Union City Community Schools

"Educating and Preparing Each Child for Their Future"

Union City, Michigan 49094 / Superintendent's Office (517) 741-3300 – Fax (517) 741-5205

Board of Education Agenda

Monthly Board Meeting	Middle School Media Center
Monday, November 16, 2026	6:30 PM

I. Call to Order
   a. Pledge of Allegiance
   b. Opening Statement
      Welcome to the Union City Community Schools Board meeting. Our meeting agenda is available for you to follow. The expectation for our board meeting is to follow this agenda closely. We operate under the Open Meetings Act and utilize Roberts Rule of Order to govern our discussion and decision-making process. There is an opportunity for public comment during our set agenda. We welcome the public to express their opinions during this time of our agenda. If there are questions about the agenda or the board meeting process, please seek out one of the Board members for clarification.

II. Addition or Deletion of Items on the Agenda

III. Consent Agenda
   a. Approval of Minutes

IV. Correspondence

V. Comments From the Audience on Agenda Items
   a. Public Comments Statement
      This is the section of the meeting in which the public may make comments or share their opinions about items on the agenda. We ask you to limit your comments to no longer than 5 minutes per person to allow others the opportunity to speak. This is an opportunity for the Board to listen to your concerns. It is not Board practice to act on the concerns voiced during this meeting to allow for the Board to do further research.

VI. Information Items
   a. Union City Food Club Presentation
      Members of our Union City Food Club will provide an update on the status of that program
   b. CASB 2026 - 2027 Award Nomination Information
   c. Food Service New Hire
      Jessica Bentley has been hired as the Assistant Cook at the Middle School effective 11/9/26.
   d. Construction Update
      Dr. McKerr will provide an update on the state of the bond/grant project.
   e. Fall Sports Updates
      Ms. Denney has provided an update on the fall sports season.

VII. Financial Audit Report
   Sara Leson, Business Manager, will present the final audit information for 2025 - 2026

VIII. Action Items
   a. Financials for October
      Board action is required to approve the financials for the month ending October 31, 2026.

IX. Discussion Items
   a. New Policy Proposal
      Would we want to add a policy that allows our bus drivers to transport medicine to school for families
   b. Closed Session

Board Action is required to convene in closed session to consider a letter from its attorneys dated October 9, 2026, as the letter is exempt from disclosure under State law due to the attorney-client privilege. (Closed session pursuant to Section 8(1)(h) of the Open Meetings Act, MCL 15.268(1)(h).)

X. Public Comment

a. Public Comment Statement

This is the section of the meeting in which the public may make comments or share their opinions about Union City Community Schools. We ask you to limit your comments to no longer than 5 minutes per person to allow others the opportunity to speak. This is an opportunity for the Board to listen to your concerns. It is not Board practice to act on the concerns voiced during this meeting to allow for the Board to do further research.

XI. Board Roundtable

XII. Adjournment

This meeting is a meeting of the Board of Education in public for the purpose of conducting the School District's business and is not to be considered a public community meeting. There is a time for public participation during the meeting as indicated in agenda items five (V) and ten (X).

If you are an individual with a disability who is in need of a reader, amplifier, qualified sign language interpreter, or any other form of auxiliary aid or service to attend or participate in the meeting or hearing, please contact, Rhonda Reese at 517-741-8091 at least one week prior to the meeting or as soon as possible

M E M O R A N D U M

TO: CASB Delegates and Alternates
Calhoun ISD and LEA Superintendents

FROM: Chad Rocco, CASB President
Jerry Johnson, CISD Superintendent and CASB Executive Secretary

DATE: November 5, 2026

RE: 2026-2027 Award Nominations

The **Calhoun Association of School Boards Annual Awards Banquet** will be held on **Wednesday, April 28, 2027, at the Calhoun Area Career Center**, 475 E. Roosevelt Ave in Battle Creek. At this meeting, yearly awards and recognitions will be presented.

We are mailing the nomination form early to allow School Boards time for discussion and decision-making. The nomination procedures for the Citizen and Professional Awards are as follows:

1. Nominations for the Citizen and Professional Awards should be submitted through individual boards of education. Individual board members with nominations should submit these to their respective school boards for board action and the formal nomination procedure. The nominations (approved by the local school boards) should then be submitted to the CASB Executive Secretary. As you consider nominations, think about area citizens and professionals who have made significant educational contributions within the Calhoun ISD, many times behind the scenes. Examples include volunteers supporting area programs, community stakeholders who have supported area-wide education, and educators serving the CISD area "above and beyond."

2. The Calhoun Association of School Boards' Board of Directors, as well as local boards of education, will also have the opportunity to make nominations for a Special Commendation Award. This award is applicable to groups or organizations other than those nominated for the Citizen and Professional Awards and often encompasses a single contribution or contributions over time not yet recognized.

3. The Calhoun Association of School Boards requests that the CASB Board of Directors (Delegates and Superintendents) make certain that their respective boards either make a nomination OR reply to the CASB Executive Secretary (Jerry Johnson) that no nomination will be forthcoming from their school district.

4. When considering nominees, those serving only one district or community may be more appropriately recognized locally. Additionally, years of service should be given appropriate consideration.

5. All nominees will be considered by the CASB Board of Directors.

Attached are the nomination forms as well as a list of previous award recipients. Please be sure to have your board of education finalize their nominations for submission at your **November, December, or January board meeting. Please return your nominations (or notice of no nomination) to Jerry Johnson at the Calhoun Intermediate School District by 3:30 p.m. on Friday, January 29, 2027.**

CALHOUN ASSOCIATION OF SCHOOL BOARDS

Citizen and Professional Award Criteria

From those individuals nominated, it is the intent of the association to honor the following:

- **Individuals who have made contributions in the Calhoun ISD area, and even in Michigan**
- **Volunteers supporting area programs, many times behind the scenes**
- **People external to our organizations who have supported area-wide education**
- **Educators serving the Calhoun ISD area "above and beyond"**
- **Those who have made an outstanding contribution in educational leadership in the Calhoun ISD area**
- **Those serving our area as well as providing State and/or National leadership on educational issues**

Those whose service is primarily within one district or community may be more appropriately recognized locally.

CASB Award History

PREVIOUS WINNERS OF CASB AWARDS

Year	Citizen Award Recipient	Professional Award Recipient
1964	Judge Mary Coleman, Lakeview	Dr. Maurice Seay, Lakeview
1965	Frank T. Zinn, Marshall	Harry Davidson, Battle Creek
1966	Elizabeth Binda, Lakeview	Stephen M. Glaza, Calhoun ISD
1967	Leo Boice, Springfield and Don Hinderliter, Battle Creek	Esther Rupright, Battle Creek
1968	Ruth L. Ball, Albion and E. B. Lincoln, Marshall	Bruce Gray, Marshall
1969	Dr. Emory Morris, Harper Creek	Rose D. Warwick, Tekonsha
1970	Dr. W. Edward Dewey, Harper Creek	Jennette Maris, Battle Creek
1971	Marie Corey, Eckford Community	Russell Newell, Pennfield
1972	L'Nita Eddinger, Harper Creek	Doris Klaussen, Calhoun ISD
1973	W. James McQuiston, Battle Ck.	Margaret vanBenschoten, Homer
1974	Robert D. Gifford, Battle Creek	Lloyd TeSelle, Lakeview
1975	William Stoffer, Albion	Clifford Jump, Battle Creek
1976	James Styer, Enquirer and News, Battle Creek	Charles Miller, Springfield and Ted Thomas, Lakeview
1977	Robert W. Cook, Homer and Elgin Williams, Athens	Shirley Reed, Battle Creek
1978	Dr. Millard R. Pugh, Athens	Beatrice Forward, Harper Creek
1979	John Neterer, Athens	Ned & Irma Martinson, Tekonsha
1980	Donald B. Pope, Pennfield	Karl Randels, Lakeview
1981	Ferris Church, Bellevue	R. Bruce Sellers, Springfield
1982	Lawrence Union, Albion and Terry Henckel, Athens	Warren J. Fudge, Calhoun ISD
1983	Nyle L. Katz, Ellis Corners	Joseph Cooper, Marshall
1984	Arthur Schultz, CISD/Harper Creek	Dr. Jack Mawdsley, Battle Creek
1985	Wayne Fulton, Union City	Donald Hoebeke, Bellevue
1986	Morris Stulberg, Marshall	Dr. Richard Whitmore, Kellogg C.C.
1987	Harold J. Fisher, Calhoun ISD	Harold Creekmur, Pennfield
1988	Dr. Russell G. Mawby, WKK	Dale Rosene, Marshall
1989	David Fuller, Athens	Arthur W. Angood, Battle Creek
1990	Al and Margaret Hart, Bellevue	Fred Saxton, Homer
1991	Robert Oren, Jr., Marshall/CISD	Judy Jenkins, Tekonsha
1992	David C. Farley, Albion	Nancy L. Card, Calhoun ISD
1993	Fred C. Buhler, Kellogg Co.	C. Glen Walter, Harper Creek Betsy Gauss, Albion

CASB Award History

Year	Citizen Award Recipient	Professional Award Recipient
1994	James Hazel Jr., Harper Creek	Rebecca Rocho, CISD
1995	Blaine Van Sickle, Mar Lee	John Peruzze, Harper Creek
1996	Harry J. Bonner, Sr., Albion	Mr. & Mrs. Paul Fredrick, Athens
1997	Michael Williams, Albion	Bill and Shug Brandell, Lakeview
1998	Michael Williams, Albion	Dr. Roger T. LaBonte, Calhoun ISD
1999	Dave Hewlett, Bellevue	Robert Harberts, Battle Creek
2000	Dr. Waldo Frankenstein, Bellevue	Elizabeth Washburn, Marshall
2001	Kathy Tarr, Marshall	Gerri Newnum, Harper Creek
2002	James Nelson, Lakeview	Paul Ohm, Kellogg Community College
2003	Rose Bivens, Pennfield	Dr. Robert Spencer, Lakeview
2004	Carol Petredean-DiSalvio, Homer	Joseph Blythe, Lakeview
2005	James McHale, Battle Creek/Lakeview	Michael Ott, Harper Creek
2006	Denise Porter, Albion	Ruth Kavalhuna, Calhoun ISD
2007	Mary Althaver, Homer	Elizabeth Ashburn, Pennfield
2008	Fred Jones, Battle Creek	Chris Wigent, CISD
2009	George Taft, Harper Creek	Candice Putnam, Marshall
2010	Marsha Franke, Marshall	Dr. Charles Coleman, Battle Creek
2011	JoAnne Miller, Homer	Cindy Ruble, Lakeview
2012	Richard Strader, Battle Creek	David Campbell, Olivet
2013	Lawrence Union, Albion - *Posthumously*	Rebecca Rocho, CISD
2014	Floyd Beneker, Marshall	Margaret Lincoln, Lakeview
2015	Allyn Miller, Harper Creek	Dr. Randy Davis, Marshall
2016	James Davis, Lakeview, *Posthumously*	Timothy Elliott, Battle Creek
2017	Vic Potter, Marshall	William Lapham, Battle Creek
2018	Blaine VanSickle, Mar Lee - *Posthumously*	Tony Warren, CISD
2019	Jorge Zeballos, Battle Creek/Lakeview	Cheryl Peters, CISD
2020	Marion Ramer, Bellevue - *Posthumously*	Dr. Mark O'Connell, KCC
2023	Daniel Loew, Sr., Athens - *Posthumously*	Dr. Chandra Youngblood, Battle Creek
2024	Gary Lincoln, Harper Creek	Don Myers, Harper Creek – *Posthumously*
2025	Catherine LaValley, Battle Creek	Matt LeFebvre, Marshall
2026	Toni McPeake Ardis, Battle Creek	Dr. Terance Lunger, CISD

