Benzie County Central School District

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

June 30, 2025

Dennis, Gartland & Niergarth

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Benzie County Central School District

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 ***Benzie County Central School District*** (the "School District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As described in Note B to the financial statements, the School District adopted the provisions of Governmental Accounting Standards Board Statement No. 101, Compensated Absences, during the year ended June 30, 2025. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2025 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Benzie County Central School District's internal control over financial reporting and compliance.

Dennis, Gartland & Niergarth

Certified Public Accountants
Traverse City, Michigan

October 29, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Benzie County Central School's annual financial report presents a discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025. It is meant to be read in conjunction with the District's financial statements immediately following.

FINANCIAL HIGHLIGHTS

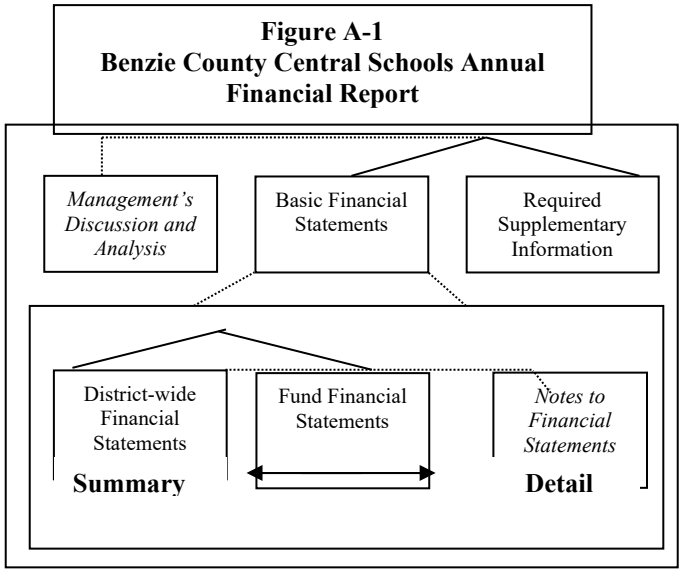
- The District continued to be challenged by declining enrollment.
- The foundation grant stayed the same as the prior year at $9,608/pupil. Blended enrollment decreased by 32.15 FTEs compared to June 2024 (6/30/2024 = 1,214.67; 6/30/2025 = 1,182.52).
- The District's contribution rate for employee retirement decreased to 41.94%.
- The District passed a sinking fund levy of 0.9 mills for a period of 10 years, 2017 to 2026, for the purchase of real estate for sites for, and the construction or repair of, school buildings, for school security improvements, and for the acquisition or upgrading of technology.
- The BCCEA (Teachers) and BCCESP (Secretarial) contracts are settled through June 30, 2027. The BCCESP (Transportation) contract is settled through June 30, 2026. BCCESP (Paraprofessionals) and BCCESP (Custodial) contracts are settled through June 30, 2028.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations *in more detail* than the district-wide statements.
- The *governmental funds* statements tell how *basic* services like general education were financed in the *short-term* as well as what remains for future spending.

Figure A-1
Benzie County Central Schools Annual Financial Report



The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 on the previous page shows how the various parts of this annual report are arranged and related to one another.

Figure A-2

Major Features of District-Wide and Fund Financial Statements

	District-wide Statements	Fund Financial Statements Governmental Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as general education and building maintenance.
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

Figure A-2 summarized the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statements of net position include *all* of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, consideration must be given to additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. 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 establishes other funds to control and manage money for particular purposes (repayment of long-term debts) or to show that it is properly using certain revenues (like school lunch and athletics).

The District has only one type of fund, governmental funds:

- *Governmental funds* – All of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be 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 determine whether there are more or fewer 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 district-wide statements, additional information is provided with the governmental funds statements explaining the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position

Table A-3
BCCS's Net Position

	2024	2025
Current and other assets	$ 15,867,911	$ 12,414,451
Capital assets	45,592,796	48,051,933
Lease receivable	-	317,803
Net OPEB asset	417,392	3,133,099
Deferred outflows of resources	6,593,006	4,833,191
Total assets and deferred outflows of resources	68,471,105	68,750,477
Net pension liability	23,718,374	17,840,251
Long-term debt outstanding	35,781,692	36,256,613
Other liabilities	4,229,089	2,421,031
Total liabilities	63,729,155	56,517,895
Deferred inflows of resources	6,118,823	9,655,014
Net position		
Net investment in capital assets	10,344,079	12,503,016
Restricted	6,978,648	7,251,871
Unrestricted (Deficit)	(18,699,600)	(17,177,319)
Total net position	$ (1,376,873)	$ 2,577,568

The prior year net position was reclassified to reflect restricted net assets for the net OPEB asset.

