonds, Series II Principal	2020 Building and Site Bonds, Series III Principal	2023 Building and Site Bond Fund Principal	2026 Building and Site Bond Fund Principal	Total
2027	$ 2,550,000	$ 1,965,000	$ 1,060,000	$ 1,175,000	$ 1,430,000	$ 8,180,000
2028	-	1,965,000	1,060,000	2,010,000	2,760,000	7,795,000
2029	-	1,965,000	1,060,000	2,230,000	3,545,000	8,800,000
2030	-	2,060,000	1,060,000	2,365,000	1,000,000	6,485,000
2031	-	2,165,000	1,060,000	2,400,000	1,365,000	6,990,000
2032	-	2,270,000	1,060,000	2,450,000	2,000,000	7,780,000
2033	-	2,385,000	1,060,000	2,600,000	2,100,000	8,145,000
2034	-	2,505,000	1,060,000	2,745,000	2,100,000	8,410,000
2035	-	2,630,000	1,060,000	2,825,000	2,300,000	8,815,000
2036	-	2,730,000	1,070,000	2,840,000	2,400,000	9,040,000
2037	-	2,840,000	1,070,000	3,050,000	2,500,000	9,460,000
2038	-	2,875,000	1,070,000	3,095,000	2,800,000	9,840,000
2039	-	2,890,000	1,070,000	3,095,000	3,100,000	10,155,000
2040	-	2,900,000	1,070,000	3,430,000	3,200,000	10,600,000
2041	-	2,900,000	1,070,000	3,790,000	3,350,000	11,110,000
2042	-	2,910,000	1,075,000	3,945,000	3,500,000	11,430,000
2043	-	2,910,000	1,075,000	4,120,000	3,700,000	11,805,000
2044	-	-	-	4,185,000	3,700,000	7,885,000
2045	-	-	-	4,185,000	3,700,000	7,885,000
2046	-	-	-	-	3,760,000	3,760,000
2047	-	-	-	-	3,780,000	3,780,000
2048	-	-	-	-	3,780,000	3,780,000
Total remaining payments	**$ 2,550,000**	**$ 42,865,000**	**$ 18,110,000**	**$ 56,535,000**	**$ 61,870,000**	**$ 181,930,000**
Principal payments due	May 1	May 1	May 1	May 1	May 1	
Interest rate	5.00%	4.00% to 5.00%	4.00% to 5.00%	4.00% to 5.00%	5.00%	
Original issue	**$ 11,910,000**	**$ 52,740,000**	**$ 26,940,000**	**$ 61,900,000**	$ 61,870,000	

Interest payments for the bond issues are due on May 1 and November 1 of each year.

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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*

Independent Auditor's Report

To Management and the Board of Education
Northville Public Schools

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northville Public Schools (the "School District") as of and for the year ended June 30, 2026 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 21, 2026.

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) 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 School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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.*

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To Management and the Board of Education
Northville Public Schools

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District'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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

October 21, 2026

Draft

Northville Public Schools

Report to the Board of Education

June 30, 2026

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To the Board of Education
Northville Public Schools

We have recently completed our audit of the basic financial statements of Northville Public Schools (the "School District") as of and for the year ended June 30, 2026. In addition to our audit report, we are providing the following results of the audit informational items that impact the School District:

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Informational Items	7-12

We are grateful for the opportunity to be of service to Northville Public Schools. We would also like to extend our thanks to Mr. Devin Kling, Ms. Deb Converse, and the entire business office for their assistance and preparedness during the audit. We recognize that preparing for the audit is carried out in addition to your staff's normal daily activities. Should you have any questions regarding the comments in this report, please do not hesitate to call.

October 21, 2026

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Results of the Audit

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October 21, 2026

To the Board of Education
Northville Public Schools

We have audited the financial statements of Northville Public Schools (the "School District") as of and for the year ended June 30, 2026 and have issued our report thereon dated October 21, 2026. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 26, 2026, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

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

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

Our audit of the School District's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the School District, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated October 21, 2026 regarding our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter regarding planning matters on August 31, 2026.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the School District are described in Note 2 to the financial statements.

As described in Note 2, the School District adopted GASB Statement No. 103, *Financial Reporting Model Improvements*, which updated the organization and disclosure requirements of management's discussion and analysis and budgetary comparison disclosures in the required supplementary information.

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

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

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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 financial statements are as follows:

- The School District's share of the MPSERS net liability for the pension and net asset for the other postemployment benefit (OPEB) plans recorded on the government-wide statements related to GASB Statement Nos. 68 and 75, respectively. The School District's estimates as of June 30, 2026 were $103 million and $22 million for the pension and OPEB plans, respectively, based on data received from the Office of Retirement Services. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

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

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting School District, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our 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 of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 21, 2026.

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.

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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,

Plante & Moran, PLLC

Jennifer L. Chambers, CPA

Partner

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Informational Items

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Managing the Changing Fiscal Landscape - Michigan School Districts

School districts were once again placed in the difficult position of needing to adopt an initial budget for fiscal year 2026-2027 prior to the adoption of the School Aid Budget. The budget was signed on July 21, 2026 compared to last year's much delayed October 7, 2025 signing. The State has a statutory deadline of July 1 for finalizing the annual school aid budget. School districts are required by law to adopt an initial budget by July 1, the start of their fiscal year.

The State of Michigan's fiscal year 2026-2027 School Aid Budget provides school districts with another year of historically strong state support while also introducing several policy changes that may influence future funding allocations and district operations. The budget totals approximately $19.8 billion and continues the State's commitment to K-12 education, including a record foundation allowance of $10,300 per pupil, a 2.5 percent increase over last year's $10,050. The budget also continues funding for universal school meals and maintains significant investments in student mental health, school safety, special education, and educator workforce initiatives.