CASB Award History

SPECIAL COMMENDATIONS:

Year	Special Commendation Award Recipient
1978	Pennfield Board, Administrations, Students, Staff and Community
1981	Floyd and Margaret Wonser, Lakeview Residents
1983	Elizabeth Booth, Retired Teacher, Homer
1984	The 1983 Springfield Board and Administration
1985	The W.K. Kellogg Foundation, Battle Creek
1988	Roger Carlson, Retiring Superintendent, Tekonsha
1989	Morley Fraser, Albion and Alfred B. Worde, Calhoun ISD
1992	Larry Evans, Board Member, Homer Community School, and Past President CASBMA
1993	Harold Creekmur, Retiring Superintendent, Pennfield
1994	Carol Wilbur, CISD Retiring Secretary, Administrative Assistant
1996	C. Glen Walter, Retiring Superintendent, Harper Creek Community Schools
1996	Battle Creek Enquirer Staff
1997	Robert Lowman, CISD Retiring Director of Instruction
1998	Wattles Park Men's Club, Harper Creek Community Schools
1999	Annettie Tribett, Lakeview; Bernie Larson, Bellevue and Don Gilmer, Area Legislator
2000	George Wytko, Battle Creek Public Schools
2001	Roger LaBonte, Calhoun Intermediate School District
2002	Durwood (Woody) Booher, Pennfield Schools
2003	Arthur Schultz, Calhoun Intermediate School District
2004	Dr. William LeTarte, Mar Lee School
2005	Diane & Mike Durkin, Pennfield Schools
2006	James F. Hettinger, Battle Creek Unlimited CEO and President
2007	Martin Chard, Union City Community Schools Superintendent
2008	Olivet College, Olivet Community Schools
2009	David Smith, Harper Creek Community Schools Eddie Williams, Albion Public Schools
2010	The Success Fund, Marshall
2014	James R.C. Hazel, Jr., Harper Creek – *Posthumously*
2017	Harry Bonner, Sr., Albion
2018	Loraine Mahar, Battle Creek – *Posthumously*
2025	Kathleen Moore, Lakeview - *Posthumously*

CALHOUN ASSOCIATION OF SCHOOL BOARDS

Nominations for 2027 Distinguished Service Awards

The _____ Board of Education nominates

_____ as a candidate for the 2027 **Citizen** Distinguished Service Award; and nominates

_____ for the 2027 **Professional** Distinguished Service Award.

- *Eligible candidates for the Citizen Award are school board members or any active or retired non-professional citizen residing in the Calhoun Area **who has made or is making outstanding contributions in educational leadership in the Calhoun Intermediate School District Area that impacts all or several school districts and/or students in our area**.*

- *Eligible candidates for the Professional Award should be retired or active professional educators, such as teachers or administrators, **who have made or are making outstanding contributions in educational leadership in the Calhoun Intermediate School District Area that impacts all or several school districts and/or students in our area**.*

Please list or describe below the achievements of your nominee, or nominees, which in your opinion qualify that person for consideration. Return this form **no later than 3:30 p.m. on January 29, 2027**.

Jerry Johnson, Executive Secretary
Calhoun Association of School Boards
17111 G Drive North
Marshall, Michigan 49068

Citizen Award - Reasons for our nomination(s): **Please list specific local and countywide activities and/or service** (You may attach additional documentation to this form if necessary).

Professional Award - Reasons for our nomination(s): **Please list specific local and countywide activities and/or service** (You may attach additional documentation to this form if necessary).

CALHOUN ASSOCIATION OF SCHOOL BOARDS

Nominations for 2027 Distinguished Service Awards

The _____ Board of Education nominates

_____ as a candidate for the 2027 **Citizen** Distinguished Service Award; and nominates

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- *Eligible candidates for the Professional Award should be retired or active professional educators, such as teachers or administrators,* ***who have made or are making outstanding contributions in educational leadership in the Calhoun Intermediate School District Area that impacts all or several school districts and/or students in our area****.*

Please list or describe below the achievements of your nominee, or nominees, which in your opinion qualify that person for consideration. Return this form **no later than 3:30 p.m. on January 29, 2027**.

Jerry Johnson, Executive Secretary
Calhoun Association of School Boards
17111 G Drive North
Marshall, Michigan 49068

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Professional Award - Reasons for our nomination(s): **Please list specific local and countywide activities and/or service** (You may attach additional documentation to this form if necessary).

Union City Community Schools

Financial Report
With Supplementary Information

Year Ended June 30, 2026

Union City Community Schools

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WILLIS & JURASEK
CPAs AND CONSULTANTS

Independent Auditors' Report

Board of Education
Union City Community Schools
Union City, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union City Community Schools, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Union City Community Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Union City Community Schools, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 Union City Community Schools' ability to continue as a going concern for twelve months beyond the financial statements date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and certain pension and OPEB information as identified in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 Union City Community Schools' basic financial statements. The accompanying combining nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such supplementary 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 combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2026, on our consideration of Union City Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Union City Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Union City Community Schools' internal control over financial reporting and compliance.

Sincerely,

Willis & Jurasek, P.C.

Willis & Jurasek, P.C.

October 14, 2026

The purpose of management's discussion and analysis (MD&A) is to help the District's residents and other readers understand what the financial statements and notes in this financial report say about the District's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by management's knowledge of the District's finances.

This report is designed to give an overview of the financial conditions of Union City Community Schools. If you have any questions about this report or need further information, you may contact the Business Manager's Office by telephone at (517) 741-3301 or 430 St. Joseph Street, Union City, MI 49094.

Overview of the Basic Financial Statements

The School District's financial report consists of basic financial statements, a series of financial statements that show information for the School District as a whole and also information on its funds. The District-wide financial statements, namely, the Statement of Net Position and the Statement of Activities (pages 1 - 2), provide information about the activities of the School District as a whole, covering the District's governmental activities. Governmental activities comprise the District's most basic functions, such as instruction, support services, and food services. Governmental activities primarily are financed by property taxes from non-principal residence exemption properties, State aid foundation, and State and federal grants. These statements provide both short-term and long-term information.

The governmental fund financial statements, beginning on page 3, present the District's finances in greater detail. The fund financial statements disaggregate financial information by separate fund for each major fund and also present non-major fund information, in an aggregated format. All of the District's funds are considered governmental funds. Some funds are required to be established by State law and by bond covenants. However, the School District establishes other funds to help it control and manage money for particular purposes (like the Food Service Fund and the Student Activities Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (like the Debt Funds). In addition to the District's main operating fund, the General Fund, other governmental funds include special revenue funds which track the use of restricted or committed funding sources, debt service funds to record the repayment of outstanding bonds, and capital projects funds to account for resources used to acquire or construct long-lived assets.

The next section, beginning on page 7, is the notes to financial statements, which delve deeper into the District's finances as reported in the financial statements. The information in the notes is as important to understanding the District's finances as the information in the financial statements. The District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amount were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies or commitments).

Types of Information in the Financial Statements

The District's *district-wide financial statements* use the economic resources measurement focus and accrual basis of accounting. This basis of accounting takes into account all of the current year's revenue and expenses, regardless of when cash is received or paid.

The District's *governmental fund financial statements* use the current financial resources measurement focus and modified accrual basis of accounting to report on the sources, uses, and balances of current financial resources. The governmental funds do not report non-financial assets, such as capital assets, or certain other long-term items, such as general obligation bonds, but they do report the flows of current financial resources related to those long-term items; for example, the proceeds from issuing bonds or selling equipment, as well as principal and interest payments on bonds or spending on construction.

The following table provides a summary of the differences in recording financial statement elements between the district-wide and governmental fund financial statements:

	Financial Statements	
Financial Statement Element	**District-wide**	**Governmental Funds**
Types of assets and liabilities	* All assets and liabilities, both financial and nonfinancial, short-term and long-term	* Only current financial resources, such as cash, receivables, and accounts payable
Types of revenues/ additions	* All types of revenues/additions that flow into the District during the year that relate to that year, regardless of when cash is received	* Only revenues that are measurable and available to finance expenditures of that year
Types of expenses/ deductions/ expenditures	* All types of expenses/deductions that flow out of the District during the year that relate to that year, regardless of when cash is paid	* Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows of resources and deferred inflows of resources	* All types of resources that flow into and out of the District during the year that relate to a future year	* Current financial resources that flow into and out of the governmental funds during the year that related to a future year

The relationship between revenues and expenses indicates 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 non-financial factors, such as the quality of the education provided and the safety of the school to assess the *overall health* of the School District.

More detail about the measurement focuses and bases of accounting can be found in Note 1 of the notes to financial statements, the Summary of Significant Accounting Policies.

Analysis of the District's Finances

Governmental Activities

Below we focus our attention on the net position of the School District's governmental activities.

Net Position
June 30, 2026 and 2025

	Governmental Activities	
	2026	**2025**
Assets:		
Current assets	$ 10,638,007	$ 8,958,899
Non-current assets	23,229,449	17,066,474
Total assets	33,867,456	26,025,373
Deferred Outflows of Resources	5,025,631	6,343,644
Liabilities:		
Current liabilities	6,516,709	6,525,158
Non-current liabilities	15,751,738	17,178,750
Total liabilities	22,268,447	23,703,908
Deferred Inflows of Resources	8,449,579	8,681,100
Net Position:		
Invested in capital assets - net of related debt	16,432,304	12,986,529
Restricted	4,374,330	3,494,303
Unrestricted	(12,631,573)	(16,496,823)
Total net position	$ 8,175,061	$ (15,991)

At year-end, the School District's net position, assets and deferred outflows less liabilities and deferred inflows, was $8,175,061. Of this amount, $(12,631,573) was unrestricted. Restricted net position is reported separately to show legal constraints that limit the School District's ability to use those assets for day-to-day operations. The increase in net position is primarily due to an approximately $3,900,000 increase in unrestricted net position. All of the increase in net position was the result of the financial performance of the governmental activities. The following section analyzes the finances of the governmental activities.

The following provides information on the changes in net position of the School District's governmental activities.