Change in Net Position - The District's financial position is the product of several independent factors. Overall, revenues and expenses decreased when compared to last year's data, with a resulting increase in net position. The change in net position for 24/25 is $4,293,777 compared to $3,940,312 for 23/24. A breakout of this $4,293,777 can be found on page 14 of the audit. Revenues in most cases can't be controlled by the District, but the District continues to hold the line and increase expenditures as compared to last year.

Table A-4
Changes in BCCS's Net Position

Revenues	2024	2025
Property Taxes		
Levied for general purposes	$ 9,630,095	$ 10,330,202
Levied for debt service	2,160,865	2,355,541
Levied for sinking fund	941,633	1,016,038
State School Aid - unrestricted	2,673,465	1,102,888
Grants & contributions not restricted	141,791	-
Charges for services	429,773	516,453
Operating grants and contributions	7,501,576	7,104,760
Special Item - gain on disposal of assets	21,979	533,690
Investment and other	579,878	513,454
Total revenues	24,081,055	23,473,026
Expenses		
Instruction	9,261,527	8,705,680
Support services	6,982,902	5,962,023
Food service	898,121	1,018,277
Early Childhood	358,472	451,851
Student activities	130,456	132,776
Athletics	387,260	416,759
Other	28,311	17,869
Interest on long-term debt	964,319	947,426
Depreciation	1,129,375	1,526,588
Total expenses	20,140,743	19,179,249
Change in net position	3,940,312	4,293,777
Net position, beginning of the year, *as previously reported*	(4,921,433)	(1,376,873)
Correction of an error	(395,752)	-
Restatement for change in accounting principle	-	(339,336)
Net position, beginning of the year, *as restated*	(5,317,185)	(1,716,209)
Net position, end of the year	$ (1,376,873)	$ 2,577,568

Net position was restated for the implementation of GASB 101, *Compensated Absences.*

District Governmental Activities

The District continued to maintain its sound financial planning and personnel management for the 2024 - 2025 School Year.

- Teachers retiring or resigning from the District are replaced only if enrollments dictate the need for increased instruction.

- The District attempts to replace all resigning or retiring teachers at lower or entry level salary steps than the departing incumbent. However, the District is also seeing a shortage of qualified teachers and will recognize teaching years for the best qualified candidate.

- Grant funded programs are totally dependent upon dollars received. If dollars coming in from the grant decrease, expenses are decreased accordingly.

- The District continues to assess enrollment and has established the baseline classroom size should not be less than 15 students. Enrollment is reviewed constantly throughout the year.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its general fund reported a fund balance of $5,603,671. The non-spendable inventory and prepaid expenditures of $15,021 and $96,295, respectively, totaling $111,316 compared to $45,310 from last year.

General Fund Budgetary Highlights

Over the course of the year, the District revises the annual operating budget periodically. The District begins the school year the last week of August, before the State's fiscal year begins in October. Therefore, budget assumptions made by the District earlier in the year may not materialize when the State implements the education budget.

Changes are made to final student enrollment counts, staffing assignments and changes in grant funding since the original budget was adopted.

Revenue was underbudget by approximately $61,000, expenditures were underbudget by approximately $989,000, and other financing uses were overbudget by approximately $66,000, resulting in a net positive variance of approximately $862,000.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Depreciable assets for the 2024 - 2025 school year totaled $62,481,078 or $3,026,602 more than 2023 - 2024. Sinking fund and bond projects encompassed the majority of the addition to capital assets which totaled $3,459,317 for the 2024 – 2025 school year. For more details, see Note G of the audit.

	2024	2025
Building and improvements	$ 54,333,796	$ 56,798,100
Furniture and fixtures	2,744,017	3,339,883
Vehicles	2,376,663	2,343,095
Total depreciable assets	59,454,476	62,481,078
Less accumulated depreciation	(13,915,121)	(14,482,586)
Land	53,441	53,441
Net governmental capital assets	$ 45,592,796	$ 48,051,933

Long-term Debt

At year-end the District had $36,256,613 in long-term debt. (More detailed information about the District's long-term liabilities is presented in Note H of the audit.)

Table A-6
BCCS's Outstanding Long-Term Debt

	2024	2025
General obligation bonds	$ 31,040,000	$ 29,890,000
Energy Conservation Bond	66,490	-
Unamortized Bond Premium	6,053,277	5,759,020
Compensated Absences	472,008	607,593
Total	$ 37,631,775	$ 36,256,613

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Enrollment continues to be a primary issue impacting Benzie Central School's financial position. The District continues to work on building a superior early childhood education program to retain and enroll young students in the District. The District continues to evaluate the academic and extra curricular offerings to draw new students and retain the current enrollment. Affordable housing continues to be a current challenge within the community, as younger families, including new staff are struggling to acquire homes.