One of the most significant changes in the new School Aid Budget is the introduction of a weighted funding model for economically disadvantaged students and English language learners. Historically, funding for these programs was largely distributed through categorical grants such as At-Risk (Section 31a) and Bilingual Education funding. Under the new framework, funding is increasingly linked directly to student characteristics through a weighted formula. Proponents believe this approach more directly aligns resources with student needs and may provide a foundation for future funding reforms. However, districts should recognize that receipt of these funds is tied to additional accountability, reporting, screening, instructional, and audit requirements established by the State.

The budget also continues substantial investments in student mental health and school safety initiatives. While these resources provide important support for students and communities, districts should carefully evaluate any related compliance obligations. Certain school safety funding continues to carry requirements associated with cooperation during investigations of school safety incidents, which has generated discussion among school districts regarding operational and legal considerations.

Although the state budget provides record per pupil funding levels, boards should continue to monitor several long-term fiscal challenges. Student enrollment remains the primary driver of school funding in Michigan. Many districts continue to experience enrollment declines resulting from demographic changes, lower birth rates, and increased educational choice options. Even modest enrollment declines can offset annual increases in the foundation allowance and place pressure on operating budgets. As a result, districts should continue to evaluate staffing levels, facility utilization, and long-term financial sustainability in light of projected enrollment trends. To help deal with the impact of enrollment declines on the amount of foundation allowance received by school districts, this state budget modifies the annual student count formula. Historically, the student count was based on a weighted split between the October and February student count days. For this year, school districts can use the greater of this year's count or the three-year average weighted count.

Labor costs also remain a significant challenge. School districts continue to face competitive labor markets, educator shortages, and ongoing pressure to increase wages and benefits to attract and retain qualified staff. While state funding has increased in recent years, recurring expenditures, such as payroll, retirement contributions, health care costs, and special education services, continue to consume a growing share of district resources. Boards should remain focused on maintaining structural budget balance and avoiding the use of one-time funding sources to support recurring expenditures.

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From a state revenue perspective, boards should also recognize that the School Aid Fund faces increasing demands. The State continues to use School Aid Fund resources to support programs beyond traditional K-12 operations, including certain higher education expenditures. At the same time, Michigan faces ongoing infrastructure, transportation, health care, and economic development funding priorities. Future Consensus Revenue Estimating Conference projections will be important indicators of whether School Aid Fund revenue growth keeps pace with these competing demands. Previous state budget discussions have also highlighted concerns regarding the long-term impact of broader economic conditions on revenue collections.

While this commentary is primarily focused on Michigan funding, districts should continue to monitor federal developments as well. Much of the federal pandemic-related funding that helped support district operations over the past several years has now expired. Going forward, federal support will be concentrated primarily in recurring programs such as Title I, IDEA, Child Nutrition, and other formula and competitive grants. Any future federal funding changes could place additional pressure on state and local resources.

Overall, the fiscal outlook for Michigan school districts remains stable, supported by continued state investment and record per pupil funding. However, boards should remain attentive to evolving funding formulas, enrollment trends, labor cost pressures, and future School Aid Fund revenue performance as they make strategic decisions regarding staffing, programming, capital planning, and fund balance management.

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Federal Grants Compliance and Single Audit Updates

In addition to monitoring funding levels, school districts should remain attentive to recent changes in federal grant administration and compliance requirements. Federal agencies continue to place heightened emphasis on grant oversight, documentation, internal controls, procurement practices, and subrecipient monitoring. Recent updates to the Uniform Guidance and the Compliance Supplement have increased the importance of maintaining well-documented policies and procedures surrounding grant administration. One notable change is the increase in the single audit threshold from $750,000 to $1 million in annual federal expenditures for certain audits, along with a corresponding increase in the Type A program threshold used in major program determination. At the grant level, revisions to the Uniform Guidance increased the federal equipment capitalization threshold from $5,000 to $10,000 and introduced additional compliance considerations for awards subject to the updated regulations. Districts should ensure that purchasing policies, capital asset policies, procurement procedures, and grant administration practices have been reviewed and updated accordingly.

School districts should also be aware that federal oversight agencies continue to scrutinize documentation supporting allowable costs, procurement compliance, period-of-performance requirements, and internal controls over federal programs. The most commonly audited federal programs, including the Child Nutrition Cluster, IDEA Special Education Cluster, and Title I programs, continue to be subject to extensive compliance requirements and remain a significant focus of single audits. Current audit guidance suggests no major compliance requirement changes for these core K-12 programs; however, federal agencies continue to revise grant requirements and reporting expectations, making ongoing monitoring essential. Additionally, delayed issuance of annual Compliance Supplements and evolving federal funding priorities have created a more uncertain compliance environment, increasing the importance of proactive grant management and timely consultation with federal awarding agencies and pass-through entities when questions arise.

Food Service Fund - Fund Balance

We noted that the fund balance of the Food Service Fund continues to exceed the U.S. Department of Agriculture's maximum allowance of three months' worth of operating expenditures. The School District should continue to monitor its spenddown plan, entered into with the Michigan Department of Education, for reducing the balance to an acceptable level.

Michigan Public School Employees' Retirement System (MPSERS) - Update on the Plans' Net Pension Liability and OPEB Asset

Similar to the State of Michigan, the MPSERS plan has a September 30 year end. With the adoption of GASB Statement Nos. 68 and 75 several years ago, school districts have been reporting their share of the MPSERS plan funded status in the government-wide financial statements.

At September 30, 2025, the pension portion of the MPSERS plan for the State of Michigan had a net pension liability of approximately $20 billion. This is a decrease of approximately 18 percent from the reported amount of $24.5 billion on September 30, 2024. One of the primary reasons for the decrease in the net liability was the net investment returns, which continue to exceed the expected rate of return. The pension plan's annual investment rate of return was 9.8 percent for the year ended September 30, 2025 compared to 15.5 percent for the year ended September 30, 2024.