Changes in Net Position
Years Ended June 30, 2026 and 2025

	Governmental Activities	
	2026	**2025**
Revenues:		
Program revenues:		
Charges for services	$ 187,735	$ 170,037
Operating grants	10,334,741	5,956,091
General revenues:		
Property taxes	2,428,959	1,946,283
Grants and state aid	7,616,844	7,576,807
Other	610,176	395,341
Total revenues	21,178,455	16,044,559
Functions/Program Expenses:		
Instruction	6,499,947	7,201,966
Support services	3,560,631	3,843,957
Athletics	617,207	635,384
Food service activities	149,539	176,842
Student activities	642,897	582,916
Community service	4,836	4,444
Interest	109,104	64,093
Bond issuance costs	106,297	-
Capital outlay	333,348	155,375
Depreciation/amortization (unallocated)	963,597	917,218
Total expenses	12,987,403	13,582,195
Increase (decrease) in net position	8,191,052	2,462,364
Net position beginning of year	(15,991)	(2,478,355)
Ending net position	$ 8,175,061	$ (15,991)

As shown above, the cost of all our governmental activities this year was $12,987,403. However, the amount that our taxpayers ultimately financed for those activities through school property taxes was $2,428,959. The remainder of the cost was paid by charges for services, State Aid, federal grants, and use of prior years' accumulation of funds.

Revenues exceeded expenses again in the current year with a net change of $8,191,052. There were several reasons for the change in the financial condition from 2025 to 2026 including the following primary factors:

- Changes in the District's pension and OPEB assets and liabilities
- Increase in property taxes
- Decrease in teaching staff and administrative positions
- Increase in grants received
- Activity related to the 2025 bond issuance

Governmental Funds

The District's primary fund which accounts for general operations is its General Fund. The other major fund is the Capital Project Fund. The changes in these funds are as follows:

Revenues, Expenditures, and Changes in Fund Balances of Major Governmental Funds
Years Ended June 30, 2026 and 2025

	General Fund		Capital Project Fund	
	2026	**2025**	**2026**	**2025**
Revenues:				
Local sources	$ 1,639,369	$ 1,550,357	$ 47,781	$ -
State sources	16,277,105	11,301,050	-	-
Federal sources	305,413	301,268	-	-
Interdistrict and other	882,467	609,149	-	-
Total revenues	19,104,354	13,761,824	47,781	-
Expenses:				
Instruction	8,795,061	8,564,295	-	-
Support services	7,719,232	5,434,094	-	-
Community service	4,836	4,444	-	-
Other	-	-	71,470	-
Debt service	36,158	36,342	-	-
Capital outlay	2,896,306	24,077	242,384	-
Total expenses	19,451,593	14,063,252	313,854	-
Revenues Over (Under) Expenditures	(347,239)	(301,428)	(266,073)	-
Other Financing Sources (Uses), Net	20,000	25,000	2,497,412	-
Net Changes in Fund Balance	(327,239)	(276,428)	2,231,339	-
Fund Balances - Beginning of Year	1,718,759	1,995,187	-	-
Fund Balances - End of Year	$ 1,391,520	$ 1,718,759	$2,231,339	$ -

Fund balance represents the financial standing of a governmental fund at the end of the fiscal year from a short-term perspective.

General Fund

The fund balance of the District's General Fund decreased by 19%. The decrease is attributable to (1) reduction in student count and (2) changes in State funding.

The overall fund balance at the end of the fiscal year represented approximately 7% of operating expenditures. The District aims to have a minimum fund balance of 10% of operating expenditures. Within fund balance, approximately 88% is considered unassigned. The remaining 12% is considered either nonspendable, restricted, committed, or assigned for other items and is not readily available for use.

Other Major Funds

The fund balance for the other major fund is considered to be 100% restricted. This means that the fund balance can only be used for the restricted purpose of the fund and is not readily available for use.

Significant Capital Assets and Long-Term Obligations

Capital Assets

At the end of fiscal year 2026, the School District had $31,089,233 invested in land and buildings, furniture and equipment, and vehicles. We have estimated that these assets have depreciated by $11,906,929 through June 30, 2026; therefore, we currently have net book value of $19,182,304. Overall, the carrying value of capital assets (original cost less accumulated depreciation) increased 34% over the prior year.

	Governmental Activities	
	2026	**2025**
Land	$ 333,492	$ 46,815
Construction in progress	2,883,656	-
Buildings and improvements	21,952,185	21,755,318
Furniture and equipment	2,259,654	2,184,084
Buses and other vehicles	3,565,682	1,205,054
SBITAs	43,504	94,564
Total capital assets	31,038,173	25,285,835
Less accumulated depreciation	11,855,869	10,943,332
Net capital assets	$19,182,304	$14,342,503

A significant reason for the increase in net capital assets is the projects started during the year utilizing the 2025 bond proceeds and state grants (12d and 74b). Total additions for the year consisted of purchasing six electric buses, purchase of additional property located next to the middle school, and progress renovation/construction of the high school. The additions of capital assets outpaced the depreciation during the year, resulting in a net increase in capital assets.

Long-Term Obligations

Overall, the carrying value of the District's long-term obligations increased by $1,387,026 from the prior year. The reason for the increase was issuance of 2025 building and site bonds. At June 30, 2026, the District had long-term obligations as follows:

	Governmental Activities	
	2026	2025
Notes payable	$ -	$ 35,974
Bonds payable	2,750,000	1,320,000
Compensated absences	214,000	221,000
Total	$ 2,964,000	$ 1,576,974

See Note 9 for an analysis of the District's net pension/OPEB liability.

Currently Known Facts, Decisions, or Conditions

There are numerous construction projects that have started, or are soon to be starting, within the School District. The middle school and high school are being consolidated into the high school with some newly constructed space including a media center, STEM and art room, cafetorium, band room and weight room. This project started June 2026 and is anticipated to be completed in August 2027. The elementary school project consists of renovating the space for more up to date classrooms, HVAC updates, building of vestibules, and other necessary updates. That project is expected to begin in June 2027.

On March 15, 1994, the electors of the State of Michigan approved a ballot proposition to amend the State Constitution of 1963, in part, to increase the State sales tax from 4% to 6% as part of a complex plan to restructure the source of funding of public education (K-12) in order to reduce reliance on local property taxes for school operating purposes and to equalize the per pupil finance resource disparities among school districts. The State Aid package passed by the Legislature as part of the school finance reform legislation instituted a per pupil foundation guarantee beginning in fiscal year 1994-1995. The foundation guarantee consists of the locally raised property taxes plus State Aid. The source of revenues for the State's contribution to the foundation allowance is derived from a mix of taxing sources, including but not limited to six mills on PRE (Principal Residence Exemption) property, a State sales and use tax, a real estate transfer tax and a cigarette tax.

The 2025-2026 initial budget considered the change in foundation allowance and reduction in student count. The State budget was not approved until October 2025 therefore the initial budget was created without knowing the state budget. There were some factors that required amendments throughout the year which consisted of:

- Receiving additional grant funding for purchasing electric buses and consolidation of the middle school and high school
- Hiring additional Special Education staff
  - Also, increased inter-district and other revenue because a percent of that cost is paid to the district in State aid
- Increase in salaries and benefits for staff across the board

Currently Known Facts, Decisions, or Conditions (Continued)

The following factors were considered in preparing the District's budgets for the 2026-2027 fiscal year:

- Foundation allowance of $10,300 per pupil (increase of $250 per pupil-mid level amount between legislators and Governor budgets)
- Decrease in student enrollment
- Pay increases for employees (excluding individual contracts)
- Remove purchase of 6 electric buses
- Purchase laptops for high school students and staff

The State K-12 School budget was passed on July 3, 2026. There were some changes in categorical grants which require more information from the State on its implementation. Budget amendments will be made throughout the 2026-2027 school year to reflect the State approved budget as well as for any other necessary changes.

Union City Community Schools
Statement of Net Position
June 30, 2026

	Governmental Activities
Assets:	
Cash and investments	$ 6,506,954
Receivables	4,081,303
Inventories	17,350
Prepaid expenses	32,400
Net OPEB asset	4,047,145
Capital assets:	
Cost of capital assets	31,089,233
Less: accumulated depreciation/amortization	(11,906,929)
Net capital assets	19,182,304
Total assets	33,867,456
Deferred Outflows of Resources:	
Pension related	4,196,170
OPEB related	829,461
Total deferred outflows of resources	5,025,631
Liabilities:	
Accounts payable and accrued expenses	2,447,867
State aid anticipation notes	842,857
Unearned revenue	3,225,985
Long-term liabilities:	
Due within one year:	
Bonds and notes payable	1,225,000
Accrued interest	20,150
Compensated absences	21,000
Due in more than one year:	
Bonds and notes payable	1,525,000
Bond premium on debt issuance	76,757
Compensated absences	193,000
Net pension liability	12,690,831
Total liabilities	22,268,447
Deferred Inflows of Resources:	
Pension related	5,034,843
OPEB related	3,414,736
Total deferred inflows of resources	8,449,579
Net Position:	
Invested in capital assets, net of related debt	16,432,304
Restricted for:	
Capital projects	141,608
Student activities	185,577
Net other postemployment benefits	4,047,145
Unrestricted	(12,631,573)
Total net position	$ 8,175,061

See Notes to Financial Statements.

Union City Community Schools

Statement of Activities
Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Governmental Activities: Net (Expenses) Revenues and Change in Net Position
Primary Government				
Governmental activities:				
Instruction	$ 6,499,947	$ -	$ 3,257,272	$ (3,242,675)
Support services	3,560,631	48,889	3,298,219	(213,523)
Food service activities	617,207	53,511	727,661	163,965
Student activities	149,539	-	161,721	12,182
Athletics	642,897	85,335	6,212	(551,350)
Community services	4,836	-	-	(4,836)
Interest on long-term debt	109,104	-	-	(109,104)
Bond issuance costs	106,297	-	-	(106,297)
Capital outlay	333,348	-	2,883,656	2,550,308
Depreciation/amortization (unallocated)	963,597	-	-	(963,597)
Total governmental activities	$ 12,987,403	$ 187,735	$ 10,334,741	(2,464,927)
General Revenues:				
Taxes:				
Property taxes, levied for general purposes				1,159,535
Property taxes, levied for capital projects				1,269,424
State aid not restricted to specific purposes				7,613,957
Grants not restricted to specific purposes				2,887
Unrestricted investment earnings				285,416
Other				324,760
Total general revenues				10,655,979
Change in Net Position				8,191,052
Net Position - Beginning of Year				(15,991)
Net Position - End of Year				$ 8,175,061

See Notes to Financial Statements.

Union City Community Schools

Balance Sheet
Governmental Funds
June 30, 2026

	General Fund	Capital Project Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments	$ 3,748,524	$ 2,394,476	$ 363,954	$ 6,506,954
Receivables	4,081,303	-	-	4,081,303
Due from other funds	26,638	-	228,296	254,934
Inventories	10,410	-	6,940	17,350
Prepaid expenditures	32,400	-	-	32,400
Total assets	$ 7,899,275	$ 2,394,476	$ 599,190	$ 10,892,941
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	$ 1,160,187	$ -	$ -	$ 1,160,187
Salaries payable and related	1,196,655	-	5,013	1,201,668
Accrued interest	16,912	-	-	16,912
Due to other funds	65,159	163,137	26,638	254,934
Unearned revenue	3,225,985	-	-	3,225,985
State aid notes payable	842,857	-	-	842,857
Total liabilities	6,507,755	163,137	31,651	6,702,543
Fund Balances:				
Nonspendable:				
Inventories	10,410	-	6,940	17,350
Prepaid expenditures	32,400	-	-	32,400
Restricted:				
Capital projects	-	2,231,339	141,608	2,372,947
Food services	-	-	19,991	19,991
Student activities	-	-	185,577	185,577
Debt service	-	-	213,423	213,423
Assigned:				
Capital projects	75,000	-	-	75,000
Subsequent year expenditures	53,471	-	-	53,471
Unassigned	1,220,239	-	-	1,220,239
Total fund balances	1,391,520	2,231,339	567,539	4,190,398
Total liabilities and fund balances	$ 7,899,275	$ 2,394,476	$ 599,190	$ 10,892,941

See Notes to Financial Statements.

