

North Muskegon
Public Schools



Year Ended
June 30, 2025

Financial
Statements and
Supplementary
Information

Rehmann

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NORTH MUSKEGON PUBLIC SCHOOLS

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INDEPENDENT AUDITORS' REPORT

October 21, 2025

Board of Education
North Muskegon Public Schools
North Muskegon, Michigan

Report on the Audit of the Financial Statements

Opinions

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

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

Implementation of GASB Statement No. 101

As described in Note 15, the District implemented the provisions of GASB Statement No. 101, *Compensated Absences*, in the current year. Accordingly, beginning net position of the governmental activities was restated. Our opinion is not modified with respect to this matter.

Basis for Opinions

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



Responsibilities of Management for the Financial Statements

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

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

Independent 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate 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 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, under separate cover, our report dated October 21, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rehmann Johnson LLC". The signature is written in a cursive, flowing style.

MANAGEMENT'S DISCUSSION AND ANALYSIS

NORTH MUSKEGON PUBLIC SCHOOLS

Management's Discussion and Analysis

The discussion and analysis of North Muskegon Public Schools' (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to provide, in layman's terms, a look at the District's performance, including past and current position. Readers are encouraged to consider all the information that is presented.

Financial Highlights

· Total net position	\$ (12,733,235)
· Change in total net position	4,032,035
· Fund balances, governmental funds	8,084,410
· Change in fund balances, governmental funds	(2,033,631)
· Unassigned fund balance, general fund	1,742,822
· Change in fund balance, general fund	(182,152)
· General obligation bonds outstanding	15,750,000
· Change in general obligation bonds outstanding	(1,210,000)

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements, including management's discussion and analysis, required schedules for the pension and other postemployment benefits plan, and combining statements for nonmajor funds.

Government-wide financial statements. These statements are full accrual basis statements and provide information about the District's overall financial status. The full accrual basis means that all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District are recorded, regardless of when related cash is received or paid. This is the basis of accounting utilized by most private sector companies. These financial statements are used to help determine whether or not the District is better off or worse off as the result of the year's activities. It is important to keep in mind that while we are required to report financial information in this manner, it is not the goal of the District to generate a profit. Financial reports are just one indicator of the overall health of the District.

The *statement of net position* reports all of the District's assets, deferred outflows of resources, liabilities (both short-term and long-term, regardless if they are "currently available" or not), and deferred inflows of resources. The residual balance is net position, an indicator of a District's financial health. Capital assets and long-term obligations of the District are reported in this statement.

All of the current year's revenues and expenses are accounted for in the *statement of activities* regardless of when cash is received or paid. The total revenue less the total expense is referred to as the change in net position for the current year. Sustained, positive change in net position may indicate improving financial health, while decreasing change in net position may indicate deteriorating financial condition.

The two government-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources – is one way to measure the District's financial health or position. However, to assess the District's overall health, one needs to consider additional non-financial factors such as changes in the District's property tax base, the quality of the education provided, and the condition of the District's buildings.

NORTH MUSKEGON PUBLIC SCHOOLS

Management's Discussion and Analysis

In the government-wide statements, the District's activities are classified as *governmental activities*. This includes the District's basic services, such as regular and special education, food service, athletics, transportation, and administration. Property taxes and state aid finance most of these services.

Fund financial statements. The fund financial statements focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The fund level statements are reported on a modified accrual basis and include only current assets and current liabilities of the District. Only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

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

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

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This is limited to this management's discussion and analysis and the schedules for the Michigan Public School Employee's Retirement System (MPERS) pension and other postemployment benefit plans immediately following the notes to the financial statements. The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

The District's net position as of June 30, 2025 was a deficit of approximately \$12.7 million. This represents the accumulation of all past years' operations of the District. Included in this amount is a deficit of approximately \$19.0 million of unrestricted (deficit) net position, primarily the result of the net pension liability of \$14.0 million. The table on the following page shows a condensed breakdown of the statement of net position.

A portion of the District's net position reflects its net investment in capital assets (e.g., land, construction in progress, buildings and improvements, furniture and equipment, and vehicles, less any related debt used to acquire those assets that is still outstanding). The District uses these capital assets to provide services to the students it serves; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

NORTH MUSKEGON PUBLIC SCHOOLS

Management's Discussion and Analysis

The remaining portion of the District's net position of \$3.6 million represents resources that are subject to other external restrictions on how they may be used.

	Net Position	
	Governmental Activities	
	2025	2024
Assets		
Current and other assets	\$ 13,152,609	\$ 13,747,372
Capital assets, net	14,997,525	13,535,802
Total assets	<u>28,150,134</u>	<u>27,283,174</u>
Deferred outflows of resources	<u>5,110,286</u>	<u>6,591,568</u>
Liabilities		
Current liabilities	2,667,311	5,185,210
Long-term liabilities	35,769,865	38,486,831
Total liabilities	<u>38,437,176</u>	<u>43,672,041</u>
Deferred inflows of resources	<u>7,556,479</u>	<u>6,063,512</u>
Net position		
Net investment in capital assets	2,590,786	5,163,981
Restricted	3,646,265	1,481,131
Unrestricted (deficit)	(18,970,286)	(22,505,923)
Total net position	<u>\$ (12,733,235)</u>	<u>\$ (15,860,811)</u>

The net position of the District increased by approximately \$4.0 million during the 2024-25 year. The statement of activities, presented later in the government-wide financial statements, provides greater detail on the District's annual activity. The cost of the District's governmental activities for the year was \$12.9 million. Certain activities were partially funded from those who benefited from the programs (charges for services) in the amount of \$0.8 million, or by other governments and organizations that subsidized certain programs with grants and contributions in the amount of \$4.8 million. The remaining "public benefit" portion of governmental activities was primarily funded with \$2.5 million, \$8.4 million, \$0.3 in property taxes, state foundation allowance, and investment earnings, respectively.

Current year revenues decreased as compared to the prior year by approximately \$613,000, or 3.5%, primarily due to the District receiving operating grants expended and reported as revenue related to the COVID-19 pandemic in the previous year but not in fiscal year 2025.

Current year expenses decreased as compared to the prior year by approximately \$792,000, or 5.8%, primarily due to decreases in operational expenses related to COVID related grants that were no longer in the 2025 fiscal year as fiscal year 2024 had a lot more expenses as that was the final year the District could spend many grants.

NORTH MUSKEGON PUBLIC SCHOOLS

Management's Discussion and Analysis

	Change in Net Position	
	Governmental Activities	
	2025	2024
Program revenues:		
Charges for services	\$ 812,569	\$ 905,110
Operating grants and contributions	4,770,114	3,730,108
General revenues:		
Property taxes	2,549,332	2,392,833
State of Michigan aid - unrestricted	8,392,248	10,156,415
Investment earnings	346,974	200,674
Miscellaneous	46,253	144,979
Total revenues	16,917,490	17,530,119
Expenses:		
Instruction	6,052,974	6,918,409
Supporting services	3,665,196	3,725,359
Community services	49,746	46,430
Food services	731,860	698,122
Athletics	407,919	545,662
Student/school activity	557,181	358,187
Interest on long-term debt	674,068	792,456
Unallocated depreciation/amortization	746,511	592,688
Total expenses	12,885,455	13,677,313
Change in net position	4,032,035	3,852,806
Net position, beginning of year	(15,860,811)	(19,713,617)
Restatement for implementation of GASB 101	(904,459)	-
Net position, end of year	\$ (12,733,235)	\$ (15,860,811)

Financial Analysis of the District's Funds

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

In the general fund, our principal operating fund, the fund balance decreased by \$182,152 to \$1,829,284. The decrease in the fund balance is largely due to the District getting back to the "normal" support without the COVID grants to help with supporting our students. The District knew it was going to spend additional fund balance but the District increased its fund balance in the previous year. The District has worked to balanced the operational budget moving forward.

The Debt Service Fund fund balance decreased by \$103,221 from prior year due to annual principal payments on long-term obligations.