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At September 30, 2025, the retiree health care portion (OPEB) of the MPSERS plan had a net OPEB asset of approximately $6.1 billion compared to the net OPEB asset of $4.6 billion at September 30, 2024. This is an increase of approximately 33 percent. One of the reasons for the increase in the net asset was the net investment returns as well as favorable differences between expected and actual experience. The pension plan's annual investment rate of return was 9.3 percent for the year ended September 30, 2025 compared to 15.5 percent for the year ended September 30, 2024. Despite the decrease, the investment returns continue to exceed the expected rate of return.

Fund Balance

Fund balance, particularly in the General Fund, is critically important to ensuring the financial health and stability of the School District. Having adequate fund balance allows the School District to navigate through and respond to unexpected losses or revenue shortfalls, such as emergency repairs or decline in funding. It ensures the School District can continue its operations smoothly without disruptions, even in times of financial uncertainty. A healthy fund balance can also improve the School District's credit rating, making it easier and less expensive to borrow money when needed. Overall, having a healthy fund balance allows for better long-term financial planning and budget flexibility to ensure the School District's resources are being utilized in the most effective manner possible. Given the changing landscape in state and federal funding over the past few years, fund balance will continue to garner more attention among board members and key stakeholders.

During the 2025-2026 school year, the School District's General Fund expenditures exceeded revenue by approximately $1.4 million. This resulted in reducing the General Fund balance to approximately $31,960,000 at June 30, 2026. Fund balance goals are often stated in terms of a percentage of total expenditures. As a point of reference, the statewide average for school districts at June 30, 2025 was approximately 24.6 percent of operating expenditures. Fund balance at the statewide average would approximately equal the School District's average operating costs for an 11-week period. The School District's fund balance percentage is 30.6 percent and equals approximately 15.9 weeks of operation.

Sinking Fund Legislation

The most recent legislation, which is effective August 6, 2023, amends previous sinking fund legislation to allow a school district to use its Sinking Fund to support certain transportation costs. Specifically, a sinking fund millage approved by voters after May 7, 2023 is now allowed to be used by school districts for the acquisition of student transportation vehicles and parts, supplies, and equipment used for the maintenance of student transportation vehicles. Funds may also be used for the acquisition of trucks and vans registered under the Michigan vehicle code, 1949 PA 300, MCL 257.1 to 257.923, and used to carry parts, equipment, and personnel for or in the maintenance of school buildings or for the acquisition of parts, supplies, and equipment used to maintain those trucks and vans.

Sinking funds authorized (1) prior to March 29, 2017; (2) between March 29, 2017 and May 7, 2023; and (3) after May 7, 2023 should be accounted for separately in the audited financial statements. Each separate fund should have its own balance sheet and statement of revenue, expenditures, and changes in fund balance for the fiscal year. The previous sinking fund language regarding the use of funds for purchase of real estate, buildings, building improvements, and technology was not amended, as those are still allowable uses of sinking funds approved prior to this amendment. A school district that levies a Sinking Fund must have an independent audit of its Sinking Fund conducted annually, including a review of the uses of the Sinking Fund.

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Bond Investment Earnings - Arbitrage Considerations

Arbitrage is not a new topic; however, in the current environment of raising interest rates, it is a topic that has recently received more attention. So, what is arbitrage? To summarize, arbitrage is the difference between the interest expense paid by the bond debt issuer (school district) and the earnings on the invested bond proceeds. School districts are tax-exempt organizations and, therefore, subject to federal arbitrage compliance rules. As a result, the School District may be limited to the amount of investment earnings that it is allowed to retain. The arbitrage calculations are quite complex, and, generally, the School District needs to work with its bond advisor to ensure this computation is completed on a recurring basis. Generally, at the five-year anniversary of the original bond sale, a computation is also completed and used to report to the federal government any investment earnings in excess of what is allowed to be retained and is generally due back to the federal government (Internal Revenue Service). The annual arbitrage calculations are also utilized to determine if the School District should report an arbitrage liability at June 30 in the full accrual set of financial statements. No amounts are recognized in the capital projects funds until the year of the final calculation. At June 30, the School District has unspent bond proceeds that are accruing investment earnings. The School District completed its analysis, and it was determined that there is an arbitrage liability in the amount of $2,206,488, and the School District has reported this as a liability in the government-wide statement of net position at June 30, 2026.

Technology, Data, and Risk Governance within K-12 Districts

School districts continue to face a rapidly changing operating environment, including cybersecurity threats, artificial intelligence, data privacy expectations, staffing constraints, and pressure to make better use of financial and operational data. These areas are not simply technology issues; they affect instruction, finance, operations, risk management, and board governance.

- **Cybersecurity and Incident Response** - Cybersecurity remains an important area of focus for school districts, particularly as ransomware and data security events can disrupt instruction, operations, and communication with families. Districts may benefit from periodically reviewing whether their response plans clearly define roles, communication protocols, recovery procedures, and responsibilities outside of the technology department.

- **Artificial Intelligence Governance** - As artificial intelligence tools become more widely available to staff and students, districts should consider whether expectations for use are clearly understood. Relevant considerations include student data privacy, academic integrity, appropriate staff oversight, and alignment with district policies and instructional goals.

- **Data-informed Decision-making** - Districts have access to a significant amount of student, financial, staffing, and operational data, but that information is most valuable when it is organized and used to support decisions. Reviewing trends in these areas can help leadership and the board identify opportunities, support budgeting, and plan more effectively for future needs.

Plante & Moran, PLLC can assist districts in these areas by helping assess cybersecurity readiness and incident response planning; supporting the development of practical AI governance policies and usage expectations; and helping organize financial, staffing, student, and operational data into more useful information for leadership and board decision-making. The goal is to provide a practical outside perspective that helps the School District prioritize risks, strengthen oversight, and identify actionable next steps without adding unnecessary complexity.

