



EVART PUBLIC SCHOOLS

EVART, MICHIGAN

JUNE 30, 2025

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Evert Public Schools
Evert, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Evert Public Schools, Evert, Michigan 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 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 Evert Public Schools, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 4 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Evert Public Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement 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 Evart Public Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Evart Public Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, on pages 4-10 and 45-51 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 Evert Public Schools basic financial statements. The accompanying nonmajor combining fund financial statements and schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the nonmajor combining fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the schedule of bonds payable but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 3, 2025, on our consideration of Evert Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Evert Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Evert Public Schools' internal control over financial reporting and compliance.

The logo for UHY LLP, featuring the letters "UHY" in a large, stylized, cursive font, followed by "LLP" in a smaller, sans-serif font.

Cadillac, Michigan
September 3, 2025

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

This section of Evert Public Schools' ("the District") annual report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. Evert Public Schools' financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements themselves.

A. Financial Highlights Section

Government-Wide

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$2,472,587, creating a deficit net position. Of this amount, net capital assets net of related debt was a positive \$6,775,312.
- The government's total net deficit decreased by \$3,025,780.

Fund Level

- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$5,331,162, an increase of \$891,040 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,804,849.

B. Overview of the Financial Statements

Government-Wide Financial Statements

The government-wide statements provide short-term and long-term financial information about the District's overall financial status. These statements are required by generally accepted accounting principles (GAAP) as described in the Government Accounting Standards Board (GASB) Statement No. 34. The district-wide financial statements are compiled using full accrual basis of accounting and more closely represent financial statements presented by business and industry. The Statement of Net Position includes all of the District's assets and liabilities. All of the year's revenue and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

Over time, increases and decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.

To assess the overall health of the District requires consideration of additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

In the government-wide financial statements, the District's activities are all shown in one category titled "Governmental Activities". These activities, including regular and special education, transportation, administration, food services, athletic activities, and community services, are primarily financed with state and federal aids and property taxes.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, rather than the District as a whole. Funds that do not meet the threshold to be classified as major funds are called "non-major" funds. Detailed financial information for non-major funds can be found in the combining and individual fund statements section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District may establish other funds to control and manage money for particular purposes.

The District maintains the following kinds of funds:

Governmental Funds – The District's basic services are included in governmental funds, which generally focus on 1) how cash and other financial assets that can be readily converted to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or less financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information (reconciliation schedules) immediately following the governmental funds statements that explain the relationship (or differences) between these two types of financial statement presentations.

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. The notes to the financial statements can be found on pages 19-44 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

C. Summary of Net Position

The following schedule summarizes the net position at fiscal years ended June 30. The prior year has not been restated to include the new GASBS No. 101—Compensated Absences:

	2025	2024
Assets		
Current Assets	\$ 6,950,656	\$ 6,445,289
Other Noncurrent Assets	2,364,688	327,119
Capital Assets, net of Accumulated Depreciation	12,823,960	13,222,070
Total Assets	22,139,304	19,994,478
Deferred Outflows of Resources	5,062,225	7,619,766
Liabilities		
Current Liabilities	2,091,015	2,314,267
Non Current Liabilities	19,683,190	24,943,552
Total Liabilities	21,774,205	27,257,819
Deferred Inflows of Resources	7,899,912	5,630,543
Net Position		
Net Investment in Capital Assets	6,775,312	6,873,179
Restricted for Specific Purposes	2,708,927	769,833
Unrestricted - (Deficit)	(11,956,827)	(12,917,130)
Total Net Position - (Deficit)	\$ (2,472,588)	\$ (5,274,118)

D. Analysis of Financial Position

During the fiscal year ended June 30, 2025, the District's net position increased by \$3,025,780. Some of the more significant factors affecting net position during the year is discussed below:

1. Depreciation/Amortization Expense

GASB 34 requires school districts to maintain a record of annual depreciation/amortization expense and the accumulation of depreciation/amortization expense over time. The net increase in accumulated depreciation/amortization expense is a reduction in net position.

Depreciation/amortization expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation/amortization expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2025, \$550,603 was recorded for depreciation/amortization expense.

EVART PUBLIC SCHOOLS
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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2025, \$152,493 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated/amortized over time as explained above.

The net effect of the new capital assets, the current year's depreciation/amortization and current year disposal of capital assets is a decrease to capital assets in the amount of \$398,110 for the fiscal year ended June 30, 2025.

3. State Sources

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. For the 2024-2025 fiscal year, the District received \$9,608 per student.

4. Pension and Other Postemployment Benefits Expense

GASB 68 and 75 now requires the District to account for its payments to the Michigan Public School Employees' Retirement System in a manner that has a significant effect on the District's change in net position. Based on various factors, the District may report an increase or decrease in net position depending on whether the District's proportionate share of the net pension liability and OPEB asset and related deferred inflows and outflows of resources increases or decreases in any given year. For the year ended June 30, 2025, the District reported an increase of \$2,170,522 in net position related to GASB 68 and 75.

E. Results of Operations

The following schedule summarizes the results of operations, on a district-wide basis, for the fiscal year ended June 30. The prior year has not been restated to include the new GASBS No. 101—Compensated Absences:

	<u>2025</u>	<u>2024</u>
General Revenues		
Property Taxes	\$ 2,934,087	\$ 2,825,717
Investment Earnings	86,491	46,828
State Sources	5,911,648	6,221,254
Other	10,555	10,057
Total General Revenues	<u>8,942,781</u>	<u>9,103,856</u>
Program Revenues		
Charges for Services	100,133	94,499
Operating Grants and Contributions	6,082,063	6,327,275
Capital Grants and Contributions	0	210,335
Total Program Revenues	<u>6,182,196</u>	<u>6,632,109</u>
Total Revenues	<u>15,124,977</u>	<u>15,735,965</u>

EVART PUBLIC SCHOOLS
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MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

	<u>2025</u>	<u>2024</u>
Expenses		
Instruction	4,972,923	6,490,249
Supporting Services	5,483,305	5,557,332
Food Service Activities	875,726	871,554
Community Services	13,539	2,614
Interest on Long-Term Debt	201,928	213,024
Other Transactions	1,172	1,091
Unallocated Depreciation	550,603	606,992
Total Expenses	<u>12,099,196</u>	<u>13,742,856</u>
Change in Net Position	<u>\$ 3,025,781</u>	<u>\$ 1,993,109</u>

F. Financial Analysis of the District's Funds

The financial performance of the District as a whole is also reflected in its governmental funds. The following table shows the change in total fund balances of each of the District's governmental funds:

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
Major Fund			
General Fund	\$ 4,625,495	\$ 3,655,679	\$ 969,816
2016 Debt Retirement Fund	381,539	481,814	(100,275)
Nonmajor Funds			
Food Service Fund	90,583	83,878	6,705
Student Activities Fund	233,545	218,751	14,794
Total Governmental Funds	<u>\$ 5,331,162</u>	<u>\$ 4,440,122</u>	<u>\$ 891,040</u>

In 2024-2025, the General Fund balance increased as a result of the District responding to a significant reduction of grant related revenues compared to the prior year by significantly reducing associated expenditures by a similar amount. The District was also able to maximize its use of new and unearned federal and state grant revenues allowing for an increase in fund balance. A decrease in capital outlay purchases and a reduction of debt payment also played a role in the increase to fund balance.

The 2016 Debt Retirement Fund decreased its fund balance due to local and state revenues being less than principal and interest payments made to meet the ongoing debt obligations of the fund.