NORTH MUSKEGON PUBLIC SCHOOLS

Management's Discussion and Analysis

The 2024 Capital Projects Fund fund balance decreased by \$1,522,694 due to an ongoing bond construction project during the current year.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with the unexpected changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was actually adopted just before year end. (A schedule showing the District's original and budget amounts compared with amounts actually paid and received is provided in the required supplementary information section of these financial statements).

The major revisions made to the 2025/2026 general fund's original budget were:

Revenues:

- State sources increased which was mainly caused by new state grants that were not known when the original budget was approved. The State of Michigan's budget was passed in the summer so the District created a state revenue budget using the Governor's proposal. Without knowing the approved budget in terms of the grants and foundation allowance, the original budget showed a lot less in revenue due to all of the new sections that were added during the budget process at the state level such as Sections 147a4 and 147g.
- Federal sources increased due to the district receiving a federal grant called Title 4: Stronger Connections for around \$190,000.
- Local sources increased due to the increase in general fund property tax revenue. Again, the increase in the tax revenue decreases the amount the State of Michigan pays the District within its State Aid monthly payments (due to Prop A of 1994).

Expenditures:

- Basic programs were increased for the budget as a result of hiring more experienced staff than projected or staff that elected to take our health insurance. Another factor is the District received Section 147c(2) which needed to be spread to all retirement accounts which caused an increase in the budget but did not impact the fund balance.
- Adult and continuing education increased due to the increase number of students that attended White Lake Community Ed that were NMPS students.
- Instructional staff decreased due to not having as much of during and after school intervention due to the District not having those grants anymore. Another reason was the decrease bill from the MAISD for center based programs.
- Operations and maintenance increased because of the increase in utility costs for the District. Another reason is the increase in security expenses spent from Section 31aa and general repairs needed within its buildings.
- Transportation costs decreased mainly due to not having other districts transport District students to either our center based programs or during field trips.

NORTH MUSKEGON PUBLIC SCHOOLS

Management's Discussion and Analysis

Final budget to actual variances

Revenues:

- State sources came in lower than expected due the District deferring some of the State's grant until the 2026 fiscal year. This is the same for the federal sources as the District is always looking at getting the biggest return on investment for the grants the District receives.
- Local sources came in lower than expected due to property taxes coming in lower than expected (means the District received more state revenue) and less operating grants than expected.

Expenditures:

- Basic programs came in less than the budget due to the District shifting costs around for some grants at the end of the fiscal year to get the biggest return for the District. The District also spent less on sub teachers than expected which is great as that meant the District's staff was in front of students. This is also the same for the added needs line item. The line item was less than its budget mainly because of staff pressures but also contracted services for after school programs.
- Operations and maintenance spent more because of utilities in the month of June coming in higher than expected (based on previous years). The other reason is because there were additional work done that happened after the budget was submitted and approved by the Board of Education but before July 1, 2025.
- The business line came less than the budget due to the accounting practice regarding Section 147g. The District needed to budget the entire grant use but also needed to spread it over to all function codes. To ensure the District accounted for it properly, the District budgeted the grant in the business line but the actual expenditures were placed in the proper function codes.

Capital Asset and Debt Administration

Capital Assets. At June 30, 2025, the District had \$14,997,525 (after accumulated depreciation and amortization) invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net increase (including additions, deductions, depreciation and amortization) of \$1,775,297 from last year. This year's increase was due to purchasing bleachers, chromebooks, boilers, auditorium upgrades, elementary flooring, and our ongoing construction project at our secondary portion of the building. The project includes flooring, locker upgrades and some other things. We present more detailed information about our capital assets in the notes to the financial statements.

NORTH MUSKEGON PUBLIC SCHOOLS

Management's Discussion and Analysis

	Capital Assets (Net of Depreciation)	
	2025	2024
Land	\$ 420,000	\$ 420,000
Construction in progress	1,454,445	299,967
Building and Improvements	22,057,092	20,999,912
Furniture and equipment	2,559,826	2,326,365
Vehicles	455,392	455,392
Lease equipment	205,241	205,241
	<u>27,151,996</u>	<u>24,706,877</u>
Less accumulated depreciation and amortization	<u>12,154,471</u>	<u>11,484,649</u>
Total capital assets, net	<u><u>\$ 14,997,525</u></u>	<u><u>\$ 13,222,228</u></u>

Long-term Debt. At June 30, 2025, the School District had \$21,793,126 in outstanding long-term obligations. During the year, the outstanding bonds balance decreased due to the making annual payments which decreased the debt obligation.

	Long-term Debt	
	2025	2024
Bonds	\$ 16,915,246	\$ 18,273,292
Notes from direct borrowings and direct placements	83,476	98,914
Leases	101,584	142,301
School revolving loan fund	3,369,263	3,060,336
Compensated absences	1,231,260	966,690
Early retirement obligations	92,297	49,936
Total long-term debt	<u><u>\$ 21,793,126</u></u>	<u><u>\$ 22,591,469</u></u>

Economic Factors and Next Year's Budget and Rates

The District's enrollment seems to have stabilized which improves the bottom line and projections moving forward. Student needs have increased since the 2021 school year which is pushing the District to meet the students where they are at. This has increased the number of special education staff, behavior staff or other support staff throughout the District. Some of these staff can be funded by grants that are a couple year as in length so that is a short-term solution. With additional staff, space is becoming an issue in many of our buildings. The District is working through the capital projects fund to update the building to best serve the needs of students and staff. Legislative efforts in the area of benefits (2011 PA 152 health insurance caps) and retirement reform (greatly reducing the impact of unfunded pension costs) have helped to stabilize our expenditures. The District continues to look to find ways to save money without hurting instruction while promoting North Muskegon throughout the County.

NORTH MUSKEGON PUBLIC SCHOOLS

Management's Discussion and Analysis

The Education Association's contract is agreed upon for the next couple of years. The financial agreement within the contract has an equation which takes into consideration enrollment, funding and health insurance. The Support Association approved a contract renewal over the summer for another couple of years. The District is expecting more than the normal number of teachers/staff to retire during the next couple of years, which would potentially help the District financially but also be hard to find replacement staff.

The District is still seeing a decrease in students within our school boundaries, meaning in order to keep our enrollment level the same, the District needs to accept more school of choice students. Having a larger than normal portion of non resident students makes enrollment projections hard as we are not 100% sure the students are coming to the District until they report on the first day of school. In the last couple of years, school districts are seeing more grants that are tied to economic factors of the students and/or community. Those grants are hard for the District to receive the funding or it is very hard for the District to spend the grant without causing multi-year funding impacts or space concerns. As stated above, our student population are coming with more needs/supports so the District is looking to meet the students where they are at.

All of these factors place a burden on the District's General Fund equity. Projections for the 2025-26 fiscal year show an expected \$947 unassigned surplus, increasing the fund balance to \$1,793,683. The State of Michigan has just passed a School Aid Fund Budget meaning North Muskegon, and all school districts, just received their largest portion of the revenue's budget known in late September. Districts were running over a month into school without knowing anything regarding grants, retirement, and foundation which is a huge economic factor since it is hard to make mid-year cuts due to funding. The District did not obtain a state aid anticipation note for the 2025-2026 school year (was \$950,000 last fiscal year).

Requests for Information

This financial report is designed to provide a general overview of North Muskegon Public School's finances for those with an interest. Questions concerning any of the information provided in this report or requests for additional information should be addressed to North Muskegon Public Schools, 1600 Mills Avenue, Muskegon, MI 49445 or by calling (231) 719-4100.