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Northville Public Schools

Federal Awards Supplemental Information
June 30, 2026

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Northville Public Schools

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Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Northville Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northville Public Schools (the "School District") as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated , which contained unmodified opinions on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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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*

Independent Auditor's Report

To Management and the Board of Education
Northville Public Schools

We have audited, 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 *(Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northville Public Schools (the "School District") as of and for the year ended June 30, 2026 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.

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) 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 School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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*.

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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District'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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Northville Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northville Public Schools's (the "School District") compliance with the types of compliance requirements identified as subject to audit in the (OMB) *Compliance Supplement* that could have a direct and material effect on the School District's major federal program for the year ended June 30, 2026. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2026.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States *(Government Auditing Standards)*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School District's federal program.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. 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 GAAS, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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Northville Public Schools

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2026

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	Assistance Listing Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2025	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2026	Current Year Cash Transferred to Subrecipient
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture -										
Passed through the Michigan Department of Education:										
Noncash Assisance (Commodities) - Entitlement Commodities	N/A	10.555	$ 165,021	$ -	$ -	$ -	$ 165,021	$ 165,021	$ -	$ -
Cash Assistance:										
National School Lunch Program 2024-25	251960	10.555	539,716	468,152	20,161	-	91,725	71,564	-	-
National School Lunch Program 2025-26	261960	10.555	475,814	-	-	-	454,382	475,814	21,432	-
Total National School Lunch Program (incl. commodities) Subtotal			1,180,551	468,152	20,161	-	711,128	712,399	21,432	-
National School Breakfast Program 2024-25	251970	10.553	147,872	130,289	6,856	-	24,439	17,583	-	-
National School Breakfast Program 2025-26	261970	10.553	127,634	-	-	-	120,193	127,634	7,441	-
Total National School Breakfast Program Subtotal			275,506	130,289	6,856	-	144,632	145,217	7,441	-
Total Child Nutrition Cluster			1,456,057	598,441	27,017	-	855,760	857,616	28,873	-
Special Education Cluster - U.S. Department of Education -										
Passed through the Wayne County RESA:										
Special Education Grants to States (IDEA, Part B):										
Flowthrough - 2024-25	250450-2425	84.027	1,248,863	1,241,777	643,429	-	650,515	7,086	-	-
Flowthrough - 2025-26	260450-2526	84.027	1,225,762					1,225,762	1,225,762	
Flowthrough CPE - 2024-25	250450-2425	84.027	405,132	405,132	245,178	-	245,178	-	-	-
Flowthrough CPE - 2025-26	260450-2526	84.027	394,128	-	-	-	-	394,128	394,128	-
Total Grants to States (IDEA, Part B)			3,273,885	1,646,909	888,607	-	895,693	1,626,976	1,619,890	-
Special Education Preschool Grants (IDEA Preschool):										
IDEA Preschool 2024-25	250460-2425	84.173	76,755	75,816	30,860	-	31,104	244	-	-
IDEA Preschool 2025-26	260460-2526	84.173	67,221	-	-	-	-	67,221	67,221	-
Total IDEA Preschool Incentive			143,976	75,816	30,860	-	31,104	67,465	67,221	-
Total Special Education Cluster			3,417,861	1,722,725	919,467	-	926,797	1,694,441	1,687,111	-
Medicaid Cluster - U.S Department of Health and Human Services -										
Medical Assistance Program - Passed through Wayne County RESA -										
Medicaid Outreach:										
2024-25	N/A	93.778	96,092	96,092	26,873	-	26,873	-	-	-
2025-26	N/A	93.778	160,918	-	-	-	118,674	160,918	42,244	-
Total Medicaid Cluster			257,010	96,092	26,873	-	145,547	160,918	42,244	-
Total Clusters			5,130,928	2,417,258	973,357	-	1,928,104	2,712,975	1,758,228	-
Other federal awards:										
U.S. Department of Education - Passed throguh the Michigan Department of Education:										
Grants to Local Educational Agencies - Title I Part A:										
Project Number 251530 2425	251530 2425	84.010	121,140	121,140	67,746	-	67,746	-	-	-
Project Number 261530 2526	261530 2526	84.010	123,773	-	-	-	-	116,365	116,365	-
Total Title I - Part A			244,913	121,140	67,746	-	67,746	116,365	116,365	-
Supporting Effective Instruction State Grants - Title II Part A:										
Project Number 250520 2425	250520 2425	84.367	84,332	77,184	73,365	-	73,365	-	-	-
Project Number 260520 2526	260520 2526	84.367	91,296	-	-	-	-	74,859	74,859	-
Total Title II - Part A			175,628	77,184	73,365	-	73,365	74,859	74,859	-
English Language Acquisition State Grants - Title III Part A:										
Project Number 250570 2425 Immigrant Student	250570 2425	84.365	15,217	15,217	15,217	-	15,217	-	-	-
Project Number 250580 2425 LEP	250580 2425	84.365	47,261	47,261	21,016	-	21,016	-	-	-
Project Number 260570 2526 Immigrant Student	260570 2526	84.365	14,202	-	-	-	-	14,202	14,202	-
Project Number 260580 2526 LEP	260580 2526	84.365	71,731	-	-	-	-	58,311	58,311	-
Total Title III - Part A			148,411	62,478	36,233	-	36,233	72,513	72,513	-

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Schedule of Expenditures of Federal Awards