G. General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. The Board prior to the close of the fiscal year must approve any amendments made to the operating budget on or before June 30.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2025

For the 2024-2025 fiscal year, the District amended the General Fund budget as needed during the year. The following schedule shows a comparison of the original general fund budget, the final amended general fund budget, and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>TOTAL REVENUES</u>	<u>\$ 12,449,862</u>	<u>\$ 13,099,228</u>	<u>\$ 13,073,221</u>
<u>EXPENDITURES</u>			
Instruction	\$ 7,626,617	\$ 7,333,009	\$ 7,137,845
Supporting Services	5,686,291	5,445,790	4,987,021
Community Services	9,483	20,776	13,539
Total Expenditures	<u>\$ 13,322,391</u>	<u>\$ 12,799,575</u>	<u>\$ 12,138,405</u>

The revenue budget was amended as it became clearer on the amounts the District would receive for State and Local funding, as well as funding from the Intermediate School District. The expenditures were amended because many of the expenditures are revenue driven and once the revenue picture became clearer, the District was able to allocate additional funds for expenditures it hadn't allocated for in its original budget.

The total revenues variance between final budget and actual was \$26,007. The revenue variance was caused mostly by the District receiving less in local revenues than budgeted for. The total expenditures variance was \$661,170. The expenditure variance was caused by the District budgeting with caution to avoid exceeding the budget which held true except for one community services activity which was overbudget by a trivial amount.

H. Capital Asset and Debt Administration

1. Capital Assets

At June 30, 2025, the District has \$23,109,576 in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. Depreciation/amortization expense for the year amounted to \$550,603 bringing the accumulated depreciation to \$10,285,616 as of June 30, 2025.

Major capital asset additions to the current fiscal year include:

- Building and athletic field improvements including ceilings, carpeting, lighting and floor coating in the amount of \$81,586.
- Air compressor for busses totaling 5,494.
- Lawn mower in the amount of \$12,578.
- Double sided bookshelves totaling \$14,895.
- New servers in the amount of \$37,940.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR FISCAL YEAR ENDED JUNE 30, 2025

As of June 30, 2025, the District has committed to spending \$159,167 on football field lighting.

Additional information on the District's capital assets can be found in the notes to this report.

2. *Long-Term Obligations*

At June 30, 2025, the District had \$5,595,000 in bonded debt outstanding. This represents a decrease of \$270,000 from the amount outstanding at the close of the prior fiscal year. Additionally, the liability for compensated absences and net pension liability, are \$266,448 and \$13,802,315 respectively. More information on the long-term obligations of the District can be found in the footnotes of this report.

Factors Bearing on the District's Future

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- As student count is the driving force behind the District's revenue streams, the District continues to monitor enrollment as any loss in students has a direct impact on the District's revenue. We are aware our district has a blended rate which we did factor in a loss of 10 students due to the ESCEP program no longer being conducted in our school for an expected blended rate of 832. The school state aid budget has not yet been approved for the 2025-2026 school year which we budgeted with a \$200 increase to the per pupil foundation allowance at \$9,808 vs the current \$9,608.
- The District continues to monitor Federal Funding such as Title I, II and IV in light of the current presidency.
- The District has allocated estimated negotiation increases but this could vary based on the final outcome of those negotiations which were not completed at the time the budget was approved in June.
- Our District continues to monitor changes in rates paid for employee benefits, particularly health insurance and retirement.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact Evart Public Schools, 321 North Hemlock, P.O. Box 917, Evart, Michigan 49631.

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2025

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 5,196,393
Accounts Receivable	86
Due from Other Governmental Units	1,741,670
Inventory	12,507
Total Current Assets	6,950,656

NON CURRENT ASSETS

Net Other Postemployment Benefits Asset	2,364,688
Capital Assets (Net of Accumulated Depreciation)	
Assets Not Being Depreciated	1,267,071
Assets Being Depreciated	11,556,889
Total Non Current Assets	15,188,648
TOTAL ASSETS	22,139,304

DEFERRED OUTFLOWS OF RESOURCES

Related to Pensions	4,308,670
Related to Other Postemployment Benefits	753,555
TOTAL DEFERRED OUTFLOWS OF RESOURCES	5,062,225

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	79,048
Accrued Expenses	383,838
Accrued Interest Payable	37,300
Salaries Payable	584,021
Due to Other Governmental Units	357,803
Unearned Revenue	214,784
Current Portion of Non Current Liabilities	434,221
Total Current Liabilities	2,091,015

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

EVART PUBLIC SCHOOLS

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STATEMENT OF NET POSITION

JUNE 30, 2025

NON CURRENT LIABILITIES

Bonds Payable (Net of Current Portion and Bond Premium)	5,768,648
Net Pension Liability	13,802,315
Compensated Absences	<u>112,227</u>
Total Non Current Liabilities	<u>19,683,190</u>
TOTAL LIABILITIES	<u>21,774,205</u>

DEFERRED INFLOWS OF RESOURCES

Related to Pensions	4,807,960
Related to Other Postemployment Benefits	<u>3,091,952</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,899,912</u>

NET POSITION

Net Investment in Capital Assets	6,775,312
Restricted for Debt Service	344,239
Restricted for Net Other Postemployment Benefits	2,364,688
Unrestricted (Deficit)	<u>(11,956,827)</u>
TOTAL NET POSITION (DEFICIT)	<u>\$ (2,472,588)</u>

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				GOVERNMENTAL ACTIVITIES	
	EXPENSES	CHARGES FOR	OPERATING	CAPITAL GRANTS		CHANGE IN REVENUES AND NET POSITION
		SERVICES	GRANTS	AND CONTRIBUTIONS		
<u>GOVERNMENTAL ACTIVITIES</u>						
Instruction	\$ 4,972,924	\$ 0	\$ 3,418,375	\$ 0	\$ (1,554,549)	
Supporting Services	5,483,305	57,527	1,730,922	0	(3,694,856)	
Food Services	875,726	42,606	919,227	0	86,107	
Community Services	13,539	0	13,539	0	0	
Interest on Long Term Debt	201,928	0	0	0	(201,928)	
Other Transactions	1,172	0	0	0	(1,172)	
Unallocated Depreciation	550,603	0	0	0	(550,603)	
Total Governmental Activities	\$ 12,099,197	\$ 100,133	\$ 6,082,063	\$ 0	(5,917,001)	

GENERAL REVENUES

Property Taxes - General Purposes
Property Taxes - Debt Service
Investment Earnings
State Sources
Other

2,544,661
389,426
86,491
5,911,648
10,555

Total General Revenues

8,942,781

Change in Net Position

3,025,780

NET POSITION - Beginning of Year (Deficit), As Previously Reported

(5,274,118)

Adjustments to Beginning Net Position

(224,250)

NET POSITION - Beginning of Year (Deficit), As Restated

(5,498,368)

NET POSITION - End of Year (Deficit)

\$ (2,472,588)

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

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2025

	GENERAL FUND	2016 DEBT RETIREMENT FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 4,530,380	\$ 372,213	\$ 293,800	\$ 5,196,393
Accounts Receivable	0	0	86	86
Due from Other Funds	150	9,326	6,402	15,878
Due from Other Governmental Units	1,705,866	0	35,804	1,741,670
Inventory	0	0	12,507	12,507
TOTAL ASSETS	\$ 6,236,396	\$ 381,539	\$ 348,599	\$ 6,966,534
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 68,475	\$ 0	\$ 10,573	\$ 79,048
Accrued Expenditures	379,341	0	4,497	383,838
Salaries Payable	574,770	0	9,251	584,021
Due to Other Funds	15,728	0	150	15,878
Due to Other Governmental Units	357,803	0	0	357,803
Unearned Revenue	214,784	0	0	214,784
Total Liabilities	1,610,901	0	24,471	1,635,372
<u>FUND BALANCE</u>				
Nonspendable for:				
Inventory	0	0	12,507	12,507
Restricted for:				
Food Service	0	0	78,076	78,076
Debt Service	0	381,539	0	381,539
Assigned for:				
Student Activities	0	0	233,545	233,545
Subsequent Year Budget Shortfall	820,646	0	0	820,646
Unassigned	3,804,849	0	0	3,804,849
Total Fund Balance	4,625,495	381,539	324,128	5,331,162
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,236,396	\$ 381,539	\$ 348,599	\$ 6,966,534