Union City Community Schools

Reconciliation of Fund Balances on the Balance Sheet of Governmental Funds to
Net Position of Governmental Activities on the Statement of Net Position
June 30, 2026

Total Fund Balances - Governmental Funds		$ 4,190,398
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		
The cost of capital assets is	$ 31,089,233	
Accumulated depreciation/amortization is	(11,906,929)	19,182,304
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Assets.		
Net OPEB asset		4,047,145
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Bonds and notes payable	(2,750,000)	
Bond premiun on debt issuance	(76,757)	
Compensated absences	(214,000)	
Accrued medical claims	(69,100)	
Accrued interest	(20,150)	
Net pension liability	(12,690,831)	(15,820,838)
Deferred inflows and outflows related to pension/OPEB assets/liabilities are long-term and thus not reported in the funds.		
Deferred outflows related to net pension liability	4,196,170	
Deferred outflows related to net OPEB asset/liability	829,461	
Deferred inflows related to net pension liability	(5,034,843)	
Deferred inflows related to net OPEB asset/liability	(3,414,736)	(3,423,948)
Total Net Position - Governmental Activities		$ 8,175,061

See Notes to Financial Statements.

Union City Community Schools

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2026

	General Fund	Capital Project Fund	Nonmajor Funds	Total Governmental Funds
Revenues:				
Local sources	$ 1,639,369	$ 47,781	$ 1,658,057	$ 3,345,207
State sources	16,277,105	-	102,231	16,379,336
Federal sources	305,413	-	600,230	905,643
Interdistrict and other	882,467	-	-	882,467
Total revenues	19,104,354	47,781	2,360,518	21,512,653
Expenditures:				
Instruction	8,795,061	-	-	8,795,061
Support services	7,719,232	-	-	7,719,232
Food service activities	-	-	721,405	721,405
Student activities	-	-	149,539	149,539
Community services	4,836	-	-	4,836
Other	-	71,470	(5,540)	65,930
Debt service:				
Principal	35,975	-	1,020,000	1,055,975
Interest and other charges	183	-	102,859	103,042
Capital outlay	2,896,306	242,384	567,398	3,706,088
Total expenditures	19,451,593	313,854	2,555,661	22,321,108
Revenues Over (Under) Expenditures	(347,239)	(266,073)	(195,143)	(808,455)
Other Financing Sources (Uses):				
Proceeds from long-term debt, net	-	2,497,412	-	2,497,412
Transfers in	20,000	-	471,500	491,500
Transfers out	-	-	(491,500)	(491,500)
Total other financing sources (uses)	20,000	2,497,412	(20,000)	2,497,412
Net Changes in Fund Balances	(327,239)	2,231,339	(215,143)	1,688,957
Fund Balances Beginning of Year	1,718,759	-	782,682	2,501,441
Fund Balances End of Year	$ 1,391,520	$ 2,231,339	$ 567,539	$ 4,190,398

See Notes to Financial Statements.

Union City Community Schools

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2026

Net Change in Fund Balances - Total Governmental Funds		$ 1,688,957
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation or amortization.		
Depreciation/amortization expense	$ (963,597)	
Capital outlay	5,803,398	
		4,839,801
Governmental funds report debt issuance as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of debt as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. The effects of these differences in the treatment of long-term debt are as follows:		
Bond proceeds	(2,497,413)	
Bond issurance costs	(34,827)	
Repayments to bond and note holders	1,055,974	
Amortization of deferred charges	5,483	
		(1,470,783)
Compensated absences are reported on the accrual method in the Statement of Activities, and recorded as an expenditure when financial resources are used in the governmental funds.		
Change in compensated absences		7,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and thus are not reported as expenditures in governmental funds:		
Accrued interest not reflected in governmental funds	(11,543)	
Change in accrued expenditures for medical claims	(1,400)	
		(12,943)
Governmental funds report the required pension and OPEB contributions for the District's fiscal year ended June 30 as expenditures. The Statement of Activities reports the fully accrued pension and OPEB expenses based upon a September year-end to coincide with the State of Michigan's fiscal year.		
Changes in pension related liabilities and deferrals	1,855,863	
Changes in OPEB related assets/liabilities and deferrals	1,283,157	
		3,139,020
Change in Net Position of Governmental Activities		$ 8,191,052

See Notes to Financial Statements.

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of Union City Community Schools (the "School District" or "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Reporting Entity

The School District is governed by an elected seven-member Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, State, and federal sources and must comply with all of the requirements of these funding source entities. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate, component units of the School District. Based on the application of the criteria, the District does not contain any component units.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

District-Wide and Fund Financial Statements

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All of the School District's government-wide activities are considered governmental activities.

The Statement of Net Position presents all governmental activities on a consolidated basis. The Statement of Net Position reports all assets and liabilities including those of a long-term nature. The net difference is reported as net position. Net position is categorized as net investment in capital assets, restricted net position, and unrestricted net position. It is the District's policy to allocate resource outlays first to restricted net position with the remainder allocated to unrestricted net position.

Note 1 – Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

District-Wide and Fund Financial Statements Continued)

District-Wide Statements (Continued) – The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes charges to customers and restricted grants and contributions (see Program Revenues below). Taxes, intergovernmental payments, and other unrestricted items are not included as program revenues but instead as general revenue. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

As a general rule, the effect of interfund activity has been eliminated from the district-wide financial statements.

Fund-Based Statements – The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, severance pay, claims, and judgments, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds; issuance of long-term debt and acquisition of lease and SBITA assets are reported as other financing sources.

Property taxes, unrestricted State and federal aid, intergovernmental grants, and interest associated with the current fiscal period, are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received by year-end or within 60 days of year-end. All other revenue items are considered to be available only when cash is received by the government.

The School District reports the following major governmental funds:

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

Note 1 – Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

District-Wide and Fund Financial Statements Continued)

Capital Project Funds – Capital Project Funds are used to record tax receipts, bond proceeds, or other revenue and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment, and for remodeling. The District maintains two capital project funds, the Capital Project Fund, a major fund, and the Building & Site Fund, which is a non-major fund. For the Capital Project Fund, the District has complied with the applicable provisions of Section 1351a of the Revised School Code. The Building & Site Fund is a sinking fund which records capital project activities funded with sinking fund millage. For this fund, the School District has complied with the applicable provisions of Section 1212 of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2023-1.

Additionally, the government reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes (not including expendable trusts or major capital projects). The Special Revenue Funds maintained by the District are the Food Service Fund and the Student Activities Fund.

Debt Service Funds – Debt Service Funds are used to record tax, interest, and other revenue for payment of principal and other expenditures and the disbursements thereof on a particular bond issue. The District currently maintains two debt funds, the 2023 Bond Debt Fund and 2025 Bond Debt Fund.

Revenue, Assets, Liabilities, and Net Position or Equity

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

State Revenue – The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from State and local sources. Revenues from State sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of State funds to school districts based on information supplied by the districts regarding pupil membership counts. For the year ended June 30, 2026, the foundation allowance was based on blended pupil membership counts.

The State portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of State sales and other taxes. The local portion of the foundation is funded primarily by non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills on Commercial Personal property. The State revenue is recognized during the foundation period and is funded through payments from October 2025 to August 2026. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

Note 1 – Summary of Significant Accounting Policies (Continued)

Revenue, Assets, Liabilities, and Net Position or Equity (Continued)

State Revenue (Continued) –The District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for specific identified purposes. Certain categorical funds require an accounting to the State of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year, are recorded as unearned revenue. Other categorical funding is recognized when the appropriation is received.

Property Taxes - Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2026, the District levied the following amounts per $1,000 of assessed valuation:

General Fund – non-primary residence	17.3139
General Fund – commercial personal property	5.3139
Building & Site Fund – all taxable values	1.2300
Debt Service Fund – all taxable values	2.5900

Tax abatements provided to property taxpayers, if any, were not significant, and thus, no disclosure was deemed required in accordance with GASB Statement No. 77, *Tax Abatement Disclosures.*

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, and certificates of deposit.

The District reports its investments in accordance with professional standards. Under these standards, certain investments are valued at fair value as determined by quoted market prices or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the District intends to hold the investment until maturity. Accordingly, investments in bankers' acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds, and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively, but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, contained in the Michigan Compiled Laws. The District is also authorized to invest in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Note 1 – Summary of Significant Accounting Policies (Continued)

Revenue, Assets, Liabilities, and Net Position or Equity (Continued)

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other funds." Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." Property tax and other receivables are shown net of an allowance for uncollectible amounts. Based on previous experience, the District has determined the uncollectible amounts are immaterial and no provision has been recorded.

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

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets - Capital assets, which include land, buildings, equipment, and vehicles, are reported in the district-wide financial statements. The government defines capital assets as assets with an initial individual cost of $5,000 or greater and an estimated useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The District does not have infrastructure type assets.

Right-to-use assets, if any, are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives. Capital assets, including right-to-use assets, are depreciated/amortized using the straight-line method over the following useful lives:

Land and construction in progress	Not depreciated
Buildings and improvements	15-50 years
Buses and other vehicles	5-10 years
Furniture and equipment	5-20 years
SBITAs	4-6 years

Leases and Subscription-Based IT Arrangements (SBITAs) – The District recognizes lease/subscription-based IT arrangement liabilities and the related intangible right-to-use assets in the government-wide financial statements with an initial individual value of $10,000 or more. Right-to-use assets, if any, are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives.

At the commencement of a lease/subscription, the District initially measures the liability at the present value of payments expected to be made during the lease/SBITA term. Subsequently, the lease/SBITA liability is reduced by the principal portion of the lease/SBITA payments made. At the outset, the lease/SBITA right-to-use asset is measured as the initial amount of the lease/SBITA liability, adjusted for lease/subscription payments made at or before the lease/subscription commencement date, plus certain initial direct costs. Subsequently, the lease/SBITA asset is amortized on a straight-line basis over its useful life.

Note 1 – Summary of Significant Accounting Policies (Continued)

Revenue, Assets, Liabilities, and Net Position or Equity (Continued)

Leases and Subscription-Based IT Arrangements (SBITAs) (Continued)– Key estimates and judgments related to leases/SBITAs include how the District determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value, (2) lease/SBITA terms, and (3) lease/SBITA payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases/SBITAs.
- The lease/SBITA term includes the noncancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease/SBITA liability are composed of fixed payments and any purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease/SBITA liabilities and remeasures lease/SBITA assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liabilities.

Lease/SBITA assets are reported with other capital assets, and lease/SBITA liabilities are reported with long-term obligations on the Statement of Net Position.