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BASIC FINANCIAL STATEMENTS

NORTH MUSKEGON PUBLIC SCHOOLS

Statement of Net Position

June 30, 2025

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 3,018,372
Investments	5,045,095
Receivables	2,488,853
Inventory	8,082
Prepaid and other assets	86,462
Net other postemployment benefit asset	2,505,745
Capital assets not being depreciated	1,874,445
Capital assets being depreciated/amortized, net	13,123,080
Total assets	28,150,134
Deferred outflows of resources	
Deferred pension amounts	4,395,880
Deferred other postemployment benefit amounts	714,406
Total deferred outflows of resources	5,110,286
Liabilities	
Accounts payable and accrued liabilities	1,936,740
Unearned revenue	730,571
Bonds, notes and other long-term liabilities:	
Due in one year	1,827,673
Due in more than one year	19,965,453
Net pension liability (due in more than one year)	13,976,739
Total liabilities	38,437,176
Deferred inflows of resources	
Deferred pension amounts	4,256,407
Deferred other postemployment benefit amounts	3,300,072
Total deferred inflows of resources	7,556,479
Net position	
Net investment in capital assets	2,590,786
Restricted for:	
Debt service	4,477
Food service	354,855
Technology improvements	114,467
Capital projects	666,721
Other postemployment benefits	2,505,745
Unrestricted (deficit)	(18,970,286)
Total net position	\$ (12,733,235)

The accompanying notes are an integral part of these basic financial statements.

NORTH MUSKEGON PUBLIC SCHOOLS

Statement of Activities

For the Year Ended June 30, 2025

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenues
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Instruction	\$ 6,052,974	\$ -	\$ 3,507,011	\$ (2,545,963)
Supporting services	3,665,196	42,611	343,793	(3,278,792)
Athletics	407,919	79,863	-	(328,056)
Community services	49,746	53,057	-	3,311
Food services	731,860	78,877	919,310	266,327
Student/school activity	557,181	558,161	-	980
Interest on long-term debt	674,068	-	-	(674,068)
Unallocated depreciation/amortization	746,511	-	-	(746,511)
Total governmental activities	<u>\$ 12,885,455</u>	<u>\$ 812,569</u>	<u>\$ 4,770,114</u>	<u>(7,302,772)</u>
General revenues:				
Property taxes for:				
District operations				706,955
Debt service				1,559,987
Sinking fund				282,390
State of Michigan aid - unrestricted				8,392,248
Gain on sale of capital assets				7,392
Unrestricted investment earnings				346,974
Other				<u>38,861</u>
Total general revenues				<u>11,334,807</u>
Change in net position				<u>4,032,035</u>
Net position, beginning of year, as previously reported				(15,860,811)
Restatement (Note 15)				<u>(904,459)</u>
Net position, beginning of year, as restated				<u>(16,765,270)</u>
Net position, end of year				<u>\$ (12,733,235)</u>

The accompanying notes are an integral part of these basic financial statements.

NORTH MUSKEGON PUBLIC SCHOOLS

Balance Sheet

Governmental Funds

June 30, 2025

	General Fund	Debt Service	2024 Capital Projects Fund	Nonmajor Governmental Funds	Total
Assets					
Cash and cash equivalents	\$ 1,411,579	\$ 59,315	\$ 23,203	\$ 1,524,275	\$ 3,018,372
Investments	135,538	-	4,909,557	-	5,045,095
Accounts receivable	971	-	-	320	1,291
Due from other governments	2,303,843	49,558	-	134,161	2,487,562
Due from other funds	97,253	461	94,205	15,366	207,285
Inventory	-	-	-	8,082	8,082
Prepaid and other assets	86,462	-	-	-	86,462
Total assets	<u>\$ 4,035,646</u>	<u>\$ 109,334</u>	<u>\$ 5,026,965</u>	<u>\$ 1,682,204</u>	<u>\$ 10,854,149</u>
Liabilities					
Accounts payable	\$ 190,579	\$ -	\$ 333,398	\$ 4,817	\$ 528,794
Accrued liabilities	1,277,748	-	-	9,908	1,287,656
Due to other governments	15,433	-	-	-	15,433
Due to other funds	-	-	-	207,285	207,285
Unearned revenue	722,602	-	-	7,969	730,571
Total liabilities	<u>2,206,362</u>	<u>-</u>	<u>333,398</u>	<u>229,979</u>	<u>2,769,739</u>
Fund balances					
Nonspendable	86,462	-	-	8,082	94,544
Restricted	-	109,334	4,693,567	1,127,961	5,930,862
Committed	-	-	-	316,182	316,182
Unassigned	1,742,822	-	-	-	1,742,822
Total fund balances	<u>1,829,284</u>	<u>109,334</u>	<u>4,693,567</u>	<u>1,452,225</u>	<u>8,084,410</u>
Total liabilities and fund balances	<u>\$ 4,035,646</u>	<u>\$ 109,334</u>	<u>\$ 5,026,965</u>	<u>\$ 1,682,204</u>	<u>\$ 10,854,149</u>

The accompanying notes are an integral part of these basic financial statements.

NORTH MUSKEGON PUBLIC SCHOOLS

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2025

Fund balances - total governmental funds	\$ 8,084,410
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Amounts reported for *governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the funds.

Capital assets not being depreciated	1,874,445
Capital assets being depreciated/amortized, net	13,123,080

Certain liabilities, such as bonds payable, are not due and payable in the
current period and therefore are not reported in the funds.

Bonds and notes payable	(19,202,739)
Lease liability	(101,584)
Premium and discounts on long-term debt	(1,165,246)
Early retirement incentives	(92,297)
Compensated absences	(1,231,260)
Accrued interest on bonds, notes and long-term liabilities	(104,857)

Certain pension and other postemployment benefit-related amounts, such as
the net pension liability, net other postemployment benefit asset, and deferred
amounts are not due and payable in the current period or do not represent current
financial resources and therefore are not reported in the funds.

Net pension liability	(13,976,739)
Deferred outflows of resources related to the net pension liability	4,395,880
Deferred inflows of resources related to the net pension liability	(4,256,407)
Net other postemployment benefit asset	2,505,745
Deferred outflows of resources related to the net other postemployment benefit asset	714,406
Deferred inflows of resources related to the net other postemployment benefit asset	(3,300,072)

Net position of governmental activities	<u>\$ (12,733,235)</u>
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The accompanying notes are an integral part of these basic financial statements.

NORTH MUSKEGON PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2025

	General Fund	Debt Service	2024 Capital Projects Fund	Nonmajor Governmental Funds	Total
Revenues					
Local sources:					
Property taxes	\$ 687,212	\$ 1,559,987	\$ -	\$ 282,390	\$ 2,529,589
Investment income	45,283	3,341	264,412	33,938	346,974
Fees and charges	165,825	-	-	78,877	244,702
Interdistrict	386,530	-	-	229,267	615,797
Operating grants	34,447	-	-	-	34,447
Student/school activity grants and fees	-	-	-	558,161	558,161
Other	5,956	-	-	5,734	11,690
State sources	11,301,116	19,743	-	321,527	11,642,386
Federal sources	334,303	-	-	592,049	926,352
Total revenues	12,960,672	1,583,071	264,412	2,101,943	16,910,098
Expenditures					
Current:					
Instruction	8,085,797	-	-	-	8,085,797
Supporting services	4,399,192	-	-	242,745	4,641,937
Athletics	521,089	-	-	-	521,089
Community services	49,746	-	-	-	49,746
Food services	-	-	-	849,304	849,304
Student/school activity	-	-	-	557,181	557,181
Debt service:					
Principal	111,155	1,155,000	-	-	1,266,155
Interest and other charges	21,992	698,168	18,000	-	738,160
Capital outlay	-	-	1,769,106	639,522	2,408,628
Total expenditures	13,188,971	1,853,168	1,787,106	2,288,752	19,117,997
Revenues under expenditures	(228,299)	(270,097)	(1,522,694)	(186,809)	(2,207,899)
Other financing sources (uses)					
Issuance of long-term debt	-	166,876	-	-	166,876
Transfers in	38,755	-	-	-	38,755
Transfers out	-	-	-	(38,755)	(38,755)
Proceeds from sale of capital assets	7,392	-	-	-	7,392
Total other financing sources (uses)	46,147	166,876	-	(38,755)	174,268
Net change in fund balances	(182,152)	(103,221)	(1,522,694)	(225,564)	(2,033,631)
Fund balances, beginning of year	2,011,436	212,555	6,216,261	1,677,789	10,118,041
Fund balances, end of year	\$ 1,829,284	\$ 109,334	\$ 4,693,567	\$ 1,452,225	\$ 8,084,410

The accompanying notes are an integral part of these basic financial statements.