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

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

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

JUNE 30, 2025

Total Governmental Fund Balances		\$	5,331,162
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds.			
The cost of the capital assets is	\$	23,109,576	
Accumulated depreciation/amortization is		<u>(10,285,616)</u>	12,823,960
Bond discounts (premiums) and deferred charges for bonds issued are expenditures (revenues) at the modified accrual fund level, but are capitalized and written off over the life of the bonds payable at the district-wide full accrual level.			
Bond Discount (Premium)		(735,644)	
Accumulated Amortization		<u>281,996</u>	(453,648)
Long-term liabilities are not due and payable in the current period and are not reported in the funds.			
Bonds Payable			(5,595,000)
Compensated Absences			(266,448)
Accrued interest is not included as a liability in government funds, it is recorded when paid.			
			(37,300)
Some liabilities, including net pension obligations, are not due and payable and payable in the current period and, therefore, are not reported in the			
Net Pension Liability			(13,802,315)
Some assets are not current financial resources and therefore are not reported in the funds			
Other Postemployment Benefits Liability			2,364,688
Deferred outflows and inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.			
Deferred Outflow of Resources			5,062,225
Deferred Inflow of Resources			<u>(7,899,912)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$	<u><u>(2,472,588)</u></u>

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

EVART PUBLIC SCHOOLSEVART, MICHIGANSTATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCEGOVERNMENTAL FUNDSYEAR ENDED JUNE 30, 2025

	GENERAL FUND	2016 DEBT RETIREMENT FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Sources	\$ 2,717,806	\$ 389,822	\$ 234,189	\$ 3,341,817
State Sources	9,611,746	15,046	35,984	9,662,776
Federal Sources	507,862	0	832,339	1,340,201
Other Transactions	235,807	0	0	235,807
Total Revenues	13,073,221	404,868	1,102,512	14,580,601
<u>EXPENDITURES</u>				
Instruction				
Basic Programs	5,844,317	0	0	5,844,317
Added Needs	1,293,528	0	0	1,293,528
Supporting Services				
Pupil	1,040,758	0	0	1,040,758
Instructional Staff	217,397	0	0	217,397
General Administration	206,257	0	0	206,257
School Administration	645,570	0	0	645,570
Business	306,321	0	0	306,321
Operation and Maintenance	1,285,024	0	0	1,285,024
Pupil Transportation Services	648,809	0	0	648,809
Central Services	355,170	0	0	355,170
Other Support Services	281,715	0	176,759	458,474
Food Services	0	0	869,254	869,254
Community Services				
Community Activities	3,557	0	0	3,557
Non-Public Schools	9,982	0	0	9,982
Debt Service				
Principal	0	270,000	0	270,000
Interest	0	233,971	0	233,971
Other	0	1,172	0	1,172
Total Expenditures	12,138,405	505,143	1,046,013	13,689,561
Excess (Deficiency) of Revenues Over Expenditures	934,816	(100,275)	56,499	891,040
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	35,000	0	0	35,000
Transfers Out	0	0	(35,000)	(35,000)
Total Other Financing Sources (Uses)	35,000	0	(35,000)	0
Net Change in Fund Balance	969,816	(100,275)	21,499	891,040
<u>FUND BALANCE</u> - Beginning of Year	3,655,679	481,814	302,629	4,440,122
<u>FUND BALANCE</u> - End of Year	\$ 4,625,495	\$ 381,539	\$ 324,128	\$ 5,331,162

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

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances Total Governmental Funds	\$	891,040
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Amounts reported for governmental activities are different because:

Governmental funds report capital outlays as expenditures. In the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation/amortization.

Depreciation/Amortization Expense		(550,603)
Capital Outlay		152,493

Governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities over the life of the bond issue.

Amortization of Bond Premium		30,243
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Accrued interest on bonds is recorded in the Statement of Activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued Interest Payable - Beginning of Year		39,100
Accrued Interest Payable - End of Year		(37,300)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available.

Repayment of Bond Principal		270,000
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Employees Compensated Absences and Early Retirement Incentives are reported on the accrual method in the Statement of Activities, and recorded as an expenditure when financial resources are used in the governmental funds:

Compensated Absences - Beginning of Year (As Restated)		326,733
Compensated Absences - End of Year		(266,448)

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

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

Governmental funds report district pension and other postemployment benefits contributions as expenditures. However, in the Statement of Activities, the cost of pension and other postemployment benefits earned net of employee contributions is reported as an expense:

Items related to Pensions	713,113
Items related to Other Postemployment Benefits	913,033

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to Section 147 C pension contributions subsequent to the measurement date:

Change in State Aid Funding for Pension	<u>544,376</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 3,025,780</u></u>
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The notes to the financial statements are an integral part of this statement.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Evert Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government 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.

A. Reporting Entity

The School District ("the District") is located in Osceola, Mecosta, and Clare Counties with its administrative offices located in Evert, Michigan. The District operates under an elected 7-member board of education and provides services to its 862 students in elementary, middle school, high school, special education and adult education instruction, guidance, health, transportation, food service, athletics and recreation. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

B. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The District does not have any business-type activities or component units.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. 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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

The District reports the following major governmental funds:

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

The *2016 Debt Retirement Fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of government funds.

Other non-major funds:

The *special revenue (School Food Service) fund* accounts for revenue sources that are legally restricted for expenditures for specific purposes. The District accounts for its food service activities in a special revenue fund.

The *special revenue (Student Activities) fund* accounts for revenue sources that are assigned to expenditures for specific purposes. The District accounts for its student activities in a special revenue fund.

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

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

E. Measurement Focus and Basis of Accounting

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

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 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.

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 government 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, and claims and judgments, are recorded only when payment is due. General capital asset

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt are reported as other financing sources.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

F. Budgetary Information

1. Budgetary Basis of Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds.

The District's approved budgets were adopted at the function level for the General and Special Revenue Funds. These are the legal enacted levels under the State Uniform Budgeting and Accounting Act and the level of budgetary control adopted by the Board (the level at which expenditures may not legally exceed appropriations).

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a) In June, the superintendent submits to the school board a proposed operating budget for the fiscal year commencing on July 1.
- b) A public hearing is conducted during June to obtain taxpayer comments.
- c) Prior to July 1, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act. The Act requires that the budget be amended prior to the end of the fiscal year, when necessary, to adjust appropriations if it appears that revenues and other financial sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated.
- d) The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

- e) For purposes of meeting emergency needs of the school district, transfer of appropriations may be made by the authorization of the superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.
- f) During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
- g) Budgeted amounts are as originally adopted in June 2024, or as amended by the School Board of Education throughout the year.

2. Excess of Expenditures Over Appropriations

	APPROPRIATIONS		EXPENDITURES
General Fund - Community Services			
Welfare Activities	\$ 9,252	\$	9,982
Lunch Fund - Supporting Services			
Food Service Activities	829,193		869,254

These overages were covered by available fund balance.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

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.

2. Investments

Investments are carried at market value.

The District complies with State statutes regarding investment of funds.

The Board policy on investment of funds authorizes the District to invest as follows:

- a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States.
- b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state.
- c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.
- d) Securities issued or guaranteed by agencies or instrumentalities of the United States.

The District's deposits and investments are held separately by several of the District's funds. Some investments authorized by state law are shown as cash on the financial statements.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

3. *Inventory and Prepaid Items*

Inventory is valued at cost on a first-in/first-out method. Inventory consists of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased.

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

The nonspendable fund balance at the governmental fund level is equal to the amount of inventories and prepaid items at year end to indicate the portion of the governmental fund balances that are nonspendable.

4. *Capital Assets*

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their acquisition value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Land and construction in progress, if any, are not depreciated. Right to use assets of the District are amortized using the straight-line method over the shorter of the subscription period or the estimated useful lives. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Right to use assets of the District are amortized using the straight-line method over the shorter of the lease/subscription period or the estimated useful lives.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Land Improvements	20 years
Buildings and Additions	50 years
Machinery and Equipment	5-20 years
Transportation Equipment	8 years

The District's capitalization policy is to capitalize individual amounts exceeding \$5,000.