Year Ended June 30, 2026

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	Assistance Listing Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued (Deferred) Revenue at July 1, 2025	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2026	Current Year Cash Transferred to Subrecipient
Other federal awards (continued):										
U.S. Department of Education - Passed throguh the Michigan Department of Education (continued):										
Student Support & Academic Enrichment - Title IV Part A:										
Project Number 250750 2425	250750 2425	84.424	21,037	1,650	1,650	-	6,150	4,500	-	
Project Number 260750 2526	260750 2526	84.424	20,000	-	-	-	-	2,995	2,995	-
Total Title IV - Part A			41,037	1,650	1,650	-	6,150	7,495	2,995	-
Education Stabilization Fund Program:										
COVID-19 ESSER Formula Fund II Summer Prgm 23b(2a)	213722 2122	84.425D	290,400	290,360	(40)	(40)	-	-	-	-
Total U.S. Department of Education noncluster programs			900,389	552,812	178,954	(40)	183,494	271,232	266,732	-
U.S. Department of Treasury - Passed throguh the Michigan Department of Education:										
COVID-19 Coronavirus State and Local Fiscal Recovery Funds: Filter First/Healthy Hydration	242426 FFHH24	21.027	51,508	-	-	-	-	51,508	51,508	-
Total federal awards			**$ 6,082,825**	**$ 2,970,070**	**$ 1,152,311**	**$ (40)**	**$ 2,111,598**	**$ 3,035,715**	**$ 2,076,468**	**$ -**

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Notes to Schedule of Expenditures of Federal Awards

June 30, 2026

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Northville Public Schools (the "School District") under programs of the federal government for the year ended June 30, 2026. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The pass-through entity identifying numbers are presented where available.

The School District has elected not to use the de minimis indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

Note 3 - Grant Auditor Report

Management has utilized the Michigan Department of Education NexSys Grant Auditor Report (GAR) in preparing the schedule of expenditures of federal awards. Differences, if any, between the GAR and the schedule of expenditures of federal awards relate to the timing of payments and the fiscal year in which the payments relate to.

Note 4 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance and is reported on the schedule of expenditures of federal awards.

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Schedule of Findings and Questioned Costs

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Northville Public Schools

Schedule of Findings and Questioned Costs

Year Ended June 30, 2026

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
• Material weakness(es) identified?	____ Yes	X No	
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	X None reported	
Noncompliance material to financial statements noted?	____ Yes	X None reported	

Federal Awards

Internal control over major programs:			
• Material weakness(es) identified?	____ Yes	X No	
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	X None reported	
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	____ Yes	X No	

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
84.027, 84.173	IDEA - Special Education Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs:	$1,000,000		
Auditee qualified as low-risk auditee?	X Yes	____ No	

Section II - Financial Statement Audit Findings

Reference Number	Finding
Current Year	None

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
Current Year	None	

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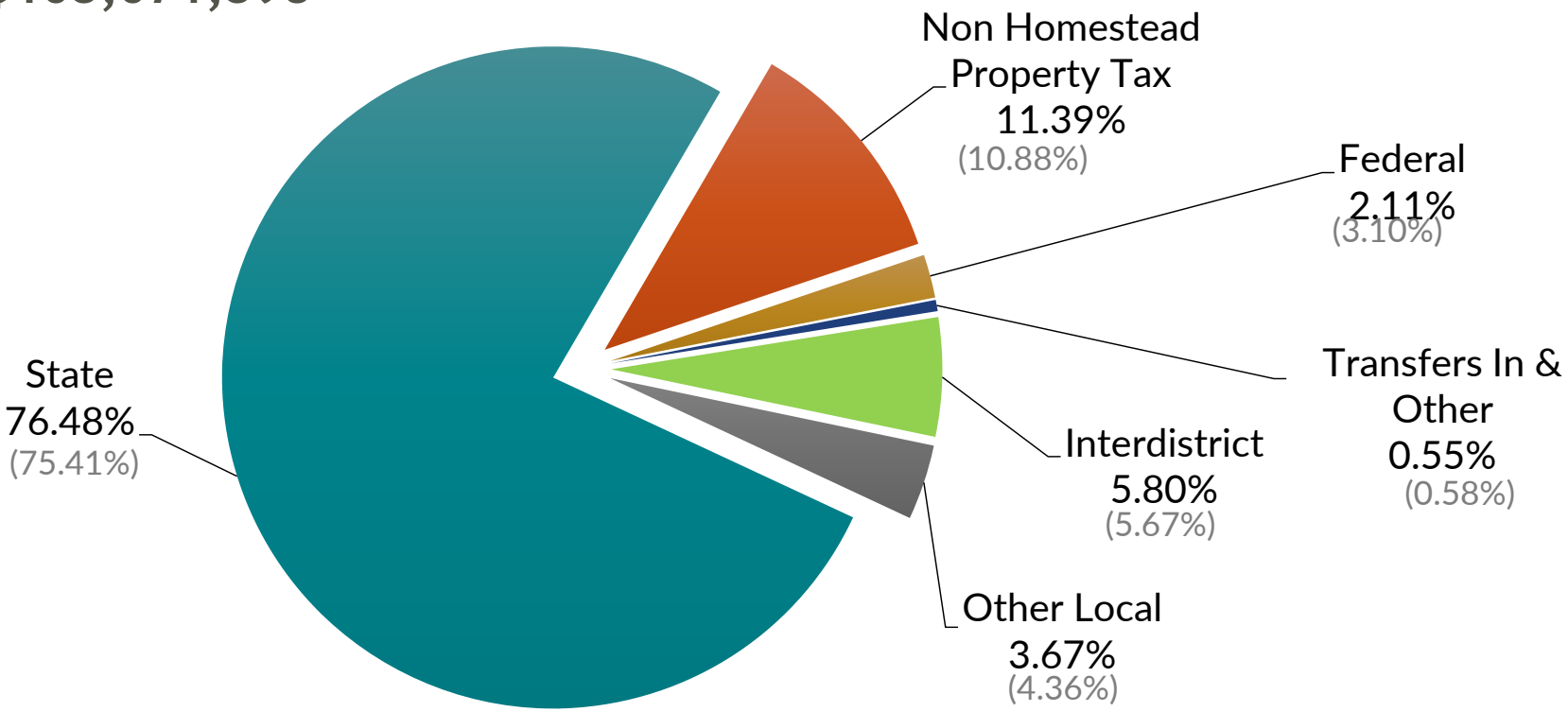