- The 2024/25 foundation allowance was $9,608, which was the same as the previous year. The blended pupil count for the 2024/25 school year was 1,182.52 which is a reduction of 32.15 students from 2023/24, and 84.88 less than the 22/23 school year. At the 2025/26 foundation rate of $10,050 per pupil, the 32.15 student decrease represents an approximate loss of $323,000 in funding to the District. The official audited student count occurs in the Fall of 2025, any adjustments will be made to the District in future state aid payments.

- The District's retirement contribution rate for 2025/26 increased to 44.93%, an increase of 2.99%.

- The sinking fund millage passed in 2016/17 generated $1,054,566 in property tax revenue and interest for the District in 2024/25. The mileage is expected to levy additional funds for the 2025/26 school year.

- The stakeholders of Benzie Central Schools passed a Bond in November of 2020. The approximate $38M bond continued to help the District with numerous projects impacting all buildings in the District. Additions at Benzie High School and Lake Ann Elementary are complete, including a new Weight Room, and Science wing updates at the High School, an Early Childhood wing at Lake Ann, and a new Bus Garage to benefit students district wide. Renovations at all sites are reaching completion or are completed.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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. Additional financial data can be found on the District's website http://www.benzieschools.net. If you have questions about this report or need additional information, contact the Central Business Office, Benzie County Central Schools, 9300 Homestead Rd, Benzonia MI 49616.

Benzie County Central School District

STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
ASSETS	
Current assets	
Cash and cash equivalents	$ 10,802,566
Due from other governments	1,463,744
Other receivables	10,914
Prepaid expenses	104,295
Inventory	32,932
Total current assets	12,414,451
Capital assets, net of accumulated depreciation	48,051,933
Lease receivable	317,803
Net OPEB asset	3,133,099
Total assets	63,917,286
DEFERRED OUTFLOWS OF RESOURCES	
Pension liability	4,075,602
OPEB asset	757,589
Total deferred outflows of resources	4,833,191
Total assets and deferred outflows of resources	$ 68,750,477
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
LIABILITIES	
Current liabilities	
Accounts payable	$ 311,127
Salaries payable and related liabilities	1,628,796
Unearned revenue	281,137
Accrued interest	199,971
Current portion of long-term liabilities	1,539,257
Total current liabilities	3,960,288
Non-current portion of long-term liabilities	34,717,356
Net pension liability	17,840,251
Total liabilities	56,517,895
DEFERRED INFLOWS OF RESOURCES	
Cell tower lease receivable	317,803
Pension liability	5,218,827
OPEB asset	4,118,384
Total deferred inflows of resources	9,655,014
NET POSITION	
Net investment in capital assets	12,503,016
Restricted for	
Food service	254,384
Debt service	962,018
Capital projects	2,902,370
Net OPEB asset	3,133,099
Unrestricted (deficit)	(17,177,319)
Total net position	2,577,568
Total liabilities, deferred inflows of resources and net position	$ 68,750,477

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

Benzie County Central School District

STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

Functions/Program	Expenses	Program Revenues: Charges For Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities				
Instruction	$ 8,705,680	$ -	$ 5,942,981	$ (2,762,699)
Supporting services	5,962,023	-	-	(5,962,023)
Food service	1,018,277	71,768	972,063	25,554
Early childhood	451,851	378,121	34,335	(39,395)
Student activities	132,776	-	155,381	22,605
Athletics	416,759	66,564	-	(350,195)
Other	17,869	-	-	(17,869)
Interest on long-term debt	947,426	-	-	(947,426)
Depreciation - unallocated	1,526,588	-	-	(1,526,588)
Total governmental activities	$ 19,179,249	$ 516,453	$ 7,104,760	(11,558,036)
General purpose revenues				
Property taxes				
Levied for general purposes				10,330,202
Levied for debt service				2,355,541
Levied for sinking fund				1,016,038
State school aid - unrestricted				1,102,888
Investment and other				513,454
Total general purpose revenues				15,318,123
Special item - gain on disposal of assets				533,690
Change in net position				4,293,777
Net position, beginning of year, *as previously reported*				(1,376,873)
Restatement for change in accounting principle				(339,336)
Net position, beginning of year, *as restated*				(1,716,209)
Net position, end of year				$ 2,577,568