5. *Defined Benefit Plans*

For purposes of measuring the net pension liability and other postemployment benefits asset, 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 Michigan Public School Employees Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. 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.

6. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

(expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are pension and other postemployment benefits related items reported in the government-wide *Statement of Net Position*. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expenses in the plan year for which they apply. Details can be found in footnote 3-E and 3-F.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. They are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. Details can be found in footnote 3-E and 3-F.

7. Net Position Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

8. Fund Balance Flow Assumption

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

9. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The governing board is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The governing board has by resolution authorized the superintendent to assign fund balance. The board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

10. *Unearned Revenue*

Unearned revenue arises when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The District has unearned revenue that is related to state and local grants/donations, with restrictions on how they can be spent, being received but as of the year end have not been spent.

11. *Subscription Based IT Arrangements (SBITA)*

SBITA subscriber: The District is a subscriber of an IT arrangement. The District recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements.

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

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

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

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

SBITA assets are reported with other capital assets and SBITA liabilities, if any, are reported with long-term obligations on the statement of net position.

12. *Use of Estimates*

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

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

H. Revenues and Expenditures/Expenses

1. State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2025, the foundation allowance was based on a three year blend to determine pupil membership based on counts taken in February and October 2022, 2023 and 2024. For fiscal year ended June 30, 2025, the per pupil foundation allowance was \$9,608 for Evart Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2024 to August 2025. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

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 governmental 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.

2. Program Revenues

Amounts reported as program revenue 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, state foundation aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenue but instead as *general revenues*.

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are billed as of December 1. The due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

The various counties in which the District is located have tax revolving funds which allow the counties to pay off the various taxing units for their share of the current year real property taxes returned delinquent. Taxes receivable are uncollected delinquent personal property taxes.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

For the year ended June 30, 2025 the District levied the following amounts per \$1,000 of taxable valuation:

<u>Fund</u>	<u>Mills</u>
General Fund - Non-Homestead Real	18.00
General Fund - Commercial PPT	6.00
Debt Service Fund - Homestead and Non-Homestead	1.25

4. *Compensated Absences*

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

5. *Long-Term Obligations*

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable 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 which approximates the effective interest method over the term of the related obligation.

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 on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Violations of Legal or Contractual Provisions

Note 1.F.2, on the Excess of Expenditures Over Appropriations, describes a budgetary violation that occurred for the year ended June 30, 2025.

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits

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, the District's bank balance was \$5,248,656 and \$4,748,656 of that amount was exposed to custodial credit risk because it was uninsured and uncollateralized. As of June 30, 2025, deposits of \$5,196,163 and petty cash of \$150 are reported on the financial statements as cash and cash equivalents.

Interest rate risk. In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby

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avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

B. Accrued Expenditures

Accrued liabilities reported by governmental funds at June 30, 2025, were as follows:

	General Fund	Nonmajor Food Service Fund	Total
Retirement	\$ 175,110	\$ 2,894	\$ 178,004
FICA	42,135	657	42,792
Employee Benefits	162,096	946	163,042
Total Accrued Liabilities	<u>\$ 379,341</u>	<u>\$ 4,497</u>	<u>\$ 383,838</u>

C. Receivables

Receivables as of year-end for the government's individual major funds and nonmajor are as follows:

	General	Food Service	Total
Accounts Receivable	\$ 0	\$ 86	\$ 86
Due from Other Governmental Units	1,705,866	35,804	1,741,670
Total Receivables	<u>\$ 1,705,866</u>	<u>\$ 35,890</u>	<u>\$ 1,741,756</u>

Amounts due from other governments include amounts due from federal, state, and local sources for various projects and programs.

Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

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D. Capital Assets

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

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Capital Assets not Being Depreciated/Amortized:				
Land	\$ 1,267,071	\$ 0	\$ 0	\$ 1,267,071
Capital Assets Being Depreciated/Amortized:				
Land Improvements	797,718	0	0	797,718
Buildings and Additions	15,332,660	81,586	0	15,414,246
Machinery and Equipment	4,073,532	65,413	0	4,138,945
Transportation Equipment	1,114,466	5,494	0	1,119,960
Right to Use - Subscription-Based IT Arrangements	371,636	0	0	371,636
Subtotal	21,690,012	152,493	0	21,842,505
Less Accumulated Depreciation/Amortization for:				
Land Improvements	149,074	39,274	0	188,348
Buildings and Additions	5,150,004	259,700	0	5,409,704
Machinery and Equipment	3,459,767	102,656	0	3,562,423
Transportation Equipment	858,191	87,034	0	945,225
Right to Use - Subscription-Based IT Arrangements	117,977	61,939	0	179,916
Total Accumulated Depreciation/Amortization:	9,735,013	550,603	0	10,285,616
Total Capital Assets Being Depreciated/Amortized, Net	11,954,999	(398,110)	0	11,556,889
Capital Assets, Net	\$ 13,222,070	\$ (398,110)	\$ 0	\$ 12,823,960

Depreciation and Amortization for the fiscal year ended June 30, 2025 amounted to \$550,603. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

E. Defined Benefit Plan and Post-Employment Benefits

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

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State Superintendent of Instruction, who serves as an ex-officio member. MPSERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

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.

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 of Michigan Investment Board serves as the investment fiduciary and custodian for the System.

Benefit Provided - Overall

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of the plans offered by MPSERS is as follows:

<u>Plan Name</u>	<u>Plan Type</u>	<u>Plan Status</u>
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Pension Plus 2	Hybrid	Open
Defined Contribution	Defined Contribution	Open

Benefits Provided - Pension

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. Retirement benefits for DB plan members are determined by final average compensation and years of service. 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.

Prior to pension reform of 2010 there were two plans commonly referred to as Basic and Member Investment Plan (MIP). Basic plan member's contributions range from 0% to 4%. On January 1, 1987, the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990 contribute at a permanently fixed rate of 3.9% of gross wages. Members first hired January 1, 1990 or later, including Pension Plus plan members, contribute at various graduated permanently fixed contribution rates from 3.0% to 7.0%.

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

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Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and 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 pension. Any changes to a member's pension 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 the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

An amount determined by the member's election of Option 1, 2, 3, or 4 described below.

Option 1 – Members voluntarily elected to increase their contributions to the pension fund as noted below and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until terminate public school employment.

- Basic plan members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 – Members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service their after would include a 1.25% pension factor.

Option 3 – Members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

Option 4 – Members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to the tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k) account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 accounts. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

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Employees who first work on or after September 4, 2012 choose between two retirement plans: the Pension Plus Plan and the Defined Contribution Plan that provides a 50% employer match (up to 3% of salary) on employee contributions.

Final Average Compensation (FAC) – Average of highest 60 consecutive months for Basic Plan members and Pension Plus members (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected option 4, in which case the FAC is calculated at the transition date.

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closes the current hybrid plan (Pension Plus) to newly hired employees as of February 1, 2018 and creates a new optional revised hybrid plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the new hybrid plan is 6%. Further, the law provides that, under certain conditions, the new hybrid plan would close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

New employees hired between February 1, 2018 and June 30, 2024, are automatically enrolled as members in the Pension Plus 2 plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to IRS, to elect to opt out of the Pension Plus 2 plan and become a qualified participant to the DC plan; if no election is made they will default to the DC plan. If they elect to opt out of the Pension Plus 2 plan, their participation in the DC plan will be retroactive to their date of hire.

Pension Reform of 2023

On November 29, 2023, the Governor signed Public Act 250 of 2023 into law. New employees hired after June 30, 2024, are automatically enrolled as members in the Pension Plus 2 plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to IRS, to elect to opt out of the Pension Plus 2 plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus 2 plan. If they elect to opt out of the Pension Plus 2 plan, their participation in the DC plan will be retroactive to their date of hire.