NORTH MUSKEGON PUBLIC SCHOOLS

Reconciliation

Net Change in Fund Balances of Governmental Funds
To Change in Net Position of Governmental Activities
For the Year Ended June 30, 2025

Net change in fund balances - total governmental funds \$ (2,033,631)

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital assets purchased/constructed	2,521,808
Depreciation/amortization expense	(746,511)
Gain on sale of capital assets	7,392
Proceeds from sale of capital assets	(7,392)

Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but a reduction in long-term debt on the statement of net position.

Proceeds from School Loan Revolving Fund	(166,876)
Principal payments on bonds, notes and other long-term liabilities	1,266,155
Accrued interest on School Loan Fund added to principal	(142,051)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Amortization of bond premiums / discounts	148,046
Change in accrued interest payable on bonds	58,000
Change in the accrual for compensated absences	(264,570)
Change in the accrual for early retirement incentives	(42,361)
Change in the net pension liability and related deferred amounts	2,475,093
Change in the net other postemployment benefit asset/liability and related deferred amounts	958,933

Change in net position of governmental activities \$ 4,032,035

The accompanying notes are an integral part of these basic financial statements.

NORTH MUSKEGON PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues				
Local sources:				
Property taxes	\$ 640,000	\$ 719,000	\$ 687,212	\$ (31,788)
Investment income	18,000	56,800	45,283	(11,517)
Fees and charges	139,000	127,500	165,825	38,325
Interdistrict	379,000	401,173	386,530	(14,643)
Operating grants	55,000	54,503	34,447	(20,056)
Other	13,788	18,459	5,956	(12,503)
Total local sources	1,244,788	1,377,435	1,325,253	(52,182)
State sources	11,086,096	11,354,888	11,301,116	(53,772)
Federal sources	132,384	345,335	334,303	(11,032)
Total revenues	12,463,268	13,077,658	12,960,672	(116,986)
Expenditures				
Current:				
Instruction:				
Basic programs	6,390,640	6,538,502	6,458,053	(80,449)
Added needs	1,599,040	1,579,923	1,556,115	(23,808)
Adult and continuing education	76,864	57,648	71,629	13,981
Total instruction	8,066,544	8,176,073	8,085,797	(90,276)
Supporting services:				
Pupil	1,066,412	1,333,528	1,319,528	(14,000)
Instructional staff	237,061	227,683	252,673	24,990
General administration	576,253	564,850	579,281	14,431
School administration	531,051	544,524	541,236	(3,288)
Business	170,983	244,544	128,721	(115,823)
Operations and maintenance	976,912	1,079,107	1,105,077	25,970
Pupil transportation services	261,580	237,490	240,101	2,611
Central services	234,825	235,705	232,575	(3,130)
Other	5,000	5,000	-	(5,000)
Total supporting services	4,060,077	4,472,431	4,399,192	(73,239)
Athletics	511,264	511,610	521,089	9,479
Community services	35,000	35,000	49,746	14,746
Debt service:				
Principal	99,000	117,000	111,155	(5,845)
Interest and other charges	19,000	19,400	21,992	2,592
Total debt service	118,000	136,400	133,147	(3,253)
Total expenditures	12,790,885	13,331,514	13,188,971	(142,543)

continued...

The accompanying notes are an integral part of these basic financial statements.

NORTH MUSKEGON PUBLIC SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - General Fund

For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance From Final Budget
Revenues over (under) expenditures	\$ (327,617)	\$ (253,856)	\$ (228,299)	\$ 25,557
Other financing sources (uses)				
Transfers in	32,293	28,615	38,755	10,140
Transfers out	(7,210)	(750)	-	(750)
Proceeds from sale of capital assets	8,124	7,391	7,392	1
Total other financing sources (uses)	33,207	35,256	46,147	9,391
Net change in fund balance	(294,410)	(218,600)	(182,152)	34,948
Fund balance, beginning of year	2,011,436	2,011,436	2,011,436	-
Fund balance, end of year	<u>\$ 1,717,026</u>	<u>\$ 1,792,836</u>	<u>\$ 1,829,284</u>	<u>\$ 34,948</u>

concluded

The accompanying notes are an integral part of these basic financial statements.

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NOTES TO FINANCIAL STATEMENTS

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied 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.

The Reporting Entity

The District is governed by an elected seven-member Board of Education (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 government sources and must comply with all of the requirements of these funding source entities.

Generally accepted accounting principles require that if the District is considered to be financially accountable for other organizations, those organizations should be included as component units in the District's financial statements. Since no organizations met this criterion, none are included in the financial statements.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds.

The fund financial statements provide 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are 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, early retirement obligations, and claims and judgments, are recorded only when payment is due. *General capital asset acquisitions* are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are 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, early retirement obligations, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes are recognized as revenue in the General and Debt Service funds on a levy year basis. The 2024 levy amounts are recognized as current property tax revenue to the extent they are collected during the year or within sixty days after year end. Collections of delinquent taxes in subsequent years are recognized as property tax revenues in the year collected. Property taxes are levied on July 1 and December 1 on the assessed valuation of property located in the District as of the preceding December 31, the lien date. Assessed values are established annually by the various governmental units within the District and are equalized by the State of Michigan.

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

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

The District reports the following major governmental fund:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those accounted for and reported in another fund.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term debt obligations.

The *2024 capital projects fund* is used to account for financial resources to be utilized for improvement of educational facilities.

Additionally, the District reports the following fund types:

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The *capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Restricted net position includes assets that are subject to restrictions beyond the District's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The effect of interfund activity has been eliminated from the government-wide financial statements.

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 or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest and other internally dedicated resources are reported as general revenues rather than as program revenues.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Cash and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

Investments for the District are reported at fair value (generally based on quoted market prices). 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. The District's investments in the Michigan Liquid Assets Fund (MILAF) 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; 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. The District's deposits and investments are in accordance with statutory authority.

Michigan law authorizes the District to invest in:

Bonds, bills or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State. In a primary or fourth class school district, the bonds, bills or notes shall be payable at the option of the holder upon no more than 90 days notice or, if not so payable, shall have maturity dates not more than 5 years after the purchase date.

Certificates of deposit issued by a State or national bank, savings accounts of a state or federal savings and loan association, or certificates of deposit or share certificates of a state or federal credit union organized and authorized to operate in this State.

Commercial paper rated at the time of purchase and maturing not more than 270 days after the date of purchase.

Securities issued or guaranteed by agencies or instrumentalities of the United States, United States government or federal agency obligation repurchase agreements, and bankers' acceptance issued by a bank that is a member of the federal deposit insurance corporation.

Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.

Investment pools, as authorized by the surplus funds investment pool act, composed entirely of instruments that are legal for direct investment by a school district.

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

Receivables

The District follows the practice of recording receivables for revenues that have been earned but not yet received. Receivables consist primarily of State School Aid payments from the State of Michigan and Federal grant funds earned but not yet collected. No amounts have been identified as potentially uncollectible by management, and therefore, no amount has been recorded as a provision for bad debts.

The District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain 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.

Inventory

Inventories are stated at cost using the first-in, first-out method, and consist primarily of food and cafeteria supplies. USDA donated commodities in the food service fund are recorded at fair value.

Prepaid and Other Assets

Payments to vendors for services that will benefit periods beyond a fund's fiscal year-end are recorded as prepaid items in both government-wide and fund financial statements. Deposits held by vendors according to contract are recorded as other assets.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes.