Northville Public Schools

Board presentation | Year ended June 30, 2026

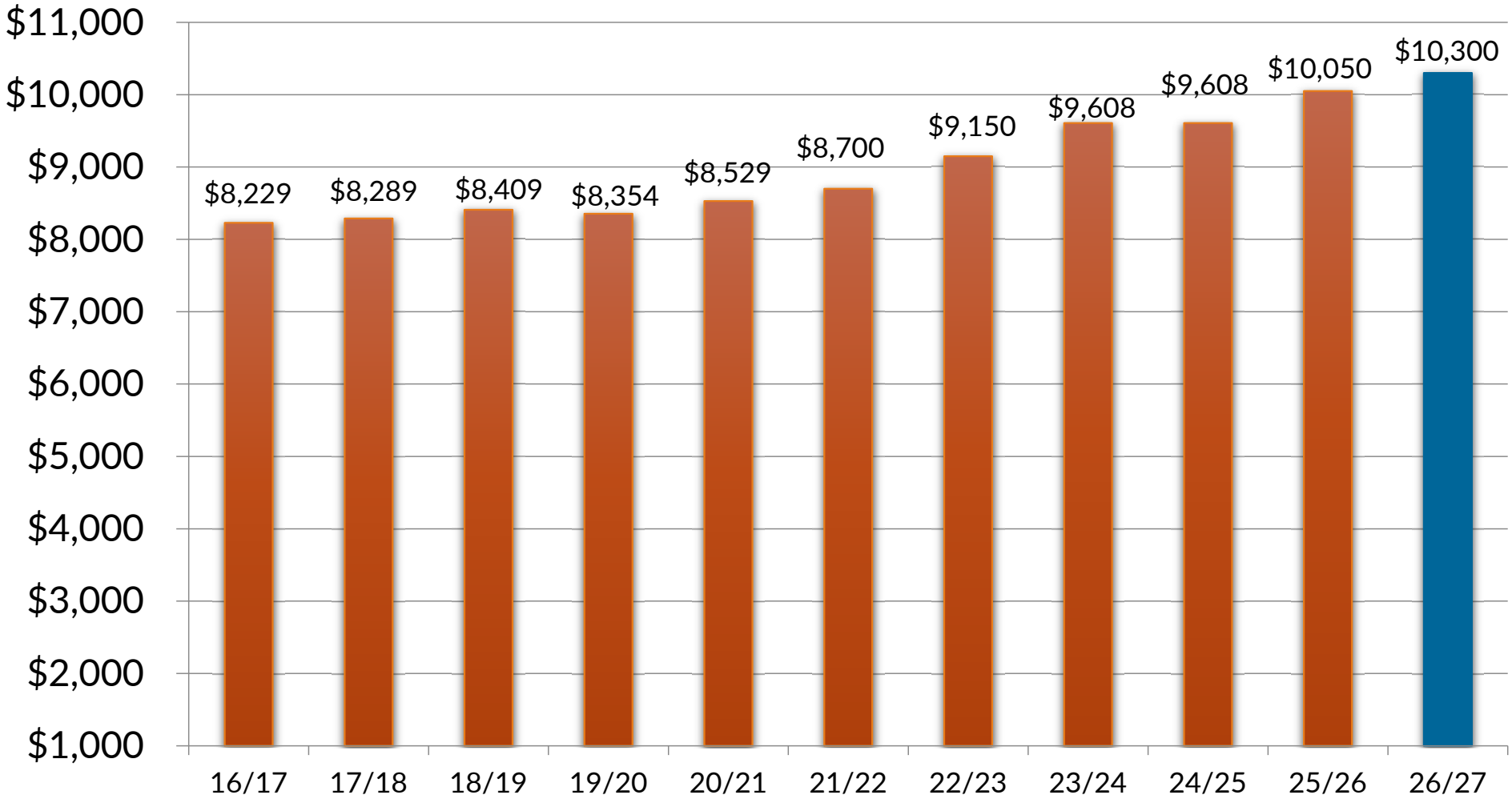
Northville Public Schools
General Fund Revenue and Transfers In
June 30, 2026