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

Long-Term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental-fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Deferred Outflows of Resources – This separate financial statement element represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. For governmental funds, this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

For district-wide statements, the District currently reports deferred outflows of resources related to deferred pension and OPEB plan expenses which will be expensed in the plan year in which they apply and for pension and OPEB payments made subsequent to the measurement date to be recognized as the corresponding time lags are met.

Note 1 – Summary of Significant Accounting Policies (Continued)

Revenue, Assets, Liabilities, and Net Position or Equity (Continued)

Deferred Inflows of Resources – In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District currently reports deferred inflows of resources related to its net pension and net OPEB plan liabilities including amounts deferred for MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) stabilization statutorily required contributions. These future resources will be amortized and recognized over a time period established by the actuary and relate to differences between actuarial estimates and actual results.

Defined Benefit Pension Plan – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Related plan investments are reported at fair value. See Note 9 for detailed information.

Postemployment Benefits Other Than Pensions – For purposes of measuring the net other postemployment benefits ("OPEB") asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public Employees' Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Related investments are reported at fair value. See Note 9 for detailed information.

Fund Equity – The District has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In accordance with this guidance, fund balances of governmental funds are categorized according to five defined categories of fund balance. These categories consist of *nonspendable* amounts which are not in spendable form or are legally or contractually required to be maintained intact; *restricted* amounts that are constrained for specific purposes set by external parties or law; *committed* amounts that are constraints set by the highest decision making authority (the School Board) through adoption of a resolution and may only be removed by the School Board through a rescindment resolution; *assigned* amounts that have an intended purpose but require no formal specific action; and *unassigned* amounts which are the residual of the other categories and have no specific purpose.

It is the District's policy to generally use fund balance in order according to the hierarchy of fund balance categories, from restricted down to unassigned.

Use of Estimates - The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Note 2 – Cash and Investments

At year-end, the District's deposits were reported in the basic financial statements – governmental activities. The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings, and money market accounts)	$	6,384,449
Investments in MILAF and MI CLASS pooled investment funds		122,271
Petty cash and cash on hand		234
Total	$	6,506,954

The District holds investments in a Michigan Investment Liquid Asset Fund (MILAF) account which is considered an external investment pool as defined by GASB and as such is recorded at amortized cost which approximates fair value. The pool is designed to meet the needs of Michigan public sector investors and invests only in instruments applicable to Michigan laws over investment options for local governments including U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper, and approved money market funds. The District's investments under the interlocal agreement (MILAF - Michigan Class), totaling $122,271 at year-end, are regulated by the Urban Cooperation Act. There are no limitations or restrictions on withdrawals from these investment pools except for a one-day minimum investment period on the MILAF cash management funds and a fourteen-day redemption limitation on MILAF MAX Class funds.

Investment and Deposit Risk – The District's cash and investments are subject to several types of risk, as noted below.

Custodial Credit Risk – Deposits – Custodial credit risk of deposits is the risk that in the event of a bank failure, the District's deposits may not be returned. The District requires that financial institutions be evaluated and only those with an acceptable risk level are used for the District's deposits for custodial credit risk. At year-end, the District's deposit balance of approximately $6,700,000 had $6,450,000 of bank deposits that were uninsured and uncollateralized.

Custodial Credit Risk – Investments – Custodial credit risk of investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk.

The District's investments under the interlocal agreement (MILAF) and under the Michigan CLASS agreement are regulated by the Urban Cooperation Act. Both agreements are rated AAAm by Standard and Poor's.

Interest Rate Risk – Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments. The District's investment policy does not have specific limits in excess of State law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Note 2 – Cash and Investments (Continued)

Credit Risk – State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools. See Note 1 for a full description of allowed investments. The District's investment policy does not further limit its investment choices.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's investment policy does not limit investments with individual issuers.

Foreign Currency Risk - The District does not invest in foreign currency and does not maintain a policy regarding foreign currency risk.

Note 3 – Receivables

Receivables at year end totaled $4,081,303 and consist primarily of amounts due from the Michigan Department of Education for State aid and federal grants.

Note 4 – Capital Assets

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

	Beginning Balance	Additions	Disposals	Year-End Balance
Capital assets not being depreciated:				
Land	$ 46,815	$ 286,677	$ -	$ 333,492
Construction in progress	-	2,883,656	-	2,883,656
Subtotal	46,815	3,170,333	-	3,217,148
Capital assets being depreciated/ amortized:				
Buildings and improvements	21,755,318	196,867	-	21,952,185
Buses and other vehicles	1,205,054	2,360,628	-	3,565,682
Furniture and equipment	2,184,084	75,570	-	2,259,654
SBITAs	94,564	-	51,060	43,504
Subtotal	25,239,020	2,633,065	51,060	27,821,025
Accumulated depreciation/amortization:				
Buildings and improvements	8,830,923	561,106	-	9,392,029
Buses and other vehicles	834,752	84,700	-	919,452
Furniture and equipment	1,220,446	294,939	-	1,515,385
SBITAs	57,211	22,852	51,060	29,003
Subtotal	10,943,332	963,597	51,060	11,855,869
Net capital assets being depreciated/amortized	14,295,688	1,669,468	-	15,965,156
Net capital assets	$14,342,503	$ 4,839,801	$ -	$19,182,304

Depreciation/amortization for the current year totaled $963,597. The District determined that it was impractical to allocate depreciation/amortization to various governmental activities as the assets serve multiple functions.

Note 5 – Interfund Receivables, Payables and Transfers

The District reports interfund balances between some of its funds. The sum of all balances presented in the table below agrees with the sum of interfund balances presented in the balance sheet for governmental funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The composition of interfund balances is as follows:

	Due To:		
	General Fund	Nonmajor Funds	Total
Due From:			
General Fund	$ -	$ 65,159	$ 65,159
Capital Project Fund	-	163,137	163,137
Nonmajor Funds	26,638	-	26,638
	$ 26,638	$ 228,296	$ 254,934

During the year, $20,000 was transferred from the Food Service Fund to the General Fund to cover indirect costs. In addition, the Building & Site Fund transferred $471,500 to the 2023 Bond Debt Fund to cover debt service.

Note 6 – Notes Payable

For the fiscal year ended June 30, 2026, the District was issued State Aid Anticipation Notes to allow for needed cash flow prior to receipt of State Aid which totaled $1,700,000, of which, $1,000,000 was borrowed under a set-aside arrangement due in seven increments, including interest at 2.79%, of $146,511 each beginning January, 2026 and ending July, 2026. The remaining $700,000 is due in a lump sum payment in August, 2026, plus interest at 2.77%.

The State Aid Anticipation Notes are secured by the full faith and credit of the District as well as pledged State Aid. The year-end balance at June 30, 2026 was $842,857. Activity for the year is as follows:

Balance June 30, 2025	Additions	Payments	Balance June 30, 2026
$ 142,857	$ 1,700,000	$ 1,000,000	$ 842,857

The District approved the issuance of State Aid Anticipation Notes for the 2026-27 school year of $800,000 which is due in a lump sum payment in August, 2027, plus interest at 2.80%.

Note 7 – Long-Term Obligations

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities, the acquisition of certain equipment, and right-to-use assets. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. Other long-term debt obligations include compensated absences and net pension and OPEB liabilities. See Note 9 for further details about the net pension and OPEB liabilities. Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Notes payable	$ 35,974	$ -	$ 35,974	$ -	$ -
Bonds payable	1,320,000	2,450,000	1,020,000	2,750,000	1,225,000
Bond premium	-	82,240	5,483	76,757	-
Compensated absences	221,000	-	7,000	214,000	21,000
Total governmental activities	$ 1,576,974	$ 2,532,240	$ 1,068,457	$ 3,040,757	$ 1,246,000

General obligation bonds consist of:

$2,035,000 - 2023 School Building and Site General Obligation (Limited Tax) Bonds; payable in annual installments of $405,000 - $460,000 through May, 2028 with interest at 3.85%	$ 900,000
$2,450,000 - 2025 School Building and Site General Obligation (Unlimited Tax) Bonds; payable in annual installments of $65,000 - $785,000 through May, 2042 with interest at 5.00%	1,850,000
	$ 2,750,000

Annual debt service requirements on the above governmental bond obligations are as follows:

	Governmental Activities		
	Principal	Interest	Total
2027	$ 1,225,000	$ 120,900	$ 1,345,900
2028	460,000	64,710	524,710
2029	-	47,000	47,000
2030	65,000	47,000	112,000
2031	70,000	43,750	113,750
2032-2036	385,000	163,500	548,500
2037-2041	450,000	73,800	523,800
2042	95,000	3,800	98,800
Total	$ 2,750,000	$ 564,460	$ 3,314,460

Note 8 – Leases

The District leases office equipment and vending machines under various operating leases. Minimum payments for the fiscal year ending June 30, 2026 under these non-cancellable leases are approximately $16,000. Rent expense for the year ended June 30, 2026 was approximately $16,000. Management has determined that the effect of implementing GASB Statement No. 87, *Leases*, is not material to the financial statements and thus has not been applied.

Note 9 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions

Organization

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

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

The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees, and covers substantially all employees of the School District. In addition, the System maintains a health plan ("OPEB") which provides postemployment healthcare benefits to eligible retirees as an elective option of receiving health, prescription drug, dental, and vision coverage under the Michigan Public School Employees Retirement Act. There are currently more than 695 participating employers in the System which meets the definition of a qualified pension trust fund under Section 401(a) of the Internal Revenue Code.

The System's financial statements are included as a pension and other employee benefit trust fund (a component unit) in the State of Michigan Annual Comprehensive Financial Report and are available on the ORS website at www.michigan.gov/orsschools. Information provided in this report includes financial data, actuarial assumptions data, and detailed information about the pension plan and OPEB plan fiduciary positions.

Employers participating in the System are required to report pension and OPEB information in their financial statements in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended. The requirements of GASB Nos. 68 and 75 incorporate provisions intended to reflect the effects of transactions and events related to pensions and OPEB in the measurement of employer liabilities and recognition of expenses, deferred outflows of resources, and deferred inflows of resources related to pensions and OPEB.

Note 9 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Organization (Continued)

Pension Benefits Provided – Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. Depending upon the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.50%. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

Based on current benefit provisions, new hires can opt between two plans. The first plan, called Pension Plus 2, is a hybrid plan that contains a pension component with a required employee contribution and a flexible and transferable defined contribution tax-deferred investment account component that contains a 50/50 contribution share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 plan is 6%. The second option is a Defined Contribution plan under which a participant receives a 4% employer contribution to a tax-deferred 401(k) account and can choose to make employee contributions up to the maximum allowed per IRS regulations to a tax-deferred 457 account.

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

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

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

Note 9 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Organization (Continued)

OPEB Benefits Provided (Continued) – Under Public Act 300 of 2012, members were given the choice between continuing the required 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement.

Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) accounts.

Pension/OPEB Plan Contributions – Public Act 300 of 1980, as amended, requires contributions from both the participating employers and the active plan members. The School District, as a participating employer, is required to contribute amounts necessary to finance the coverage of pension and OPEB 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 (plan members) during the year, with an additional amount paid in to finance a portion of the unfunded actuarial accrued liability. Required employer pension contributions are comprised of pension normal cost, pension unfunded actuarial accrued liability (UAAL), and pension early retirement incentive contributions. Required employer pension contributions also include the UAAL rate stabilization contributions. Required employer OPEB contributions are comprised of OPEB normal cost and OPEB UAAL.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability will be amortized over a declining period ending September 30, 2038.