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

Benzie County Central School District

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2025

	General Fund	2021 Debt Service Fund	2017 Sinking Fund	Non-major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 5,895,325	$ 1,138,933	$ 2,984,048	$ 784,260	$ 10,802,566
Intergovernmental receivable	1,306,682	-	-	157,062	1,463,744
Other receivables	8,727	-	-	2,187	10,914
Due from other funds	346,090	23,056	118	149,882	519,146
Prepaid expenditures	96,295	-	-	8,000	104,295
Inventory	15,021	-	-	17,911	32,932
Lease receivable	317,803	-	-	-	317,803
Total assets	$ 7,985,943	$ 1,161,989	$ 2,984,166	$ 1,119,302	$ 13,251,400
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 73,800	$ -	$ 152,008	$ 85,319	$ 311,127
Salaries payable and related liabilities	1,619,434	-	-	9,362	1,628,796
Unearned revenue	273,564	-	-	7,573	281,137
Due to other funds	97,671	-	29,891	391,584	519,146
Total liabilities	2,064,469	-	181,899	493,838	2,740,206
DEFERRED INFLOWS OF RESOURCES					
Cell tower lease	317,803	-	-	-	317,803
FUND BALANCES					
Nonspendable - inventory and prepaid expenditures	111,316	-	-	25,911	137,227
Restricted					
Food service	-	-	-	236,473	236,473
Debt service	-	1,161,989	-	-	1,161,989
Capital projects	-	-	2,802,267	100,103	2,902,370
Committed - student activities	-	-	-	156,349	156,349
Committed - subsequent year expenditures	815,729	-	-	-	815,729
Assigned - early childhood	-	-	-	106,628	106,628
Unassigned	4,676,626	-	-	-	4,676,626
Total fund balances	5,603,671	1,161,989	2,802,267	625,464	10,193,391
Total liabilities and fund balances	$ 7,985,943	$ 1,161,989	$ 2,984,166	$ 1,119,302	

Reconciliation of Governmental Fund Balances to District-Wide Government Activities Net Position

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $62,534,519 and the accumulated depreciation is $(14,482,586).		48,051,933
Deferred outflows of resources for pension and OPEB are not a financial resource and, therefore, are not reported as assets in governmental funds.		4,833,191
Long-term assets and liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported as assets or liabilities in the funds. Long-term assets and liabilities consist of:		
Bonds and loans payable	$ 29,890,000	
Accrued interest on bonds	199,971	
Unamortized bond premium	5,759,020	
Compensated absence liability	607,593	
Net pension liability	17,840,251	
Net OPEB asset	(3,133,099)	(51,163,736)
Deferred inflows of resources for pension and OPEB are not a financial resource and, therefore, are not reported as liabilities in governmental funds.		(9,337,211)
Total net position - governmental activities		$ 2,577,568

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

Benzie County Central School District

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended June 30, 2025

	General Fund	Formerly Non-major Fund 2021 Debt Service Fund	Formerly Major Fund 2021 School Building & Site Fund	2017 Sinking Fund	Non-major Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	$ 10,330,202	$ 2,355,541	$ -	$ 1,016,038	$ -	$ 13,701,781
Interest	79,454	7,814	-	38,527	52,488	178,283
State revenues	5,862,072	-	-	-	161,270	6,023,342
Federal revenues	858,714	-	-	-	845,129	1,703,843
Charges for services	66,564	-	-	-	449,889	516,453
Proceeds for the sale of capital assets	569,106	-	-	-	-	569,106
Other	629,199	-	-	-	186,435	815,634
Total revenues	18,395,311	2,363,355	-	1,054,565	1,695,211	23,508,442
Expenditures						
Instruction	10,977,000	-	-	-	-	10,977,000
Supporting services	7,085,875	-	-	-	-	7,085,875
Food service	-	-	-	-	1,018,277	1,018,277
Early childhood	-	-	-	-	451,851	451,851
Student activities	-	-	-	-	132,776	132,776
Athletics	416,759	-	-	-	-	416,759
Other	17,010	-	-	-	-	17,010
Debt service						
Principal	66,349	1,150,000	-	-	-	1,216,349
Interest	-	1,250,055	-	-	-	1,250,055
Other	-	-	-	-	1,000	1,000
Capital outlay	545,264	-	-	1,598,101	1,962,646	4,106,011
Total expenditures	19,108,257	2,400,055	-	1,598,101	3,566,550	26,672,963
REVENUES OVER (UNDER) EXPENDITURES	(712,946)	(36,700)	-	(543,536)	(1,871,339)	(3,164,521)
Other financing sources						
Operating transfers in	-	-	-	-	874,217	874,217
Operating transfers out	-	-	-	-	(874,217)	(874,217)
Total other financing sources (uses)	-	-	-	-	-	-
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	(712,946)	(36,700)	-	(543,536)	(1,871,339)	(3,164,521)
Fund balance, beginning of year, *as previously reported*	6,316,617	-	946,705	3,345,803	2,748,787	13,357,912
Change within financial reporting entity (non-major to major fund)	-	1,198,689	(946,705)	-	(251,984)	-
Fund balance, beginning of year, *as currently presented and restated*	6,316,617	1,198,689	-	3,345,803	2,496,803	13,357,912
Fund balance, end of year	$ 5,603,671	$ 1,161,989	$ -	$ 2,802,267	$ 625,464	$ 10,193,391