Benefits Provided – Other Postemployment Benefit (OPEB)

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. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, hearing, 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.

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Retiree Healthcare Reform of 2012

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 will be deposited into their 401(k) accounts.

Regular Retirement (no reduction factor for age)

Eligibility – A basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years credited service provided member worked through their 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

Annual Amount – The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012.

Member Contributions

Depending on the plan selected, member contributions range from 0% to 7% for pension and 0% to 3% for other postemployment benefits. Plan members electing the defined contribution plan are not required to make additional contributions.

Employer Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of members and retiree other post-employment benefits (OPEB). Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2024, were determined as of the September 30, 2021, actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial

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accrued liabilities as of September 30, 2021, are amortized over a 15-year period beginning October 1, 2023, and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	<u>Pension</u>	<u>Other Postemployment Benefits</u>
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%
October 1, 2024 - September 30, 2025	20.96%-30.11%	0.00%-1.25%

The District's pension contributions for the year ended June 30, 2025, were equal to the required contribution total. Pension contributions were approximately \$2,281,000 with \$2,179,000 specifically for the Defined Benefit Plan.

The District's OPEB contributions for the year ended June 30, 2025, were equal to the required contribution total. OPEB benefits were approximately \$208,000, with \$142,000 specifically for the Defined Benefit Plan.

These amounts for both pension and OPEB, include contributions funded from state revenue Section 147c restricted to fund MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate (100% for pension and 0% for OPEB).

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

Pension Liabilities

At June 30, 2025, the District reported a liability of \$13,802,315 for its proportionate share of the 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 date of September 30, 2023, and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the District's proportion was 0.05637736% and 0.057968867%.

MPSERS (Plan) Non-University Employers Net Pension Liability

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total Pension Liability	\$ 95,765,499,515	\$ 94,947,828,557
Plan Fiduciary Net Position	(71,283,482,728)	(62,581,762,238)
Net Pension Liability	<u>\$ 24,482,016,787</u>	<u>\$ 32,366,066,319</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	74.44%	65.91%
Net Pension Liability as a Percentage of Covered Payroll	227.56%	320.51%

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

For the year ended June 30, 2025, the District recognized total pension expense of \$1,464,184.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 374,467	\$ 149,964
Section 147c revenue related to District Pension contributions subsequent to measurement date	0	617,599
Changes of assumptions	1,438,973	1,011,273
Net difference between projected and actual on pension plan investment earnings	0	2,634,067
Changes in proportion and differences between District contributions and proportionate share of contributions	440,980	395,057
District contributions subsequent to the measurement date	<u>2,054,250</u>	<u>0</u>
Total	<u>\$ 4,308,670</u>	<u>\$ 4,807,960</u>

\$2,054,250 reported as deferred outflows of resources and \$617,599 reported as deferred inflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a net reduction of the net pension liability in the subsequent fiscal year.

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

<u>Year Ended June 30,</u>	<u>Amount</u>
2026	\$ (220,330)
2027	90,124
2028	(1,070,053)
2029	(735,682)
	<u>\$ (1,935,941)</u>

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G. OPEB Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Liabilities (Assets)

At June 30, 2025, the District reported a liability (asset) of (\$2,364,688) for its proportionate share of the net OPEB liability (asset). The net OPEB liability (asset) was measured as of September 30, 2024, and the total OPEB liability (asset) used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2023 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability (asset) was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2024 and 2023, the District's proportion was 0.05493656% and 0.05782575%.

MPSERS (Plan) Non-University Employers Net OPEB Liability (Asset)

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total OPEB Liability (Asset)	\$ 9,991,545,923	\$ 11,223,648,949
Plan Fiduciary Net Position	(14,295,943,589)	(11,789,347,341)
Net OPEB Liability (Asset)	<u>\$ (4,304,397,666)</u>	<u>\$ (565,698,392)</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability (Asset)	143.08%	105.04%
OPEB Liability (Asset) as a Percentage of Covered Payroll	-40.01%	-5.60%

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

For the year ended June 30, 2025, the District recognized total OPEB benefit of \$784,066.

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 0	\$ 2,505,847
Changes of assumptions	516,482	59,365
Net difference between projected and actual earnings on OPEB plan investments	0	447,663
Changes in proportion and differences between District contributions and proportionate share of contributions	192,342	79,077
District contributions subsequent to the measurement date	44,731	0
Total	<u>\$ 753,555</u>	<u>\$ 3,091,952</u>

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\$44,731 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources (+) and deferred inflows of resources (-) related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2026	\$ (736,535)
2027	(434,654)
2028	(471,671)
2029	(444,213)
2030	(248,412)
Thereafter	(47,643)
	<u>\$ (2,383,128)</u>

H. Actuarial Assumptions

Investment rate of return for pension – 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, and Pension Plus, and Pension Plus 2 Plan groups.

Investment rate of return for OPEB – 6.00% a year, compounded annually net of investment and administrative expenses.

Salary increases - The rate of pay increase used for individual members is 2.75% - 11.55%, including wage inflation at 2.75%.

Inflation – 3.0%.

Mortality assumptions –

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 MP-2021 and adjusted for mortality improvements using projection scale from 2010.

Disabled Retirees: PubNS-2010 Male and Female Disabled Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Experience study - Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2023 valuation.

The long-term expected rate of return on pension and other postemployment benefit plan investments - The pension rate was 6.80% (MIP, Basic, and Pension Plus Plan) and 6.00% for Pension Plus 2 Plan, and the other postemployment benefit rate was 6.95%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are

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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.

Cost of Living Pension Adjustments – 3.0% annual non-compounded for MIP members.

Healthcare cost trend rate for other postemployment benefit – Pre 65, 7.25% for year one and graded to 3.5% in year fifteen. Post 65, 6.50% for year one and graded to 3.5% in year fifteen.

Additional assumptions for other postemployment benefit only – Applies to individuals hired before September 4, 2012:

Opt Out Assumption – 21% of eligible participants hired before July 1, 2008, and 30% of those hired after June 30, 2008, are assumed to opt out of the retiree health plan.

Survivor Coverage – 80% of male retirees and 67% of female retirees electing two-person coverage are assumed to have coverage continuing after the retiree's death.

Coverage Election at Retirement – 75% of male and 60% of female future retirees who elected coverage are assumed to elect coverage for 1 or more dependents.

The target asset allocation at September 30, 2024, and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.00%	5.30%
Private Equity Pools	16.00%	9.00%
International Equity	15.00%	6.50%
Fixed Income Pools	10.50%	2.20%
Real Estate & Infrastructure Pools	10.00%	7.10%
Absolute Return Pools	9.00%	5.20%
Real Return/Opportunistic Pools	12.50%	6.90%
Short-Term Investment Pools	2.00%	1.40%
	<u>100%</u>	

*Long-term rate of return are net of administrative expenses and 2.3% inflation.

Rate of return

For 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.

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Pension Discount Rate

A single discount rate of 6.00% was used to measure the total pension liability. This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

OPEB Discount Rate

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

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 a single discount rate of 6.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

Pension		
1% Decrease	Discount Rate	1% Increase
\$ 20,234,342	\$ 13,802,315	\$ 8,446,415

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

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

OPEB		
1% Decrease	Discount Rate	1% Increase
\$ (1,827,450)	\$ (2,364,688)	\$ (2,829,187)

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EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the District's proportionate share of the net other postemployment benefit liability (asset) calculated using the healthcare cost trend rate as well as what the District's proportionate share of the net other postemployment benefit liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

OPEB				
Current Healthcare Cost				
1% Decrease		Trend Rates		1% Increase
\$	(2,829,192)	\$	(2,364,688)	\$ (1,866,510)

I. Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2024 Annual Comprehensive Financial Report.