Pension Plan Contributions – School districts' contributions are determined based on employee elections. There are several different benefits options included in the plan available to employees based on date of hire and certain voluntary elections. Contribution rates are adjusted annually by the ORS. The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2025:

Benefit Type	Member Rates	Employer Rates	Status
Basic (Defined Benefit)	0.0% - 4.0%	20.96 – 30.11%	Closed
MIP (Defined Benefit)	3.0% - 7.0%	20.96 – 30.11%	Closed
Pension Plus (Hybrid)	3.0% - 6.4%	26.27%	Closed
Pension Plus 2 (Hybrid)	6.2%	27.16%	Open
Defined Contribution	0.0%	20.96%	Open

Note 9 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Organization (Continued)

Pension Plan Contributions (Continued) – Employer contributions range from 20.96% to 30.11% for the plan year ended September 30, 2025 and are determined based on employee elections. The District's required and actual contributions to the pension plan for the year ended September 30, 2025 were $2,638,531. The District's required and actual pension contributions include an allocation of $694,353 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial liability (UAAL) stabilization rate for the year ended September 30, 2025.

OPEB Contributions – OPEB employee contribution rates in effect for the fiscal year ended September 30, 2025 range from 0% - 3%. Employer contributions range from 0.00% to 1.53% for the plan year ended September 30, 2025 and are determined based on employee elections. Required contributions to the OPEB plan from the District were $62,612 for the year ended September 30, 2025. The District's required and actual OPEB contributions include an allocation of $0 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial liability (UAAL) stabilization rate for the year ended September 30, 2025.

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

Proportionate Share of School District's Net Pension Liability - At June 30, 2026, the District reported a liability of $12,690,831 for its proportionate share of the MPSERS 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 rolled forward from September 30, 2024. The District's proportionate share of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the System during the measurement period by the percent of statutorily required pension contributions from all applicable employers during the measurement period. At September 30, 2025, the District's proportionate share was .06334966 percent, a decrease of .00034268 percent from its proportion measured as of September 30, 2024.

Pension Expense - For the year ended June 30, 2026, the School District recognized pension expense of $898,122, inclusive of payments to fund the MPSERS UAAL stabilization rate.

Proportionate Share of School District's Net OPEB Asset/Liability - At June 30, 2026, the District reported an asset of $4,047,145 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2025, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 30, 2024. The District's proportionate share of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the System during the measurement period by the percent of statutorily required OPEB contributions from all applicable employers during the measurement period. September 30, 2025, the District's proportionate share was .06657455 percent, a decrease of .00329110 percent from its proportion measured as of September 30, 2024.

OPEB Expense - For the year ended June 30, 2026, the School District recognized OPEB benefit of $1,256,355.

Note 9 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Pension/OPEB Assets/Liabilities, Pension/OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions/OPEB (Continued)

Deferred Outflows and Deferred Inflows - At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	Pension	OPEB	Pension	OPEB
Difference between expected and actual experience	$ 491,552	$ -	$ 113,036	$2,770,868
Changes of assumptions	455,510	540,135	670,741	42,924
Net difference between projected and actual earnings on pension/OPEB plan investments	-	-	3,032,837	568,712
Changes in proportion and differences between District contributions and proportionate share of contributions	295,176	134,310	189,678	32,232
District contributions subsequent to the measurement date	2,953,932	155,016	1,028,551	-
Total	$4,196,170	$ 829,461	$5,034,843	$3,414,736

$2,953,932 reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year. $155,016 reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as an increase/ reduction of the net OPEB asset/liability in the subsequent fiscal year.

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

Year Ended June 30	Pension	OPEB
2027	$ (2,641)	$(703,692)
2028	(1,364,562)	(697,347)
2029	(1,078,059)	(681,618)
2030	(318,792)	(452,097)
2031	-	(157,596)
Thereafter	-	(47,941)

Payables to the Pension/OPEB Plan - The District reported an accrued pension/OPEB plan payable at June 30, 2026 of $162.872. This amount represents employee withholdings and the employer amount payable for wages earned at June 30, 2026 but not yet paid. The District is current on all required pension and OPEB plan payments. Amounts accrued at year-end include current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS unfunded actuarial accrued liability (UAAL).

Note 9 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Actuarial Assumptions

Actuarial Valuations and Assumptions - Actuarial valuations for the pension and OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

A summary of actuarial assumptions as of the latest actuarial valuation follows:

Valuation date	September 30, 2024
Actuarial cost method	Entry age, normal
Asset valuation method	Fair value
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans	6.00%, net of investment expenses
Pension Plus Plan and Plus 2 Plan	6.00%, net of investment expenses
OPEB	6.00%, net of investment expenses
Projected salary increases	2.75 – 11.55%, including wage inflation at 2.75%
Healthcare cost trend rate	Pre-65: 7.75% Year 1 graded to 3.50% Year 15 Post-65: 6.50% Year 1 graded to 3.50% Year 15
Cost of living pension adjustments	3.0% annual non-compounded for MIP members
Mortality: Retirees:	PubT-2010 Male and Female Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active Members:	PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Disabled Retirees:	PubNS-2010 Male and Female Disabled Retiree Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Note 9 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Actuarial Assumptions (Continued)

Actuarial Valuations and Assumptions (Continued) – Other Assumptions (OPEB) – applies to individuals hired before September 4, 2012:

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

Additional assumptions include the following:

- Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension/OPEB asset/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.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years – 4.4524 for pension plan employers and 6.4654 for OPEB plan employers.
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2025 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Rate of Return on Plan Assets – The long-term expected rate of return on pension/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 pension/OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Note 9 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return on Plan Assets (Continued) – Best estimates of arithmetic real rates of return for each major asset class included in the pension/OPEB plan's target asset allocation as of September 30, 2025, are summarized in the following table:

Asset Class	Target Allocation		Long-Term Expected Real Rate of Return*
	Pension	OPEB	
Domestic equity pools	21.0%	16.0%	5.8%
Private equity pools	16.0%	16.0%	9.3%
International equity	14.0%	11.0%	5.6%
Fixed income pools	15.0%	26.0%	2.5%
Real estate and infrastructure pools	8.0%	5.0%	7.0%
Absolute return pools	13.0%	15.0%	4.4%
Real return/opportunistic pools	9.0%	7.0%	7.0%
Short-term investment pools	4.0%	4.0%	1.3%
	100.0%	100.0%	

*Long-term rates of return are net of administrative expenses and 2.4% inflation.

Rate of Return – For the fiscal year ended September 30, 2025, the annual money-weighted rate of return on pension/OPEB plan investments, net of pension/OPEB plan investment expense, was 9.81% and 9.24%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Note 9 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Actuarial Assumptions (Continued)

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

	Current Single Discount Rate	
1% Decrease	Assumption	1% Increase
5.00%	6.00%	7.00%
$20,026,831	$12,690,831	$6,580,882

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

	Current	
1% Decrease	Discount Rate	1% Increase
5.00%	6.00%	7.00%
($3,486,872)	($4,047,145)	($4,537,506)

Sensitivity of the Net OPEB (Asset)/Liability to Changes in the Healthcare Cost Trend Rate The following table presents the School District's proportionate share of the net OPEB (asset)/liability calculated using the assumed healthcare cost trend rates, as well as what the District's proportionate share of the net OPEB (asset)/liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

	Current Healthcare	
1% Decrease	Cost Trend Rate	1% Increase
($4,533,032)	($4,047,145)	($3,536,981)

Note 10 – Contingent Liabilities

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements would not be material.

Note 11 – Risk Management

The School District is exposed to various risks of loss related torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said year, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims in excess of $500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

The School District has purchased commercial insurance for other risks of loss, including property and casualty, errors and omissions, fleet, and employee health and accident insurance. Settled claims relating to the commercial insurance did not exceed the amount of insurance coverage in any of the past three fiscal years.

Note 12 – Changes in Accounting Principle

For the year ended June 30, 2026, the District implemented the following GASB standards:

GASB Statement No. 103, *Financial Reporting Model Improvements*. The Standard addresses the following areas:

- Management's Discussion and Analysis (MD&A)
- Unusual or infrequent items
- Presentation of the proprietary fund statement of revenues, expenses, and changes in net position
- Information about major component units in basic financial statements (should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements)
- Budgetary comparison information (should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances presented in the notes to RSI)

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34. This Statement also requires additional disclosures for capital assets held for sale.

Required Supplementary Information

Union City Community Schools

Budegetary Comparison Schedule - General Fund

Year Ended June 30, 2026

	Original	Final	Actual	Variance with Original and Final Budget	Variance with Actual and Final Budget
Revenues:					
Local sources	$ 1,506,619	$ 1,584,575	$ 1,639,369	$ 77,956	$ 54,794
State sources	10,837,528	14,706,703	16,277,105	3,869,175	1,570,402
Federal sources	277,580	301,221	305,413	23,641	4,192
Interdistrict and other	580,000	815,000	882,467	235,000	67,467
Total revenues	13,201,727	17,407,499	19,104,354	4,205,772	1,696,855
Expenditures:					
Instruction:					
Basic programs	5,984,217	6,121,703	6,076,166	(137,486)	45,537
Added needs	2,187,418	2,615,127	2,718,895	(427,709)	(103,768)
Support services:					
Pupil	671,043	677,969	686,355	(6,926)	(8,386)
Instructional staff	197,729	77,374	140,150	120,355	(62,776)
General administration	405,899	437,398	413,497	(31,499)	23,901
School administration	764,880	792,292	784,482	(27,412)	7,810
Business	341,415	336,395	386,438	5,020	(50,043)
Operation & maintenance	1,192,461	1,231,871	1,294,302	(39,410)	(62,431)
Pupil transportation	718,231	3,118,585	3,126,552	(2,400,354)	(7,967)
Central services	216,404	243,287	243,497	(26,883)	(210)
Athletic activities	573,387	643,960	643,959	(70,573)	1
Community activities	6,200	4,836	4,836	1,364	-
Debt service:					
Principal	36,159	36,159	35,975	-	184
Interest and other charges	-	-	183	-	(183)
Capital outlay	-	1,474,342	2,896,306	(1,474,342)	(1,421,964)
Total expenditures	13,295,443	17,811,298	19,451,593	(4,515,855)	(1,640,295)
Revenues Over (Under) Expenditures	(93,716)	(403,799)	(347,239)	(310,083)	56,560
Other Financing Sources (Uses):					
Transfers in	32,000	32,000	20,000	-	(12,000)
Total other financing sources (uses)	32,000	32,000	20,000	-	(12,000)
Net Changes in Fund Balances	(61,716)	(371,799)	(327,239)	$ (310,083)	$ 44,560
Fund Balances - Beginning of Year	1,718,759	1,718,759	1,718,759		
Fund Balances - End of Year	$ 1,657,043	$ 1,346,960	$ 1,391,520		

See Independent Auditors' Report.