Total: $103,071,398



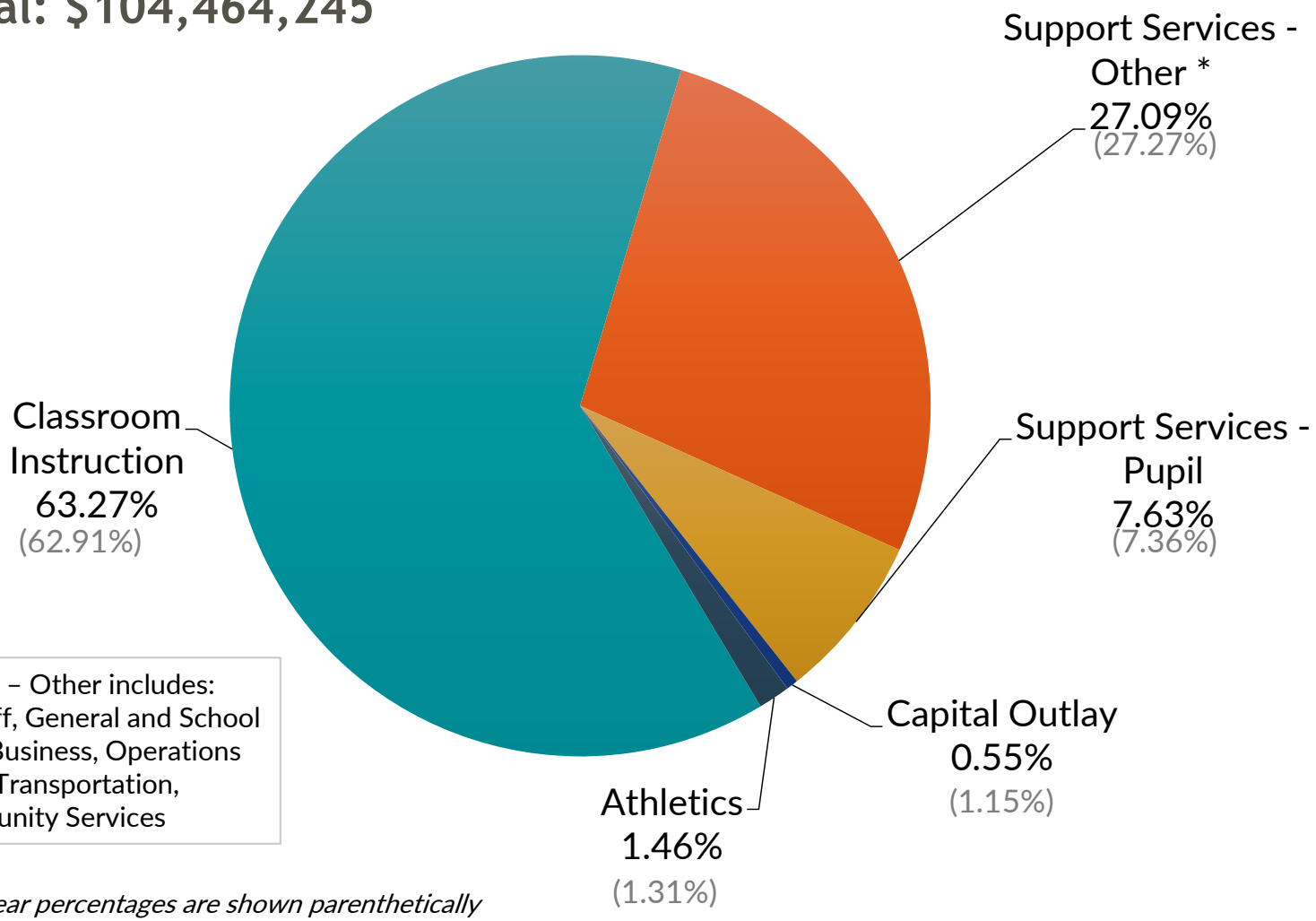
Note: Prior year percentages are shown parenthetically

Northville Public Schools
Foundation Allowance per Pupil – 10 Year History
June 30, 2026



Northville Public Schools
General Fund Expenditures by Function
June 30, 2026

Total: $104,464,245



Support Services – Other includes: Instructional Staff, General and School Administration, Business, Operations & Maintenance, Transportation, Central & Community Services

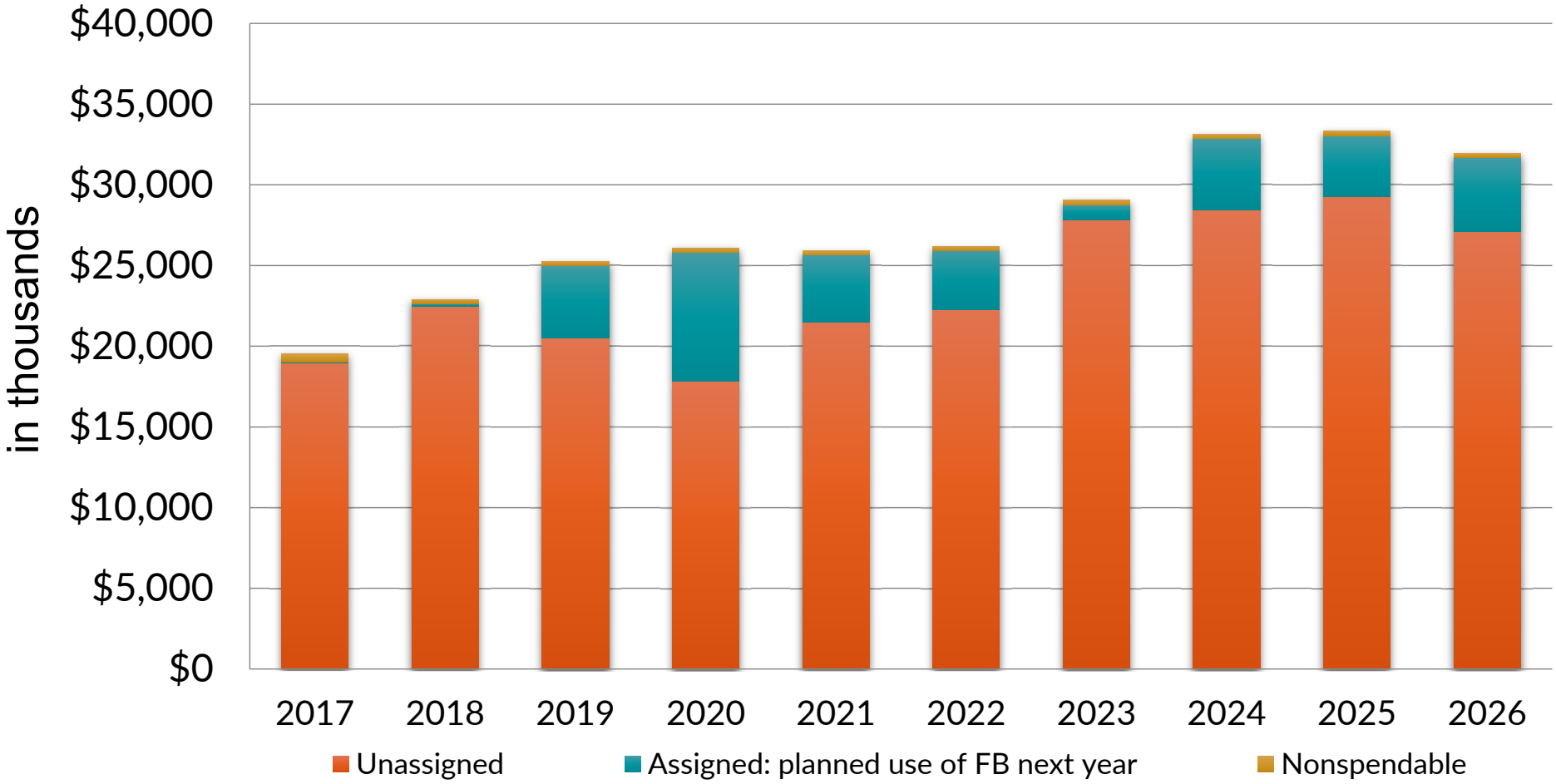
Note: Prior year percentages are shown parenthetically