J. Payables to the Pension Plan

As of June 30, 2025, the District is current on all required pension and OPEB plan payments. As of June 30, 2025, the District reported payables in the amount of \$287,451 to the pension and OPEB plan. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due and funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization Rate.

K. Risk Management

The District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees.

The Schools participate in a distinct pool of educational institutions within the State of Michigan for various risks of loss, including general liability, property and casualty, employee health and accident insurance, and workers' disability compensation. The pool is considered a public entity risk pool. The District pays annual premiums to each pool 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 year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required.

L. Long-Term Obligations

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

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EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

The following is a summary of the governmental long-term obligation transactions for the School District for the year ended June 30, 2025:

	General Obligation Bonds	Compensated Absences*	Total
Balance at July 1, 2024, As Restated	\$ 5,865,000	\$ 326,733	\$ 6,191,733
Additions	0	0	0
Deletions	(270,000)	(60,285)	(330,285)
Balance at June 30, 2025	5,595,000	266,448	5,861,448
Less Current Portion	(280,000)	(154,221)	(434,221)
Total Due After One Year	<u>\$ 5,315,000</u>	<u>\$ 112,227</u>	<u>\$ 5,427,227</u>

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

The District's long-term obligations at June 30, 2025, are comprised of the following:

2016 Building and Site Bonds due is annual installments of \$280,000 to \$475,000 through May 1, 2040, with interest of 4.00%	\$ 5,595,000
Compensated Absences of Employee Vested Sick Pay Accumulations	266,448
Net Pension Liability	<u>13,802,315</u>
TOTAL LONG-TERM OBLIGATIONS	<u>\$ 19,663,763</u>

The annual requirements to amortize all long-term debt outstanding as of June 30, 2025, including interest payments of \$1,948,400 are as follows:

YEAR ENDING JUNE 30,	GENERAL OBLIGATION BONDS		TOTAL
	PRINCIPAL	INTEREST	
2026	\$ 280,000	\$ 223,800	\$ 503,800
2027	290,000	212,600	502,600
2028	305,000	201,000	506,000
2029	315,000	188,800	503,800
2030	330,000	176,200	506,200
2031-2035	1,850,000	673,000	2,523,000
2036-2044	2,225,000	273,000	2,498,000
	<u>\$ 5,595,000</u>	<u>\$ 1,948,400</u>	<u>\$ 7,543,400</u>

Interest expense on long-term debt for the year ended 2025, was approximately \$232,000.

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EVART, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

M. Interfund Receivables and Payables

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Debt Retirement Fund	General Fund	\$ 9,326
General Fund	Food Service	50
General Fund	Student Activities	100
Food Service	General Fund	6,402
		<u>\$ 15,878</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) recorded in the accounting system, and (3) payments between funds are made. All Interfund balances outstanding at June 30, 2025 are expected to be repaid within one year.

N. Interfund Transfers

<u>Fund Transferred To</u>	<u>Funds Transferred From</u>	<u>Amount</u>
General Fund	Food Service Fund	\$ 35,000

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; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

O. Other Information

1. Commitments and Contingencies

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required, and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the District.

As of June 30, 2025, the District has committed to spending \$159,167 for installing lighting at the football field.

2. Single Audit

Current federal guidelines require entities with federal expenditures exceeding \$750,000 to have a "single audit" of federally funded programs. This audit is being performed and the reports based thereon will be included with the supplementary information in this report.

P. Tax Abatements

The District receives reduced property tax revenues as a result of an Industrial Facilities Tax Exemption Agreement granted by the City of Evart. Industrial Facilities Tax exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities.

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

For the fiscal year ended June 30, 2025, (tax year 2024) the District's property tax revenues were reduced by \$4,277 under these programs.

The District is considered to be an "in-formula" district. The taxes abated for the general fund operating millage are considered by the State of Michigan when determining the District's section 22 funding of the State School Aid Act. The District received \$2,138 from the State of Michigan's determination.

NOTE 4 –CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*.

Summary: This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

NOTE 5 - ADJUSTMENTS TO BEGINNING FUND BALANCES/NET POSITION

During fiscal year 2025, changes to beginning fund balance/net position, are as follows:

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances
	Governmental Activities
Net position, as previously reported	\$ (5,274,118)
Change in accounting principle (GASB 101)	(224,250)
Net position, as restated	<u><u>\$ (5,498,368)</u></u>

NOTE 6 – UPCOMING ACCOUNTING PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;

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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

- ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
- i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

EVART PUBLIC SCHOOLSEVART, MICHIGANREQUIRED SUPPLEMENTARY INFORMATIONBUDGETARY COMPARISON SCHEDULEGENERAL FUNDYEAR ENDED JUNE 30, 2025

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET
<u>REVENUES</u>				
Local Sources	\$ 2,488,081	\$ 2,785,530	\$ 2,717,806	\$ (67,724)
State Sources	9,428,321	9,580,715	9,611,746	31,031
Federal Sources	408,460	494,175	507,862	13,687
Other Transactions	125,000	238,808	235,807	(3,001)
Total Revenues	12,449,862	13,099,228	13,073,221	(26,007)
<u>EXPENDITURES</u>				
Instruction				
Basic Programs	6,348,897	5,984,190	5,844,317	(139,873)
Added Needs	1,277,720	1,348,819	1,293,528	(55,291)
Supporting Services				
Pupil	1,018,765	1,059,215	1,040,758	(18,457)
Instructional Staff	261,282	243,568	217,397	(26,171)
General Administration	265,298	217,135	206,257	(10,878)
School Administration	661,130	652,112	645,570	(6,542)
Business	319,304	347,072	306,321	(40,751)
Operation and Maintenance	1,755,552	1,504,607	1,285,024	(219,583)
Pupil Transportation Services	856,251	724,519	648,809	(75,710)
Central Services	289,943	380,207	355,170	(25,037)
Other Support Services	258,766	317,355	281,715	(35,640)
Community Services				
Community Activities	3,641	11,524	3,557	(7,967)
Welfare Activities	5,842	9,252	9,982	730
Total Expenditures	13,322,391	12,799,575	12,138,405	(661,170)
Excess (Deficiency) of Revenues Over Expenditures	(872,529)	299,653	934,816	635,163
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In	35,000	35,000	35,000	0
Net Change in Fund Balance	(837,529)	334,653	969,816	635,163
<u>FUND BALANCE</u> - Beginning of Year	3,324,648	3,655,679	3,655,679	0
<u>FUND BALANCE</u> - End of Year	\$ 2,487,119	\$ 3,990,332	\$ 4,625,495	\$ 635,163

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of net pension liability (%)	0.05638%	0.05797%	0.05753%	0.05447%	0.05176%	0.05103%	0.05197%	0.05257%	0.05203%	0.05243%
District's proportionate share of net pension liability	\$ 13,802,315	\$ 18,762,178	\$ 21,635,330	\$ 12,896,812	\$ 17,778,230	\$ 16,898,347	\$ 15,622,408	\$ 13,622,562	\$ 12,980,860	\$ 12,805,734
District's covered payroll	5,929,266	5,870,795	5,726,355	5,162,301	4,666,449	4,463,503	4,373,115	4,438,437	4,382,250	4,363,808
District's proportionate share of net pension liability as a percentage of its covered payroll	232.78%	319.58%	377.82%	249.83%	380.98%	378.59%	357.24%	306.92%	296.21%	293.45%
Plan fiduciary net position as a percentage of total pension liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

EVART PUBLIC SCHOOLS
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REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions	\$ 2,179,329	\$ 2,364,060	\$ 2,692,213	\$ 1,934,851	\$ 1,638,008	\$ 1,417,434	\$ 1,360,669	\$ 1,323,194	\$ 1,258,730	\$ 1,213,043
Contributions in relation to statutorily required contributions	2,179,329	2,364,060	2,692,213	1,934,851	1,638,008	1,417,434	1,360,669	1,323,194	1,258,730	1,213,043
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 6,087,012	\$ 5,947,212	\$ 5,813,052	\$ 5,367,719	\$ 5,073,875	\$ 4,608,600	\$ 4,440,466	\$ 4,363,510	\$ 4,576,930	\$ 4,381,052
Contributions as a percentage of covered payroll	35.80%	39.75%	46.31%	36.05%	32.28%	30.76%	30.64%	30.32%	27.50%	27.69%