Union City Community Schools

Schedule of the District's Proportionate Share of the Net Pension Liability of the MPSERS Plan

Last Ten Fiscal Years (Amounts Determined Each Year as of September 30)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of net pension liability (%)	0.0633%	0.0637%	0.0643%	0.0623%	0.0588%	0.0594%	0.0613%	0.0635%	0.0638%	0.0639%
District's proportionate share of net pension liability	$ 12,690,831	$ 15,593,169	$ 20,797,968	$ 23,414,102	$ 13,915,645	$ 20,388,645	$ 20,308,381	$ 19,087,392	$ 16,523,989	$ 15,953,727
District's covered-employee payroll	$ 6,976,911	$ 6,675,175	$ 6,398,085	$ 6,252,728	$ 5,328,155	$ 5,201,950	$ 5,225,163	$ 5,365,512	$ 5,323,821	$ 5,374,322
District's proportionate share of net pension liability as a percentage of its covered-employee payroll	181.90%	233.60%	325.07%	374.46%	261.17%	391.94%	388.67%	355.74%	310.38%	296.85%
Plan fiduciary net position as a percentage of total pension liability	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

Union City Community Schools

Schedule of the District's Pension Contributions to the MPSERS Plan

Last Ten Fiscal Years (Amounts Determined Each Year as of June 30)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contributions	$ 2,953,932	$ 2,561,837	$ 2,660,980	$ 2,118,975	$ 2,061,907	$ 1,754,276	$ 1,595,221	$ 1,728,951	$ 1,485,899	$ 1,435,916
Contributions in relation to statutorily required contributions	2,953,932	2,561,837	2,660,980	2,118,975	2,061,907	1,754,276	1,595,221	1,728,951	1,485,899	1,435,916
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 7,111,423	$ 6,847,632	$ 6,691,570	$ 6,319,833	$ 5,866,579	$ 5,234,177	$ 5,196,790	$ 5,208,683	$ 5,413,302	$ 5,609,322
Contributions as a percentage of covered-employee payroll	41.54%	37.41%	39.77%	33.53%	35.15%	33.52%	30.70%	33.19%	27.45%	25.60%

Union City Community Schools

Schedule of the District's Proportionate Share of the Net OPEB (Asset) Liability of the MPSERS Plan

Last Nine Fiscal Years (Amounts Determined Each Year as of September 30)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB (asset) liability (%)	0.0666%	0.0633%	0.0640%	0.0644%	0.0592%	0.0589%	0.0599%	0.0631%	0.0636%
District's proportionate share of net OPEB (asset) liability	$ (4,047,145)	$ (2,723,971)	$ (362,213)	$ 1,364,921	$ 904,142	$ 3,154,475	$ 4,302,976	$ 5,015,863	$ 5,636,159
District's covered-employee payroll	$ 6,976,911	$ 6,675,175	$ 6,398,085	$ 6,252,728	$ 5,328,155	$ 5,201,950	$ 5,225,163	$ 5,365,512	$ 5,323,821
District's proportionate share of net OPEB (asset) liability as a percentage of its covered-employee payroll	-58.01%	-40.81%	-5.66%	21.83%	16.97%	60.64%	82.35%	93.48%	105.87%
Plan fiduciary net position as a percentage of total OPEB (asset) liability	164.94%	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

Union City Community Schools

Schedule of the District's OPEB Contributions to the MPSERS Plan

Last Nine Fiscal Years (Amounts Determined Each Year as of June 30)

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required OPEB contributions	$ 155,016	$ 149,383	$ 532,678	$ 490,876	$ 468,208	$ 430,117	$ 424,528	$ 409,586	$ 495,511
OPEB contributions in relation to statutorily required contributions	155,016	149,383	532,678	490,876	468,208	430,117	424,528	409,586	495,511
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll (OPEB)	$ 7,111,423	$ 6,847,632	$ 6,691,570	$ 6,319,833	$ 5,866,579	$ 5,234,177	$ 5,196,790	$ 5,208,683	$ 5,413,302
OPEB contributions as a percentage of covered-employee payroll	2.18%	2.18%	7.96%	7.77%	7.98%	8.22%	8.17%	7.86%	9.15%

RSI Note 1 – Stewardship, Compliance, and Accountability

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and State law for the General Fund and special revenue funds. Annual appropriations lapse at fiscal year-end. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

2. Public hearings are conducted to obtain taxpayer comments.

3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the *Uniform Budgeting and Accounting Act* (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated at the function level per State law. Violations, if any, for the General Fund are noted in the required supplementary information section.

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

5. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.

6. The budget was amended during the year with supplemental appropriations, the last one approved prior to fiscal year-end.

RSI Note 2 – Budgetary Comparison

Significant variances between the original and final budget are as follows:

	Variance	Explanation
Revenues:		
State sources	$ 3,869,175	There were two grants the District received that account for this variance. 12d which is a consolidation grant to help fund construction/remodel of our current high school to house both middle and high school. The program is handled through reimbursement as invoices are paid so the beginning of the year it was unknown what the cost of invoices would be. The other grant is 74b which is for the purchase of electric buses. The expected purchase date wasn't known at the beginning of the school year therefore it was not included in the original budget.

RSI Note 2 – Budgetary Comparison (Continued)

	Variance	Explanation
Revenues (Continued):		
Interdistrict and other	$ 235,000	The increase in the final budget is a result of extra funding from Special Education. The indirect cost percent had an increase and there were additional Special Education staff members hired throughout the year which resulted in more funding received from the State to support those positions.
Expenditures:		
Instruction - added needs	$ (427,709)	An increase in Special Education from the hiring of additional staff including teachers and paraprofessionals created a variance from the original budget. Also, there was a new position created, college and career readiness coordinator, that was created after the original budget was proposed an approved.
Support services - pupil transportation	$ (2,400,354)	This variance is from the purchase and installation of 6 electric buses the District purchased. When the original budget was created it was unknown what specific date the buses would be purchased.
Capital outlay	$ (1,474,342)	The 12d grant expenditures fall under this category. The invoices are created throughout the year for the cost of the project. There is not a set amount expected to be paid for the year so it was not included in the original budget.

Significant variances between final budget and actual are as follows:

	Variance	Explanation
Revenues:		
State sources	$ 1,570,402	This variance is a result of various changes in the last State Aid receipt. The expected revenue was included in the final budget. The 12d grant revenue was unknown when the final budget was created which is also a reason for this variance.

RSI Note 2 – Budgetary Comparison (Continued)

	Variance	Explanation
Expenditures:		
Capital outlay	$ (1,421,964)	The 12d grant expenditures fall under this category. The invoices are created throughout the year for the cost of the project. There is not a set amount expected to be paid for the year so it was not included in the original budget.

RSI Note 3 – Pension & OPEB Information

Changes of Benefit Terms: There were no changes of benefit terms in fiscal year 2025**.**

Changes of Assumptions: For the State's fiscal year ended September 30, 2025:

The recognition period for liabilities, an average of the expected remaining service lives of all employees, changed to 4.4524 from 4.4612 for pension plan employers and to 6.4654 from 6.2834 for OPEB plan employers.

The healthcare cost trend rate was adjusted as follows:
Pre-65: From 7.25% to 7.75% for Year 1

Other Supplementary Information

Union City Community Schools
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2026

	Special Revenue Funds		Capital Project Fund	Debt Funds		Total Nonmajor Governmental Funds
	Food Service Fund	Student Activities Fund	Building & Site Fund	2023 Bond Debt Fund	2025 Bond Debt Fund	
Assets						
Cash and investments	$ 47,135	$ 185,577	$ 130,510	$ 732	$ -	$ 363,954
Due from other funds	4,507	-	11,098	-	212,691	228,296
Inventories	6,940	-	-	-	-	6,940
Total assets	$ 58,582	$ 185,577	$ 141,608	$ 732	$ 212,691	$ 599,190
Liabilities and Fund Balances						
Liabilities:						
Due to other funds	$ 26,638	$ -	$ -	$ -	$ -	$ 26,638
Accrued salaries and related	5,013	-	-	-	-	5,013
Total liabilities	31,651	-	-	-	-	31,651
Fund Balances:						
Nonspendable:						
Inventories	6,940	-	-	-	-	6,940
Restricted	19,991	185,577	141,608	732	212,691	560,599
Total fund balances	26,931	185,577	141,608	732	212,691	567,539
Total liabilities and fund balances	$ 58,582	$ 185,577	$ 141,608	$ 732	$ 212,691	$ 599,190

See Notes to Financial Statements.

Union City Community Schools

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2026

	Special Revenue Funds		Capital Project Fund	Debt Funds		Total Nonmajor Governmental Funds
	Food Service Fund	Student Activities Fund	Building & Site Fund	2023 Bond Debt Fund	2025 Bond Debt Fund	
Revenues:						
Local sources	$ 53,596	$ 161,721	$ 583,569	$ 30	$ 859,141	$ 1,658,057
State sources	102,231	-	-	-	-	102,231
Federal sources	600,230	-	-	-	-	600,230
Total revenues	756,057	161,721	583,569	30	859,141	2,360,518
Expenditures:						
Food service activities	721,405	-	-	-		721,405
Student activities	-	149,539	-	-		149,539
Other expenses	-	-	-	-	(5,540)	(5,540)
Debt service:						
Principal	-	-	-	420,000	600,000	1,020,000
Interest	-	-	-	50,869	51,990	102,859
Capital outlay	-	-	567,398	-	-	567,398
Total expenditures	721,405	149,539	567,398	470,869	646,450	2,555,661
Revenues Over (Under) Expenditures	34,652	12,182	16,171	(470,839)	212,691	(195,143)
Other Financing Sources (Uses):						
Transfers in	-	-	-	471,500	-	471,500
Transfers out	(20,000)	-	(471,500)	-	-	(491,500)
Net other financing sources (uses)	(20,000)	-	(471,500)	471,500	-	(20,000)
Net Changes in Fund Balances	14,652	12,182	(455,329)	661	212,691	(215,143)
Fund Balances - Beginning of Year	12,279	173,395	596,937	71	-	782,682
Fund Balances - End of Year	$ 26,931	$ 185,577	$ 141,608	$ 732	$ 212,691	$ 567,539

See Notes to Financial Statements.

WILLIS & JURASEK
CPAs AND CONSULTANTS

Independent Auditors' 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*

Board of Education
Union City Community Schools
Battle Creek, Michigan

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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union City Community Schools as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Union City Community Schools' basic financial statements, and have issued our report thereon dated October 14, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Union City Community Schools' 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 Union City Community Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Union City Community Schools' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be either a material weakness or a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as 2026-001 to be a material weakness

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. We consider the deficiency described in the accompanying schedule of findings and responses as 2026-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Union City Community Schools' 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*.

Union City Community Schools' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Union City Community Schools' response to the findings identified in our audit and described in the accompanying schedule of findings and responses. Union City Community Schools' response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Willis & Jurasek, P.C.

Willis & Jurasek, P.C.

October 14, 2026

Finding 2026-001 Material Adjustments

Criteria or Specific Requirement: It is management's responsibility to prepare the financial statements in accordance with generally accepted accounting principles (GAAP) and to implement adequate controls over financial reporting.