Northville Public Schools
General Fund Expenditures by Object
June 30, 2026

	2024/2025	2025/2026	Change
Salaries	47,958,309	50,417,601	2,459,292
Benefits	31,958,472*	33,453,216	1,494,744
Purchased Services	13,486,617	14,487,814	1,001,197
Supplies	4,764,938	5,281,922	516,984
Capital Outlay	1,150,019	573,483	(576,536)
Other	340,424	250,209	(90,215)
Total	$99,658,779	$104,464,245	$4,805,466

* Includes $1.2m of MPSERS 147(c)2 one-time deposit into retirement system

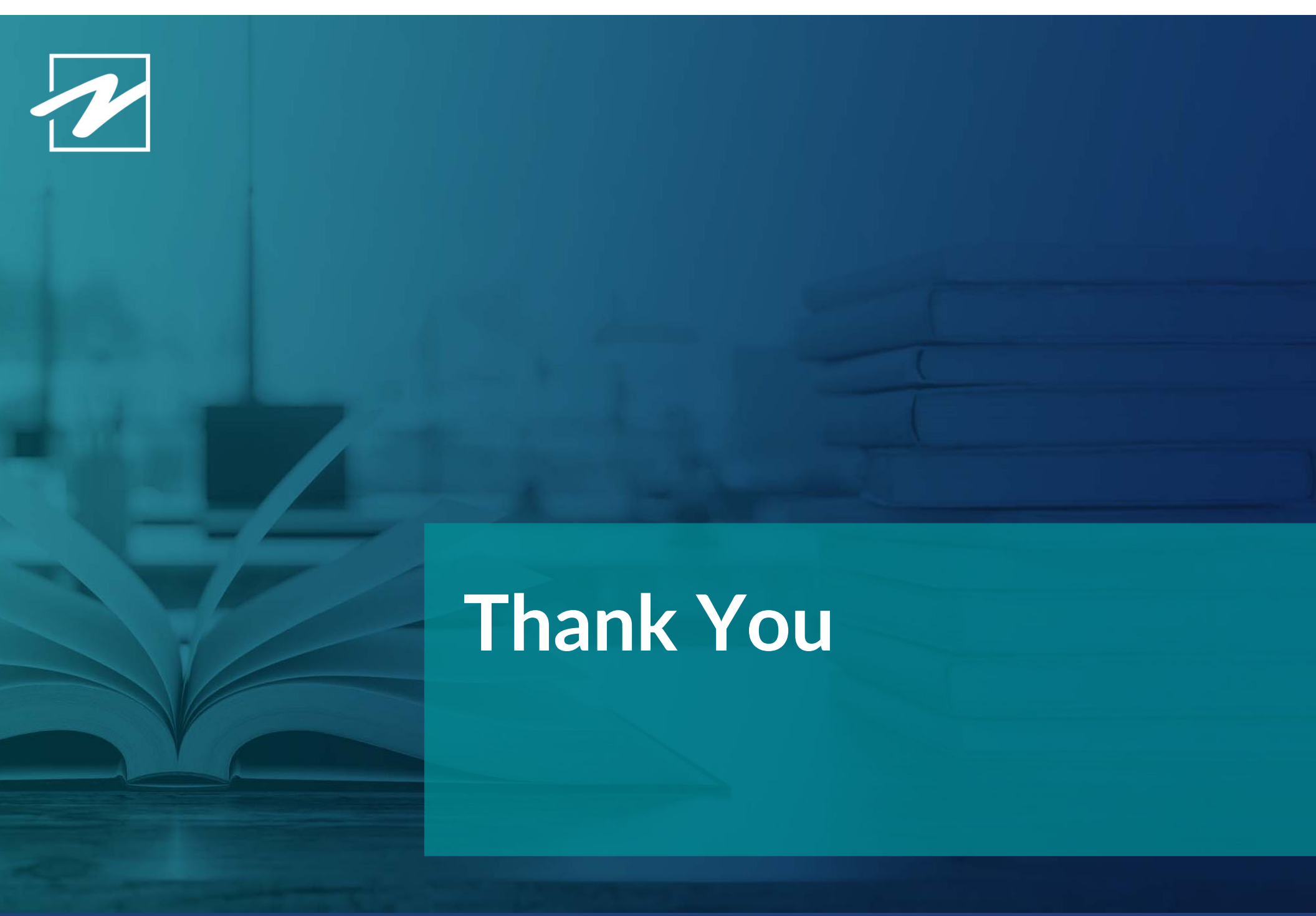
Northville Public Schools
General Fund Balance
June 30, 2026



FB as % of expenditures	25.9%	30.8%	33.0%	33.0%	30.9%	30.0%	30.4%	34.0%	33.5%	30.6%

Closing Points

- Continued demonstration of fiscal responsibility
- Impact of late State Budget adoption and election cycle presents further unknowns for K12 funding into the future
  - Foundation allowance for FY25/26 for each student rises to $10,300, up from $10,050
- Continue monitoring of enrollment outlook and alignment of resources for future planning
- Community support for bond program and sinking fund is meaningful for infrastructure upgrades and investments while protecting the General Fund from significant capital outlay


Thank You