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY (ASSET)
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2025

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (asset) (%)			0.05494%	0.05783%	0.05828%	0.05680%	0.05254%	0.05104%	0.05141%	0.05257%
District's proportionate share of net OPEB liability (asset)			\$ (2,364,688)	\$ (327,119)	\$ 1,234,418	\$ 867,012	\$ 2,814,795	\$ 3,663,609	\$ 4,086,440	\$ 4,656,572
District's covered payroll			5,929,266	5,870,795	5,726,355	5,162,301	4,666,449	4,463,503	4,373,115	4,438,437
District's proportionate share of net OPEB liability (asset) as a percentage of its covered payroll			-39.88%	-5.57%	21.56%	16.80%	60.32%	82.08%	93.44%	104.91%
Plan fiduciary net position as a percentage of total OPEB liability (asset)			143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2025

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions			\$ 141,884	\$ 429,046	\$ 426,357	\$ 409,807	\$ 395,740	\$ 353,185	\$ 338,501	\$ 315,198
Contributions in relation to statutorily required contributions			141,884	429,046	426,357	409,807	395,740	353,185	338,501	315,198
Contribution deficiency (excess)			\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll			\$6,087,012	\$ 5,947,212	\$ 5,813,052	\$ 5,367,719	\$ 5,073,875	\$ 4,608,600	\$ 4,440,466	\$ 4,363,510
Contributions as a percentage of covered payroll			2.33%	7.21%	7.33%	7.63%	7.80%	7.66%	7.62%	7.22%

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2025

Pension Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2024.

Changes of Assumptions – The assumption changes for the plan year ended September 30, 2024 were:

- 2023 - The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.80 percentage points.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2024.

Changes of Assumptions – The assumption changes for the plan year ended September 30, 2024 were:

- 2024 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage point for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2022 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.8 billion in 2020.

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2025

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2025

	<u>Special Revenue Funds</u>		
	<u>FOOD</u>	<u>STUDENT</u>	<u>TOTAL NONMAJOR</u>
	<u>SERVICE</u>	<u>ACTIVITIES</u>	<u>GOVERNMENTAL</u>
	<u>FUND</u>	<u>FUND</u>	<u>FUNDS</u>
<u>ASSETS</u>			
Cash	\$ 60,155	\$ 233,645	\$ 293,800
Accounts Receivable	86	0	86
Due from Other Funds	6,402	0	6,402
Due from Other Governmental Units	35,804	0	35,804
Inventory	12,507	0	12,507
TOTAL ASSETS	<u>\$ 114,954</u>	<u>\$ 233,645</u>	<u>\$ 348,599</u>
<u>LIABILITIES AND FUND BALANCE</u>			
<u>LIABILITIES</u>			
Accounts Payable	\$ 10,573	\$ 0	\$ 10,573
Accrued Expenditures	4,497	0	4,497
Salaries Payable	9,251	0	9,251
Due to Other Funds	50	100	150
Total Liabilities	<u>24,371</u>	<u>100</u>	<u>24,471</u>
<u>FUND BALANCE</u>			
Nonspendable for Inventory	12,507	0	12,507
Restricted for Food Service	78,076	0	78,076
Assigned for Student Activities	0	233,545	233,545
Total Fund Balance	<u>90,583</u>	<u>233,545</u>	<u>324,128</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 114,954</u>	<u>\$ 233,645</u>	<u>\$ 348,599</u>

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2025

	<u>Special Revenue Funds</u>		
	<u>FOOD SERVICE FUND</u>	<u>STUDENT ACTIVITIES FUND</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
<u>REVENUES</u>			
Local Sources	\$ 42,636	\$ 191,553	\$ 234,189
State Sources	35,984	0	35,984
Federal Sources	832,339	0	832,339
Total Revenues	910,959	191,553	1,102,512
<u>EXPENDITURES</u>			
Supporting Services			
Other Support Services	0	176,759	176,759
Food Services	869,254	0	869,254
Total Expenditures	869,254	176,759	1,046,013
Excess (Deficiency) of Revenues Over Expenditures	41,705	14,794	56,499
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfer In/(Out)	(35,000)	0	(35,000)
Net Change in Fund Balance	6,705	14,794	21,499
<u>FUND BALANCE - Beginning of Year</u>	83,878	218,751	302,629
<u>FUND BALANCE - End of Year</u>	\$ 90,583	\$ 233,545	\$ 324,128

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

2016 SCHOOL BUILDING AND SITE BONDS

JUNE 30, 2025

<u>TITLE OF ISSUE</u>	2016 School Building and Site Bonds		
<u>DATE OF ISSUE</u>	February 23, 2016		
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year		
<u>AMOUNT OF ISSUE</u>	\$ 7,660,000		
<u>AMOUNT REDEEMED</u>			
Prior to Current Year	\$ 1,795,000		
During Current Year	270,000	2,065,000	
<u>BALANCE OUTSTANDING - June 30, 2025</u>		\$ 5,595,000	

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2025		\$ 111,900	\$ 111,900	
May 1, 2026	4.000 %	391,900	111,900	\$ 280,000
November 1, 2026		106,300	106,300	
May 1, 2027	4.000 %	396,300	106,300	290,000
November 1, 2027		100,500	100,500	
May 1, 2028	4.000 %	405,500	100,500	305,000
November 1, 2028		94,400	94,400	
May 1, 2029	4.000 %	409,400	94,400	315,000
November 1, 2029		88,100	88,100	
May 1, 2030	4.000 %	418,100	88,100	330,000
November 1, 2030		81,500	81,500	
May 1, 2031	4.000 %	421,500	81,500	340,000
November 1, 2031		74,700	74,700	
May 1, 2032	4.000 %	429,700	74,700	355,000
November 1, 2032		67,600	67,600	
May 1, 2033	4.000 %	437,600	67,600	370,000
November 1, 2033		60,200	60,200	
May 1, 2034	4.000 %	445,200	60,200	385,000
November 1, 2034		52,500	52,500	
May 1, 2035	4.000 %	452,500	52,500	400,000
November 1, 2035		44,500	44,500	
May 1, 2036	4.000 %	459,500	44,500	415,000
November 1, 2036		36,200	36,200	
May 1, 2037	4.000 %	466,200	36,200	430,000
November 1, 2037		27,600	27,600	

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

2016 SCHOOL BUILDING AND SITE BONDS
JUNE 30, 2025

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 1, 2038	4.000 %	472,600	27,600	445,000
November 1, 2038		18,700	18,700	
May 1, 2039	4.000 %	478,700	18,700	460,000
November 1, 2029		9,500	9,500	
May 1, 2040	4.000 %	484,500	9,500	475,000
		<u>\$ 7,543,400</u>	<u>\$ 1,948,400</u>	<u>\$ 5,595,000</u>



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

To the Board of Education
Evert Public Schools
Evert, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Evert Public Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Evert Public Schools' basic financial statements, and have issued our report thereon dated September 3, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Evert Public Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Evert Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Evert Public Schools' internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

The logo for UHY LLP, featuring the letters "UHY" in a large, stylized, cursive font, followed by "LLP" in a smaller, sans-serif font.

Cadillac, Michigan
September 3, 2025



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education
Evert Public Schools
Evert, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Evert Public Schools' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Evert Public Schools' major federal programs for the year ended June 30, 2025. Evert Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Evert Public Schools' complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Evert Public Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Evert Public Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Evert Public Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that,

individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Evert Public Schools' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Evert Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Evert Public Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Evert Public Schools' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

The logo for UHY LLP, featuring the letters "UHY" in a large, stylized, cursive font, with "LLP" in a smaller, sans-serif font to the right.