Condition: During the course of our audit, material adjustments were proposed to record bond activity.

Cause and Effect: Bond activity was not recorded in a separate fund.

Recommendation: We recommend management seek technical assistance when unusual or infrequent events occur to confirm accurate reporting.

View of Responsible Officials and Planned Corrective Action: We will work with our auditors for some technical assistance to ensure adjustments are recorded as necessary.

Finding 2026-002 Budget Overage

Criteria or Specific Requirement: It is management's responsibility to implement adequate controls over compliance with the budget approved by the governing body.

Condition: As noted in the required supplementary information of the audit report, the expenditures exceeded the approved budget amount.

Cause and Effect: Grant fund revenue related to capital activity exceeded the budget which resulted in capital asset expenditures that also exceeded the budget. The net of these two items resulted in a minimal impact to the net change in fund balance but expenditures exceeded the approved budget.

Recommendation: We recommend management review year-end budget amendments to ensure budget is adequate for any final adjustments.

View of Responsible Officials and Planned Corrective Action: We will review our year-end budgeting procedures to ensure budget is sufficient for all expected activity.

"Striving For Excellence In Everything We Do"

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Corrective Action Plan
Fiscal Year 2025-2026
Contact Person: Sara Leson (517) 741-3301

Finding 2026-001 Material Adjustments

Criteria or Specific Requirement: It is management's responsibility to prepare the financial statements in accordance with generally accepted accounting principles (GAAP) and to implement adequate controls over financial reporting.

Condition: During the course of our audit, material adjustments were proposed to record bond activity.

Cause and Effect: Bond activity was not recorded in a separate fund.

Recommendation: We recommend management seek technical assistance when unusual or infrequent events occur to confirm accurate reporting.

View of Responsible Officials and Planned Corrective Action: We will work with our auditors for some technical assistance to ensure adjustments are recorded as necessary. We expect this to be corrected with the 6/30/27 fiscal year.

Finding 2026-002 – Budget Overage

Criteria or Specific Requirement: It is management's responsibility implement adequate controls over compliance with the budget approved by the governing body.

Condition: As noted in the supplementary information of the audit report, there were several functions where actual expenditures exceeded the approved budget.

Cause and Effect: The final adopted budget was not sufficient to cover the expenditures of the District so the District was out of compliance with the Uniform Budget and Accounting Act.

Recommendation: We recommend the management review control procedures in these areas to ensure the District's budget is sufficient to cover any year-end adjustments and that the approved expenditures do not exceed approved amounts.

Views of Responsible Officials and Planned Corrective Action: We will review our procedures over the budget process to ensure compliance with the Uniform Budget and Accounting Act. We will also complete a final review of all the information included in the budget to make sure everything is included. We expect this situation to be corrected going forward beginning with the June 30, 2027 year.

WILLIS & JURASEK
CPAs AND CONSULTANTS

October 14, 2026

To the Board of Education
Union City Community Schools
Union City, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union City Community Schools for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Union City Community Schools are described in Note 1 to the financial statements. For the year ended June 30, 2026, the District adopted GASB Statement No. 103, *Financial Reporting Model Improvements,* and GASB Statement No. 104, *Disclosure of Certain Capital Assets*. See Note 12 to the financial statements for additional details. There were no other changes to the application of existing policies during the year. We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

> Management's estimate of the capitalized assets and the estimate of related accumulated depreciation. The bulk of the capitalized cost is based upon an asset appraisal done in a prior year. Related depreciation is based upon estimated lives and methods to formulate net book value. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.
>
> The financial statements contain estimates for net pension and OPEB assets/liabilities and related deferred inflows and deferred outflows of resources. This information has been provided by ORS to all school districts participating in the MPSERS pension system. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate of the compensated absences liability. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Material adjustments include recording of 2025 bond activity.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as per the auditors' report.

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 District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis, Budgetary Comparison Schedule, and schedules related to the net pension liability and the net OPEB asset and related notes which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

This information is intended solely for the use of the Board of Education and management of Union City Community Schools and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Willis & Jurasek, P.C.

Willis & Jurasek, P.C.

Union City Community Schools
School Service Fund
Combined Statement of Revenue and Expenditures Compared to Budget
For The Peroid Ending
October 31, 2026

	FOOD SERVICE			
	Actual	Proposed Budget	Variance	% of Budget
REVENUE:				
Local Sources	10,189	$ 40,000	$29,811	25.47%
State Sources	3,832	100,000	96,168	3.83%
Federal Sources	76,153	510,000	433,847	14.93%
INCOMING TRANSFERS	0	0	0	
TOTAL REVENUE	90,173	650,000	$559,827	
EXPENDITURES:				
Salaries	55,928	190,000	(134,072)	29.44%
Employee Benefits	23,545	100,000	(76,455)	23.55%
Purchased Services	3,082	20,000	(16,918)	15.41%
Supplies & Materials	80,870	300,000	(219,130)	26.96%
Capital Outlay	0	-	0	0.00%
Other Expense	0	1,500	(1,500)	0.00%
Other Transactions	0	32,000		
TOTAL EXPENDITURES	163,425	643,500	(448,075)	0.00%
OUTGOING TRANSFERS				
TOTAL EXPENDITURES	163,425	643,500	(448,075)	0.00%
EXCESS REVENUE (EXPENDITURES)	(73,252)	6,500		
BEGINNING FUND BALANCE	26,931	26,931		
ENDING FUND BALANCE	($46,321)	$33,431		

9/30/2026 Begin. Cash on Hand:	$1,460,492		Total of Bills:	878,607	
Total Receipts:	$2,471,571		Total Net Payroll:	374,572	
Total Expenditures:	$1,253,179		Total Bills and Payroll	$1,253,179	
10/31/2026 Total Cash on Hand:	$2,678,884		to be Approved:		

UNION CITY COMMUNITY SCHOOLS - TREASURER'S REPORT		
STATUS OF GENERAL, DEBT RETIREMENT, FOOD SERVICE,		
TRUST & AGENCY, AND SINKING FUNDS AS OF OCTOBER 31, 2026		
Current Year		
Balance as of 9/30/2026		
General Fund Cash Accounts	1,148,596	
Food Service Checking Accounts	8,127	
Trust & Agency Checking Accounts***	173,194	
SF Cash	130,576	
2023 Bond Account	732	
Total Cash On Hand	$1,460,492	
Current Month Activities		**YTD Activities**
General Fund Revenue	2,435,670	7,791,901
Food Service Revenue	35,880	41,120
Trust & Agency Revenue	n/a	6,073
SF Revenue	21	87
2023 Bond Revenue	69,975	69,975
Total Revenue	$2,471,571	7,839,181
General Fund Expenses	801,788	9,112,173
Net Payroll	374,572	1,626,585
Food Service Expenses	41,493	85,508
Trust & Agency Expenses	n/a	6,275
SF Expenses	35,325	35,325
2023 Bond Expense	34,700	34,700
Total Expenses	$1,253,179	10,865,866
Balance as of 10/31/2026		
General Fund Cash Accounts	2,407,906	
Food Service Checking Accounts	2,513	
Trust & Agency Checking Accounts***	n/a	
SF Cash	95,272	
2023 Bond Account	36,007	
Total Cash On Hand	$2,678,884	

UNION CITY COMMUNITY SCHOOLS - TREASURER'S REPORT	
STATUS OF GENERAL, DEBT RETIREMENT, FOOD SERVICE,	
TRUST & AGENCY, AND SINKING FUNDS AS OF OCTOBER 31, 2025	
Prior Year	
Balance as of 9/30/2025	
General Fund Cash Accounts	5,620,806
Food Service Checking Accounts	12,479
Trust & Agency Checking Accounts***	173,194
SF Cash	236,273
2023 Bond Account	71
Total Cash On Hand	6,042,823
Prior Year-Current Month Activities	
General Fund Revenue	1,359,206
Food Service Revenue	37,229
Trust & Agency Revenue	n/a
SF Revenue	43
2023 Bond Revenue	26,000
Total Revenue	1,422,477
General Fund Expenses	1,344,941
Net Payroll	401,334
Food Service Expenses	36,354
Trust & Agency Expenses	n/a
SF Expenses	211,241
2023 Bond Expense	25,435
Total Expenses	2,019,306
Balance as of 10/31/2025	
General Fund Cash Accounts	5,233,736
Food Service Checking Accounts	13,353
Trust & Agency Checking Accounts***	n/a
SF Cash	25,075
2023 Bond Account	637
Total Cash On Hand	5,445,994

Union City Community Schools
General Fund Statement of Revenue and Expenditure Compared to Budget
For Period Ending October 31, 2026

	YTD ACTIVITY	CURRENT BUDGET	VARIANCE	PERCENT OF BUDGET	
REVENUE					
Local Sources	216,559	$ 1,588,831	(1,372,272)	13.63%	
State Sources	3,544,614	10,812,071	(7,267,457)	32.78%	
Federal Sources	0	301,221	(301,221)	0.00%	
Other Financing Sources	23,190	820,000	(796,810)	2.83%	
		32,000			
TOTAL REVENUE	**3,784,363**	**13,554,123**	**(9,737,760)**		
EXPENDITURES					
INSTRUCTION					
Basic Program	1,883,171	5,975,447	4,092,276	31.52%	
Added Needs	853,932	2,686,302	1,832,370	31.79%	
Total Instruction	2,737,103	8,661,749	5,924,646		
SUPPORT SERVICE EXPENSE					
Pupil	218,673	685,089	466,416	31.92%	
Improvement Instructional Staff	36,912	38,946	2,034	94.78%	Evaluation tool subscription paid early in year
General Administration	136,734	434,979	298,245	31.43%	
School Administration	243,187	805,753	562,566	30.18%	
Fiscal Services	110,942	368,399	257,457	30.11%	
Operation & Maintenance	505,261	1,218,800	713,539	41.46%	Property Insurance paid early in year
Transportation	196,626	612,998	416,372	32.08%	
Central Support	172,593	163,838	(8,755)	105.34%	Software subscriptions paid early in year, new laptops purchased
Athletics	179,565	612,743	433,178	29.31%	
Community Services	13,375	4,300	(9,075)	311.05%	Food Club Expenses, offset is in local revenue
Payments to Other Govt Units	9,532		(9,532)	0.00%	
Site Improvement Services	2,479,090		(2,479,090)	0.00%	MS/HS Project
Prior Period Adjustments	0		0	0.00%	
Debt Service	0	-	0	0.00%	
Fund Modification to Food Service	0	0	0	0.00%	
Total Support Services	4,302,491	4,945,845	2,716,629		
TOTAL EXPENDITURES	**7,039,594**	**13,607,594**	**8,641,275**		
EXCESS REVENUE (EXPENDITURES)	**($3,255,231)**	**($53,471)**			
Non-spendable (inventory)	10,410	10,410			
Assigned (Capital Expenditures)	75,000	75,000			
Unassigned (Undesignated)	1,306,110	1,306,110			
BEGINNING FUND BALANCE	**$1,391,520**	**$1,391,520**	**Audited beginning fund balance**		
ENDING FUND BALANCE	**($1,863,711)**	**$1,338,049**			

MS/HS Consolidation Grant expenses will fall a month before revenue.