As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

Land and construction in progress are not depreciated/amortized. The other property, plant, and equipment, of the District are depreciated using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	15-20
Furniture and equipment	5-20
Vehicles	8-10
Right to use - equipment	6

Deferred Outflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports deferred outflows of resources related to the net pension and other postemployment benefit assets/liabilities. A portion of these costs represent contributions to the plans subsequent to the plan measurement date.

Accrued Liabilities

A liability is recorded at June 30 for those amounts owed to teachers and other employees of the District who do not work during the summer when school is not in session but have elected to have their salaries paid over an entire year. This has the effect of properly charging their salaries to expenditures in the fiscal year in which their services are received, even though they are not paid until July and August of the following fiscal year.

The liability for accrued retirement and the employer share of FICA related to the salaries payable has been recorded as has the liability for employee health insurances for the months of July, August, and September. The District pays these insurances for this period as a part of the compensation for services rendered in the preceding school year.

Compensated Absences

The District recognized a liability for compensated absences for leave time the (1) has been earned for serviced 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. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences - sick, personal, and vacation. The liability for compensated absences is reported as incurred in the government-wide financials statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example as a result of employee resignations and retirements. The liability for compensated absences includes salary-related benefits where applicable.

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources related to pension and other postemployment benefit costs in the government-wide statement of net position.

Long-term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received in debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual proceeds received, are reported as debt service expenditures.

Leases

Lessee. For noncancellable agreements that qualify as a lease, the District recognizes lease liabilities and an intangible right-to-use lease asset in the government-wide financial statements. The District recognizes lease liability with an initial, individual value of \$5,000 or more.

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

Key estimates and judgements related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease 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.

The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

Fund Equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify, or rescind a fund balance commitment. The District reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Education has delegated the authority to assign fund balance to the Superintendent or his/her designee. Unassigned fund balance is the residual classification for the general fund.

The Board of Education has adopted a minimum fund balance policy in which the total fund balance of the general fund will be equal to at least 6 percent of the prior year's expenditures.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Property Taxes

Property taxes are recognized as revenue in the general and debt service funds on a levy year basis. The 2024 levy amounts are recognized as current property tax revenue to the extent that they are collected during the year or within 60 days after year-end. Collections of delinquent taxes in subsequent years are recognized as property tax revenues in the year collected. Property taxes are levied December 1 on the assessed valuation of property located in the District as of the preceding December 31, the lien date. Assessed values are established annually by the various governmental units within the District and are equalized by the State of Michigan.

Early Retirement Obligations

For government-wide financial statements, the liability for early retirement obligations is reported when legally enforceable. For fund financial statements, the liability for early retirement obligations is reported either 1) on the due date when there is a specified due date or 2) on the retirement date if it is before year end, when there is not a specified legally enforceable due date.

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. The amounts recorded as subsidies or advances are determined by the District.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension and other postemployment benefit (assets) liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefits expense, information about the fiduciary net position of the Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. STATE OF MICHIGAN SCHOOL AID

The District reports State of Michigan school aid in the fiscal year in which the District is entitled to the revenue as provided by State of Michigan school aid appropriation acts. State funding represented 87% of the District's general fund revenue during the 2025 fiscal year.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at fiscal year-end.

The general and special revenue funds are under formal budgetary control. Budgets shown in the financial statements are adopted on a basis consistent with generally accepted accounting principles (GAAP), and are not significantly different from the modified accrual basis used to reflect actual results, and consist only of those amounts contained in the formal budget as originally adopted or as amended by the Board of Education. The budgets for the general and special revenue funds are adopted on a functional basis. State law requires the District to have its budget in place by July 1. Districts are permitted to amend their budgets during the year.

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

Excess of Expenditures over Appropriations in Budgetary Funds

During the year ended June 30, 2025, the District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
General Fund			
Current:			
Instruction:			
Adult and continuing education	\$ 57,648	\$ 71,629	\$ 13,981
Current:			
Supporting services:			
Instructional staff	227,683	252,673	24,990
General administration	564,850	579,281	14,431
Operations and maintenance	1,079,107	1,105,077	25,970
Pupil transportation services	237,490	240,101	2,611
Athletics	511,610	521,089	9,479
Community services	35,000	49,746	14,746
Interest and other charges	19,400	21,992	2,592

Bonded Construction Costs

The 2024 capital project fund includes capital project activities funded with bonds. For these capital projects, the District has complied with the applicable provisions of §1351a of the Michigan Revised School Code. The fund is not yet considered substantially complete and a subsequent year audit is expected.

Sinking Fund

The sinking fund capital projects fund records capital project activities funded with a sinking fund millage. For this fund, the District has complied with the applicable provisions of Section §1212 of the Michigan Revised School Code.

4. DEPOSIT AND INVESTMENTS

The captions on the government-wide statement relating to cash and investments are as follows:

Statement of Net Position

	Governmental Activities
Cash and investments	\$ 8,063,467

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

The composition of cash and investments is as follows:

Deposits in checking and savings accounts	\$ 2,071,522
Investments	5,990,645
Cash on hand	<u>1,300</u>
Total	<u>\$ 8,063,467</u>

The District's deposits are in one financial institutions located in Michigan. State policy limits the District's investing options to financial institutions located in Michigan. All accounts are in the name of the District and a specific fund or common account.

The District chooses to disclose its investments by specifically identifying each. As of June 30, 2025, the District had the following investments:

	Maturity	Carrying Value	Rating
External investment pools:			
Michigan Liquid Asset Fund (MILAF):			
MILAF + Portfolio:			
Cash management class	N/A	\$ 899,279	AAAm S&P
MAX class	N/A	46,271	AAAm S&P
State Street U.S. Government Money Market	N/A	<u>5,045,095</u>	AAAm S&P
Total investments		<u>\$ 5,990,645</u>	

Investment and Deposit Risk

Interest Rate Risk - State law limits the allowable investments and the maturities of some of the allowable investments as identified in Note 1 of the summary of significant accounting policies. 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. The maturities for the District's investments are reported above.

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 the District's specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in Note 1 (summary of significant accounting policies). The District's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified above for investments held at year end.

Custodial Credit Risk - Deposits -In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2025, \$1,830,207 of the District's bank balance of \$2,080,207 was exposed to custodial credit risk because it was uninsured and uncollateralized.

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

Custodial Credit Risk - Investments - For an investment, custodial credit risk 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 minimizes this risk by pre-qualifying the financial institutions, brokers/dealers, intermediaries and advisors to be in compliance with the requirements set forth in the District's investment policy. In accordance with the District's investment policy, all investments are held in the name of the District and are evidenced by a safekeeping receipt confirmation, and thus not exposed to custodial credit risk.

Concentration of Credit Risk - State law limits allowable investments but does not limit concentration of credit risk as identified in Note 1 of the summary of significant accounting policies. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk. All investments held at year end are reported above.

5. RECEIVABLES

Receivables are comprised of the following at year-end:

	Governmental Activities
Accounts receivable	\$ 1,291
Due from other governments	<u>2,487,562</u>
Total receivables	<u><u>\$ 2,488,853</u></u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following at year-end:

	Governmental Activities
Accounts payable	\$ 528,794
Accrued liabilities	1,287,656
Due to other governments	15,433
Accrued interest payable	<u>104,857</u>
Total	<u><u>\$ 1,936,740</u></u>

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 420,000	\$ -	\$ -	\$ -	\$ 420,000
Construction in progress	299,967	1,215,801	-	(61,323)	1,454,445
	<u>719,967</u>	<u>1,215,801</u>	<u>-</u>	<u>(61,323)</u>	<u>1,874,445</u>
Capital assets, being depreciated/amortized:					
Buildings & improvements	20,999,912	995,857	-	61,323	22,057,092
Furniture & equipment	2,326,365	310,150	(76,689)	-	2,559,826
Vehicles	455,392	-	-	-	455,392
Lease equipment (Note 10)	205,241	-	-	-	205,241
	<u>23,986,910</u>	<u>1,306,007</u>	<u>(76,689)</u>	<u>61,323</u>	<u>25,277,551</u>
Less accumulated depreciation/amortization for:					
Buildings & improvements	(9,662,906)	(504,039)	-	-	(10,166,945)
Furniture & equipment	(1,522,247)	(178,325)	76,689	-	(1,623,883)
Vehicles	(234,503)	(23,099)	-	-	(257,602)
Lease equipment (Note 10)	(64,993)	(41,048)	-	-	(106,041)
	<u>(11,484,649)</u>	<u>(746,511)</u>	<u>76,689</u>	<u>-</u>	<u>(12,154,471)</u>
Total capital assets being depreciated/ amortized, net	<u>12,502,261</u>	<u>559,496</u>	<u>-</u>	<u>61,323</u>	<u>13,123,080</u>
Governmental activities capital assets, net	<u>\$ 13,222,228</u>	<u>\$ 1,775,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,997,525</u>

Depreciation/amortization expense for the fiscal year ended June 30, 2025 amounted to \$746,511. The District determined that it was impractical to allocate depreciation/amortization to the various functions as the assets serve multiple functions.