Cadillac, Michigan
September 3, 2025

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED UNEARNED REVENUE		(MEMO ONLY) PRIOR YEAR EXPENDITURES	ADJUSTMENTS	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED UNEARNED REVENUE		CURRENT YEAR CASH TRANSFERRED TO SUBRECIPIENT
				JULY 1, 2024	JUNE 30, 2025					JUNE 30, 2025	JUNE 30, 2025	
U.S. Department of Education												
Passed Through Michigan Department of Education (M.D.E.)												
Title I Part A - Imp Basic Program	84.010	251530-2425	\$ 341,648	\$ 0	\$ 0	\$ 0	\$ 0	\$ 280,401	\$ 280,401	\$ 0	\$ 0	0
Title I Part A - Imp Basic Program	84.010	241530-2324	338,806	37,577	312,655	0	0	0	37,577	0	0	0
Total Title I Part A			680,454	37,577	312,655	0	0	280,401	317,978	0	0	0
Title IV Part A - Student Support and Academic Enrichment	84.424	250750-2324	32,842	0	0	0	0	30,663	30,663	0	0	0
Title IV Part A - Student Support and Academic Enrichment	84.424	240750-2324	30,315	2,006	20,294	0	0	0	2,006	0	0	0
Total Title IV Part A			63,157	2,006	20,294	0	0	30,663	32,669	0	0	0
Title II Part A Supporting Effective Instruction	84.367	250520-2425	58,173	0	0	0	0	32,397	31,647	750	0	0
Title II Part A Supporting Effective Instruction	84.367	240520-2324	42,589	21,849	24,687	0	0	0	21,849	0	0	0
Total Title II Part A			100,762	21,849	24,687	0	0	32,397	53,496	750	0	0
Education Stabilization Fund												
COVID-19 Governor's Emergency Education Relief (GEER)	84.425V	221037-2324	14,683	0	0	0	0	14,683	14,683	0	0	0
COVID-19 Elementary & Secondary School Emergency Relief Fund	84.425W	211012-2122	26,360	3,227	3,227	0	0	22,574	25,801	0	0	0
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425U	213713-2122	2,688,115	388,678	2,609,630	0	0	78,485	467,163	0	0	0
(ARP - ESSER III Formula Funds)			2,729,158	391,905	2,612,857	0	0	115,742	507,647	0	0	0
Total Education Stabilization Fund			3,573,531	453,337	2,970,493	0	0	459,203	911,790	750	0	0
Total Passed Through M.D.E.												
Passed through Wexford-Missaukee Intermediate School District (I.S.D.)	84.196	N/A	1,214	0	0	0	0	1,214	1,214	0	0	0
Education for Homeless Children and Youths												
Passed through Western Michigan University (WMU)	84.423A	N/A	11,210	0	0	0	0	11,210	11,210	0	0	0
High Impact Leadership (HIL 2.0)												
Total U.S. Department of Education			3,585,955	453,337	2,970,493	0	0	471,627	924,214	750	0	0
U.S. Department of Treasury												
Passed Through Michigan Department of Education (M.D.E.)	21.027	232423-20231	40,385	11,106	11,106	0	0	23,191	34,297	0	0	0
COVID-19 Coronavirus State and Local Fiscal Recovery Funds												
Total U.S. Department of Treasury			40,385	11,106	11,106	0	0	23,191	34,297	0	0	0

The accompanying notes are an integral part of this schedule.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	APPROVED GRANT AWARD AMOUNT	INVENTORY/ ACCRUED UNEARNED REVENUE		(MEMO ONLY) PRIOR YEAR EXPENDITURES	ADJUSTMENTS	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	INVENTORY/ ACCRUED UNEARNED REVENUE		CURRENT YEAR CASH TRANSFERRED TO SUBRECIPIENT
				JULY 1, 2024	JUNE 30, 2025					JUNE 30, 2025	JUNE 30, 2025	
U.S. Department of Health and Human Services												
Passed through Mecosta-Osceola Intermediate School District (I.S.D.) Medicaid Cluster Medical Assistance Program	93.778	N/A	13,044	0	0	0	0	13,044	13,044	0	0	0
Total U.S. Department of Health and Human Services												
			13,044	0	0	0	0	13,044	13,044	0	0	0
U.S. Department of Agriculture												
Passed Through Michigan Department of Education (M.D.E.) Child Nutrition Cluster Non-Cash Assistance (Commodities): Entitlement Commodities	10.555	N/A	45,933	0	0	0	0	45,933	45,933	0	0	0
Cash Assistance: School Breakfast Program School Breakfast Program Total School Breakfast Program	10.553 10.553	241970 251970	266,651 227,287 493,938	0 0 0	224,267 0 224,267	0 0 0	0 0 0	42,384 227,287 269,671	42,384 227,287 269,671	0 0 0	0 0 0	0 0 0
National School Lunch Program National School Lunch Program Total National School Lunch	10.555 10.555	241960 251960	475,918 403,147 879,065	0 0 0	398,134 0 398,134	0 0 0	0 0 0	77,784 403,147 480,931	77,784 403,147 480,931	0 0 0	0 0 0	0 0 0
Summer Food Service Program	10.559	250900	35,804	0	0	0	0	35,804	0	35,804	0	0
Total Cash Assistance			1,408,807	0	622,401	0	0	786,406	750,602	35,804	0	0
Total Child Nutrition Cluster			1,454,740	0	622,401	0	0	832,339	796,535	35,804	0	0
Total U.S. Department of Agriculture												
			1,454,740	0	622,401	0	0	832,339	796,535	35,804	0	0
Total Federal Financial Assistance												
			\$ 5,094,124	\$ 464,443	\$ 3,604,000	\$ 0	\$ 0	\$ 1,340,201	\$ 1,768,090	\$ 36,554	\$ 0	0
										(C) (D)		

The accompanying notes are an integral part of this schedule.

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

(A) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("the Schedule") includes the federal grant activity of Evart Public Schools under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Evart Public Schools, it is not intended to and does not present the financial position or changes in net position of Evart Public Schools.

The District qualifies for low-risk auditee status. Management has utilized the NexSys, Cash Management System, and the Grant Auditor Report in preparing the schedule of Expenditures of Federal Awards.

(B) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass through entity identifying numbers are presented where available. The District does not pass through federal funds to sub recipients. Evart Public Schools has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

(C) Reconciliation With Audited Financial Statements

Federal expenditures are reported as revenue in the following funds in the financial statements at June 30, 2025:

General Fund	\$ 507,862
Food Service Fund	<u>832,339</u>
Total federal revenue in the fund financial statements	<u><u>\$ 1,340,201</u></u>
Expenditures per schedule of expenditures of federal awards	<u><u>\$ 1,340,201</u></u>

(D) Reconciliation of Grant Auditor Report (GAR) with Schedule of Expenditures of Federal Awards

Current Cash Payments per Cash Management System (CMS)		\$ 1,696,688
Add Items Not on CMS Report:		
Food Distribution Program - Entitlement and Bonus Commodities	\$ 45,933	
Medicaid Administrative Outreach	13,044	
Education for Homeless Children and Youths	1,214	
High Impac Leadership (HIL 2.0)	11,210	
Rounding	<u>1</u>	<u>71,402</u>
Current Year Receipts (Cash Basis) per		
Schedule of Expenditures of Federal Awards		<u><u>\$ 1,768,090</u></u>

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Financial Statement Findings

None

Federal Award Findings and Questioned Costs

None

EVART PUBLIC SCHOOLS

EVART, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?

_____ Yes X No

Identification of Major Programs:

ALN Number(s)

10.553, 10.555 & 10.559

Name of Federal Program or Cluster

Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee under Title 2 CFR Section 200.520?

 X Yes _____ No

EVART PUBLIC SCHOOLS
EVART, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