At June 30, 2025, the District has approximately \$4,985,000 in commitments related to the construction in progress reported above.

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

8. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

At June 30, 2025, interfund receivables and payables consisted of the following:

	Due from Other Funds	Due to Other Funds
General fund	\$ 97,253	\$ -
Debt service fund	461	-
2024 capital projects fund	94,205	-
Nonmajor governmental funds	15,366	207,285
Total	\$ 207,285	\$ 207,285

The outstanding balances between funds result mainly 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.

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

For the year ended June 30, 2025 interfund transfers consisted of a \$38,755 transfers out of the food service fund to the general fund for indirect cost recovery.

9. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

The following is a summary of bonds, notes and other long-term liabilities transactions of the District for the year ended June 30, 2025:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental Activities					
General obligation bonds	\$ 16,960,000	\$ -	\$ (1,210,000)	\$ 15,750,000	\$ 1,325,000
Notes from direct borrowings and direct placements	98,914	-	(15,438)	83,476	15,843
School Revolving Loan Fund	3,060,336	308,927	-	3,369,263	-
Lease liability (Note 10)	142,301	-	(40,717)	101,584	41,048
Total	20,261,551	308,927	(1,266,155)	19,304,323	1,381,891
Unamortized premiums	1,326,526	-	(161,280)	1,165,246	89,250
Unamortized discounts	(13,234)	-	13,234	-	-
Early retirement incentive	49,936	67,333	(24,972)	92,297	41,472
Compensated absences	966,690	264,570	-	1,231,260	315,060
	\$ 22,591,469	\$ 640,830	\$ (1,439,173)	\$ 21,793,126	\$ 1,827,673

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

The District's general obligation bonds consist of the following items:

	Ending Balance	Due Within One Year
Governmental activities		
General obligation bonds:		
\$7,400,000 2016 Refunding General Obligation Bond, due in annual installment of \$615,000 to \$620,000 plus interest of 4.00%, payable semi-annually, through May 1, 2033	\$ 4,940,000	\$ 615,000
\$5,505,000 2019 Refunding General Obligation Bonds, due in annual installments of \$605,000 to \$875,000 plus interest ranging from 2.39% to 2.63%, payable semi-annually, through May 1, 2030.	3,700,000	605,000
\$1,005,000 2020 Energy Conservation Improvement Bond, due in annual installments of \$55,000 to \$95,000 plus interest ranging from 2.00% to 2.40%, payable semi-annually, through May 1, 2036.	815,000	55,000
General obligation bonds (concluded):		
\$6,295,000 2024 General Obligation Building and Site Bonds, due in annual installments of \$50,000 to \$365,000 plus interest of 5.00%, payable semi-annually, through May 1, 2048	<u>6,295,000</u>	<u>50,000</u>
Total	<u>\$ 15,750,000</u>	<u>\$ 1,325,000</u>

The District's notes from direct borrowings and direct placements consists of the following item:

	Ending Balance	Due Within One Year
Other installment debt:		
\$157,732 installment purchase agreement due in annual installments of \$15,843 to \$17,570 plus interest of 2.62%, payable semi-annually, through May 1, 2029	<u>\$ 83,476</u>	<u>\$ 15,843</u>

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

Annual debt service requirements to maturity for long-term debt are as follows:

Year Ended June 30,	Governmental Activities			
	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements	
	Principal	Interest	Principal	Interest
2026	\$ 1,325,000	\$ 624,340	\$ 15,843	\$ 2,631
2027	1,420,000	581,699	16,258	2,220
2028	1,500,000	535,533	16,684	1,799
2029	1,575,000	486,910	17,570	1,367
2030	1,655,000	435,863	17,121	923
2031-2035	3,710,000	1,529,970	-	-
2036-2040	1,715,000	960,910	-	-
2041-2045	1,755,000	540,000	-	-
2046-2048	1,095,000	109,500	-	-
	<u>\$ 15,750,000</u>	<u>\$ 5,804,725</u>	<u>\$ 83,476</u>	<u>\$ 8,940</u>

The State of Michigan school loan revolving funds represent amounts borrowed from the State of Michigan school revolving loan fund program to supplement property tax revenue for making payments on the District's general obligation bonds. Although interest accrues each year, no payment is due until such time as the District's property tax revenue is sufficient to support the debt service requirements on the general obligation bonds. Changes to the school loan funds for the year ended June 30, 2025, are as follows:

	School Loan Revolving Fund		Total
	Principal	Interest	
Beginning balance	\$ 2,966,372	\$ 93,964	\$ 3,060,336
Additions	<u>166,876</u>	<u>142,051</u>	<u>308,927</u>
Ending balance	<u>\$ 3,133,248</u>	<u>\$ 236,015</u>	<u>\$ 3,369,263</u>

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

10. LEASE

Lessee - The District is involved in one agreement as a lessee that qualifies as a long-term lease agreement. Below is a summary of the nature of this agreement. This agreement qualifies as an intangible, right-to-use asset and not a financed purchase, as the District will not own the asset at the end of the contract term and the noncancelable term of the agreement surpasses one year.

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

Asset Type	Remaining Term of Agreement
Lease equipment - copiers	3 Years

The net present value of future minimum payments as of June 30, 2025, were as follows:

Year Ended June 30,	Principal	Interest
2026	\$ 41,048	\$ 1,538
2027	42,261	759
2028	<u>18,275</u>	<u>83</u>
Totals	<u><u>\$ 101,584</u></u>	<u><u>\$ 2,380</u></u>

11. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Plan Description

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

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

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

The System's financial statements are available at the ORS website at www.michigan.gov/orsschools.

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

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. Depending on the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25% 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.

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

Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPSERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

Other Postemployment Benefits Provided

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

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

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

Contributions

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

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

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

The table below summarizes pension contribution rates in effect for fiscal year 2025:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	23.03% - 30.11%
Member Investment Plan (MIP)	3.00% - 7.00%	23.03% - 30.11%
Pension Plus	3.00% - 6.40%	19.17% - 26.27%
Pension Plus 2	6.20%	20.10% - 27.16%
Defined Contribution	0.00%	13.90% - 20.96%

For the year ended June 30, 2025, required and actual contributions from the District to the pension plan were \$2,294,877, which included \$622,990, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate. In addition, the District had additional contributions of \$141,608, which was a one-time, state payment toward the MPSERS unfunded liability.

The table below summarizes OPEB contribution rates in effect for fiscal year 2025:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	3.00%	1.25% - 8.31%
Personal Healthcare Fund (PHF)	0.00%	0.00% - 7.06%

For the year ended June 30, 2025, required and actual contributions from the District to the OPEB plan were \$97,290.

The table below summarizes defined contribution rates in effect for fiscal year 2025:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

For the year ended June 30, 2025, required and actual contributions from the District for those members with a defined contribution benefit were \$154,050.

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

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

At June 30, 2025, the District reported a liability of \$13,976,739 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, the District's proportion was 0.05709%, which was an increase of 0.00088% from its proportion measured as of September 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$1,093,011. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ 379,199	\$ 151,859	\$ 227,340
Changes in assumptions	1,457,158	1,024,053	433,105
Net difference between projected and actual earnings on pension plan investments	-	2,667,354	(2,667,354)
Changes in proportion and differences between employer contributions and proportionate share of contributions	226,060	413,141	(187,081)
	<u>2,062,417</u>	<u>4,256,407</u>	<u>(2,193,990)</u>
District contributions subsequent to the measurement date	2,333,463	-	2,333,463
Total	<u><u>\$ 4,395,880</u></u>	<u><u>\$ 4,256,407</u></u>	<u><u>\$ 139,473</u></u>

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

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

Year Ended June 30,	Amount
2026	\$ (532,542)
2027	(5,050)
2028	(989,026)
2029	<u>(667,372)</u>
Total	<u>\$ (2,193,990)</u>

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

At June 30, 2025, the District reported an asset of \$2,505,745 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The District's proportion 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 OPEB contributions required from all applicable employers during the measurement period. At September 30, 2024, the District's proportion was 0.05821% which was an increase of 0.00278% from its proportion measured as of September 30, 2023.

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

For the year ended June 30, 2025, the District recognized OPEB benefit of \$894,128. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	\$ -	\$ 2,655,325	\$ (2,655,325)
Changes in assumptions	547,291	62,907	484,384
Net difference between projected and actual earnings on OPEB plan investments	-	474,366	(474,366)
Changes in proportion and differences between employer contributions and proportionate share of contributions	107,939	107,474	465
	<u>655,230</u>	<u>3,300,072</u>	<u>(2,644,842)</u>
District contributions subsequent to the measurement date	59,176	-	59,176
	<u>59,176</u>	<u>-</u>	<u>59,176</u>
Total	<u>\$ 714,406</u>	<u>\$ 3,300,072</u>	<u>\$ (2,585,666)</u>

The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an adjustment to the net OPEB asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Amount
2026	\$ (856,096)
2027	(520,071)
2028	(521,456)
2029	(460,924)
2030	(242,631)
Thereafter	<u>(43,664)</u>
Total	<u>\$ (2,644,842)</u>

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension and OPEB liabilities in the September 30, 2023 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.00%
Pension Plus plan (hybrid)	6.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.25% Year 1 graded to 3.5% Year 15 Post-65: 6.50% Year 1 graded to 3.5% Year 15
Mortality	Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010. Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other OPEB assumptions:	
Opt-out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension and OPEB liabilities as of September 30, 2024, are based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4612 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.2834 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

Changes in assumptions. The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method. In addition, healthcare cost trend rates for pre-65 decreased from 7.50% to 7.25% and post-65 increased from 6.25% to 6.50%.

Long-term Expected Return on Pension and OPEB Plan Assets

The long-term expected rate of return on pension and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension and OPEB plans' target asset allocation as of September 30, 2024, are summarized in the following table:

Pension

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.02%	1.26%
Private equity pools	16.00%	8.53%	1.36%
International equity pools	15.00%	6.16%	0.92%
Fixed income pools	13.00%	2.08%	0.27%
Real estate and infrastructure pools	10.00%	6.73%	0.67%
Absolute return pools	9.00%	4.93%	0.44%
Real return/opportunistic pools	10.00%	6.54%	0.65%
Short-term investment pools	2.00%	1.33%	0.03%
	<u>100.00%</u>		5.60%
Inflation			2.30%
Risk adjustment			<u>-1.90%</u>
Investment rate of return			<u><u>6.00%</u></u>

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

OPEB

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	25.00%	5.02%	1.26%
Private equity pools	16.00%	8.53%	1.36%
International equity pools	15.00%	6.16%	0.92%
Fixed income pools	13.00%	1.88%	0.24%
Real estate and infrastructure pools	10.00%	6.73%	0.67%
Absolute return pools	9.00%	4.93%	0.44%
Real return/opportunistic pools	10.00%	6.54%	0.65%
Short-term investment pools	2.00%	1.33%	0.03%
	<u>100.00%</u>		5.57%
Inflation			2.30%
Risk adjustment			<u>-1.87%</u>
Investment rate of return			<u><u>6.00%</u></u>

Rate of Return

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

Discount Rate

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

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the 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 discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net pension liability	\$ 20,490,050	\$ 13,976,739	\$ 8,553,155

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 6.00%, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net OPEB asset	\$ (1,936,461)	\$ (2,505,745)	\$ (2,997,952)

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Healthcare Cost Trend Rate

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ (2,997,957)	\$ (2,505,745)	\$ (1,977,850)

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

Payable to the Pension Plan

At June 30, 2025, the District reported a payable of \$374,423 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2025.

Payable to the OPEB Plan

At June 30, 2025, the District reported a payable of \$9,770 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2025.

12. FUND BALANCES - GOVERNMENTAL FUNDS

The District classifies fund balances based primarily on the extent to which it is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Detailed information on fund balances of governmental funds is as follows:

	General Fund	Debt Service	2024 Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable:					
Inventory	\$ -	\$ -	\$ -	\$ 8,082	\$ 8,082
Prepaid and other assets	86,462	-	-	-	86,462
Total nonspendable	86,462	-	-	8,082	94,544
Restricted for:					
Debt service	-	109,334	-	-	109,334
Food services	-	-	-	346,773	346,773
Technology improvements	-	-	-	114,467	114,467
Capital projects	-	-	4,693,567	666,721	5,360,288
Total restricted	-	109,334	4,693,567	1,127,961	5,930,862
Committed for:					
Student/school activity	-	-	-	316,182	316,182
Unassigned	1,742,822	-	-	-	1,742,822
Total fund balances, governmental funds	\$ 1,829,284	\$ 109,334	\$ 4,693,567	\$ 1,452,225	\$ 8,084,410

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

13. NET INVESTMENT IN CAPITAL ASSETS

The composition of net investment in capital assets as of June 30, 2025 was as follows:

Capital assets:	
Capital assets not being depreciated	\$ 1,874,445
Capital assets being depreciated, net	<u>13,123,080</u>
	<u>14,997,525</u>
Related debt:	
Bonds, notes and other long-term liabilities	15,935,060
Unspent bond proceeds	(4,693,567)
Deferred issuance premiums	<u>1,165,246</u>
	<u>12,406,739</u>
Net investment in capital assets	<u>\$ 2,590,786</u>

14. CONTINGENCIES

Federal Grant Programs

The District participates in grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2025 or any of the prior three years.

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Financial Statements

15. RESTATEMENT TO BEGINNING BALANCES

During the current year, the District Implemented GASB Statement No. 101, *Compensated Absences*. The effects of the change in accounting principle are summarized below:

	Governmental Activities
Net position, beginning of year, as previously reported	\$ (15,860,811)
Restatement - GASB 101 implementation	<u>(904,459)</u>
Net position, beginning of year, as restated	<u><u>\$ (16,765,270)</u></u>

16. SUBSEQUENT EVENT

On October 14, 2025, the District received proceeds of \$950,000 from a state aid anticipation note maturing on April 30, 2026. The note has an interest rate of 3.88%

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REQUIRED SUPPLEMENTARY INFORMATION

NORTH MUSKEGON PUBLIC SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

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

	Year Ended June 30,			
	2025	2024	2023	2022
District's proportionate share of the net pension liability	\$ 13,976,739	\$ 18,192,843	\$ 21,870,565	\$ 13,912,338
District's proportion of the net pension liability	0.05709%	0.05621%	0.05816%	0.05876%
District's covered payroll	\$ 5,990,578	\$ 5,446,417	\$ 5,415,700	\$ 5,189,476
District's proportionate share of the net pension liability as a percentage of its covered payroll	233.31%	334.03%	403.84%	268.09%
Plan fiduciary net position as a percentage of the total pension liability	74.44%	65.91%	60.77%	72.60%

See notes to required supplementary information.



Year Ended June 30,					
2021	2020	2019	2018	2017	2016
\$ 19,966,477	\$ 19,002,602	\$ 17,120,520	\$ 14,827,842	\$ 14,203,988	\$ 13,224,254
0.05812%	0.05738%	0.05695%	0.05722%	0.05693%	0.05414%
\$ 5,059,372	\$ 4,927,110	\$ 4,806,505	\$ 4,744,579	\$ 4,740,389	\$ 4,508,615
394.64%	385.67%	356.19%	312.52%	299.64%	293.31%
59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

NORTH MUSKEGON PUBLIC SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of District Contributions - Pension

	Year Ended June 30,			
	2025	2024	2023	2022
Statutorily required contribution	\$ 2,294,877	\$ 2,331,987	\$ 1,051,107	\$ 1,061,600
Contributions in relation to the statutorily required contribution	<u>(2,294,877)</u>	<u>(2,331,987)</u>	<u>(1,051,107)</u>	<u>(1,061,600)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,490,724	\$ 5,891,215	\$ 5,415,700	\$ 5,428,152
Contributions as a percentage of covered payroll	35.36%	39.58%	19.41%	19.56%

See notes to required supplementary information.



Year Ended June 30,					
2021	2020	2019	2018	2017	2016
\$ 998,304	\$ 974,785	\$ 871,034	\$ 852,040	\$ 894,450	\$ 1,044,474
(998,304)	(974,785)	(871,034)	(852,040)	(894,450)	1,044,474
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,099,588	\$ 5,055,787	\$ 4,911,425	\$ 4,771,844	\$ 4,739,013	\$ 4,658,940
19.58%	19.28%	17.73%	17.86%	18.87%	22.42%

NORTH MUSKEGON PUBLIC SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

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

	Year Ended June 30,			
	2025	2024	2023	2022
District's proportionate share of the net OPEB (asset) liability	\$ (2,505,745)	\$ (313,574)	\$ 433,653	\$ 898,739
District's proportion of the net OPEB asset/liability	0.05821%	0.05543%	0.05693%	0.05888%
District's covered payroll	\$ 5,990,578	\$ 5,446,417	\$ 5,415,700	\$ 5,189,476
District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-41.83%	-5.76%	8.01%	17.32%
Plan fiduciary net position as a percentage of the total OPEB liability	143.08%	105.04%	83.09%	87.33%

See notes to required supplementary information.

Year Ended June 30,			
2021	2020	2019	2018
\$ 3,102,294	\$ 4,126,823	\$ 4,510,448	\$ 5,069,213
0.05791%	0.05749%	0.05674%	0.57240%
\$ 5,059,372	\$ 4,927,110	\$ 4,806,505	\$ 4,744,579
61.32%	83.76%	93.84%	106.84%
59.44%	48.46%	42.95%	36.39%

NORTH MUSKEGON PUBLIC SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of District Contributions - OPEB

	Year Ended June 30,			
	2025	2024	2023	2022
Statutorily required contributions	\$ 97,290	\$ 516,455	\$ 433,653	\$ 434,893
Contributions in relation to the statutorily required contributions	<u>(97,290)</u>	<u>(516,455)</u>	<u>(433,653)</u>	<u>(434,893)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,490,724	\$ 5,891,215	\$ 5,415,700	\$ 5,428,152
Contributions as a percentage of covered payroll	1.50%	8.77%	8.01%	8.01%

See notes to required supplementary information.

Year Ended June 30,			
2021	2020	2019	2018
\$ 428,821	\$ 417,310	\$ 399,365	\$ 355,351
<u>(428,821)</u>	<u>(417,310)</u>	<u>(399,365)</u>	<u>(355,351)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,099,588	\$ 5,055,787	\$ 4,911,425	\$ 4,771,844
8.41%	8.25%	8.13%	7.45%

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Required Supplementary Information

Pension Information

The amounts presented in the schedule of the District's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net OPEB Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method. In addition, healthcare cost trend rates for pre-65 decreased from 7.50% to 7.25% and post-65 increased from 6.25% to 6.50%.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.

NORTH MUSKEGON PUBLIC SCHOOLS

Notes to Required Supplementary Information

OPEB Information (Concluded)

- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

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COMBINING FUND FINANCIAL STATEMENTS

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NONMAJOR GOVERNMENTAL FUNDS

NORTH MUSKEGON PUBLIC SCHOOLS

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2025

	Special Revenue		
	Food Service	Tech Millage	Student/School Activity
Assets			
Cash and cash equivalents	\$ 255,722	\$ 102,705	\$ 300,816
Accounts receivable	320	-	-
Due from other governments	113,425	11,762	-
Due from other funds	-	-	15,366
Inventory	8,082	-	-
Total assets	<u>\$ 377,549</u>	<u>\$ 114,467</u>	<u>\$ 316,182</u>
Liabilities			
Accounts payable	\$ 4,817	\$ -	\$ -
Accrued liabilities	9,908	-	-
Due to other funds	-	-	-
Unearned revenue	7,969	-	-
Total liabilities	<u>22,694</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	8,082	-	-
Restricted	346,773	114,467	-
Committed	-	-	316,182
Total fund balances	<u>354,855</u>	<u>114,467</u>	<u>316,182</u>
Total liabilities and fund balances	<u>\$ 377,549</u>	<u>\$ 114,467</u>	<u>\$ 316,182</u>

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Capital Projects		
Sinking Fund	Non Bonded 2021 Capital Projects Fund	Total
\$ 375,902	\$ 489,130	\$ 1,524,275
-	-	320
8,974	-	134,161
-	-	15,366
-	-	8,082
<u>\$ 384,876</u>	<u>\$ 489,130</u>	<u>\$ 1,682,204</u>
\$ -	\$ -	\$ 4,817
-	-	9,908
127,285	80,000	207,285
-	-	7,969
<u>127,285</u>	<u>80,000</u>	<u>229,979</u>
-	-	8,082
257,591	409,130	1,127,961
-	-	316,182
<u>257,591</u>	<u>409,130</u>	<u>1,452,225</u>
<u>\$ 384,876</u>	<u>\$ 489,130</u>	<u>\$ 1,682,204</u>

NORTH MUSKEGON PUBLIC SCHOOLS

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances - Nonmajor Governmental Funds

For the Year Ended June 30, 2025

	Special Revenue		
	Food Service	Tech Millage	Student/ School Activity
Revenues			
Local sources:			
Property taxes	\$ -	\$ -	\$ -
Investment income	-	-	-
Fees and charges	78,877	-	-
Interdistrict	-	229,267	-
Student/school activity grants and fees	-	-	558,161
Other	5,734	-	-
Total local sources	84,611	229,267	558,161
State sources	321,527	-	-
Federal sources	592,049	-	-
Total revenues	998,187	229,267	558,161
Expenditures			
Current:			
Supporting services	-	242,745	-
Food services	849,304	-	-
Student/school activity	-	-	557,181
Capital outlay	-	-	-
Total expenditures	849,304	242,745	557,181
Revenues over (under) expenditures	148,883	(13,478)	980
Other financing uses			
Transfers out	(38,755)	-	-
Net change in fund balances	110,128	(13,478)	980
Fund balances, beginning of year	244,727	127,945	315,202
Fund balances, end of year	\$ 354,855	\$ 114,467	\$ 316,182

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Capital Projects		
Sinking Fund	Non Bonded 2021 Capital Projects Fund	Total
\$ 282,390	\$ -	\$ 282,390
14,660	19,278	33,938
-	-	78,877
-	-	229,267
-	-	558,161
-	-	5,734
297,050	19,278	1,188,367
-	-	321,527
-	-	592,049
297,050	19,278	2,101,943
-	-	242,745
-	-	849,304
-	-	557,181
559,522	80,000	639,522
559,522	80,000	2,288,752
(262,472)	(60,722)	(186,809)
-	-	(38,755)
(262,472)	(60,722)	(225,564)
520,063	469,852	1,677,789
\$ 257,591	\$ 409,130	\$ 1,452,225

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