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

Benzie County Central School District

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

Year Ended June 30, 2025

Total Net Change in Fund Balances - Governmental Funds		$ (3,164,521)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in the governmental funds as expenditures. However, costs that meet the capitalization policy are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.		
Capital outlays	$ 4,021,141	
Depreciation expense	(1,526,588)	2,494,553
In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the capital assets sold.		(35,416)
Change in deferred outflows of resources for:		
Pension liability	(1,105,605)	
OPEB asset	(654,210)	(1,759,815)
In the statement of activities, certain operating expenses - compensated absences (vacations, sick leave, and personal days) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences earned was greater than the amounts paid by $135,585.		(135,585)
Repayment of bond principal is an expenditure or other financing use in the governmental funds, but reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		1,216,490
Amortization of bond premium.		294,257
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest reported in the statement of activities is different by the change in accrued interest on bonds payable.		8,372
Change in net pension liability		5,878,123
Change in net OPEB asset		2,715,707
Change in deferred inflows of resources for:		
Pension liability	(2,533,267)	
OPEB asset	(685,121)	(3,218,388)
Changes in Net Position of Governmental Activities		$ 4,293,777

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Introduction

Benzie County Central School District (the "School District") is a Michigan public school district consisting of three child cares, four elementary schools, a middle school and a high school. The School District primarily serves the Benzonia, Lake Ann, Honor and Crystal Lake communities. As of June 30, 2025, the School District employs 84 professional staff and 78 non-professional staff, and has 1,183 students enrolled within its School District.

The accounting policies of the School District conform to generally accepted accounting principles as applicable to governments. The School District is considered to be a local government unit.

The accounting and reporting framework and the more significant accounting principles and practices of the School District are discussed in subsequent sections of this note. The remainder of the notes are organized to provide explanations, including required disclosures, of the School District's financial activities for the fiscal year ended June 30, 2025.

The Financial Reporting Entity

Benzie County Central School District's Board is a special purpose government and considered to be a primary government because it has a separately elected governing body, is legally separate and is fiscally independent of other state and local governments. The financial reporting entity of Benzie County Central School District includes the School District as the primary government and its component units; i.e., legally separate organizations for which the primary government is financially accountable and any other organizations which management has determined, based on the nature of significance of their relationship with the School District, must be included to prevent the School District's financial statements from being misleading. Based on criteria established in Governmental Accounting Standards Board ("GASB") Statement No. 14, as amended, management has not identified any component units. Student, parent and teacher organizations are not included, except to the extent that the School District holds assets in the capacity of an agent.

Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The statement of net position and statement of activities display information about the School District as a whole. Individual funds are not displayed.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the School District's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

Fund Financial Statements

The balance sheet and statement of revenues, expenditures and changes in fund balances (i.e., fund financial statements) for the School District's governmental funds are presented after the government-wide statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental funds. Major funds are generally those that represent 10% or more of governmental fund assets, liabilities, revenues or expenditures.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of the School District are prepared in accordance with generally accepted accounting principles ("GAAP"). The School District's reporting entity applies all relevant Governmental Accounting Standards Board ("GASB") pronouncements.

The government-wide statements report using the economic resource measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). Reimbursements are reported as reductions to expenses. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied, while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The School District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest, including compensated absences, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include property taxes, intergovernmental revenues and investment income. In general, other revenues are recognized when cash is received.

Fund Types and Major Funds

Activities in Major Funds

The General Fund is the general operating fund of the School District. It is used to account for all financial resources except those accounted for in another fund.

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, bond principal, interest and related costs.

The 2017 Sinking fund records capital project activities funded with Sinking Fund millage. For this fund, the school district has complied with the applicable provisions of Section 1212 of the Revised School Code.

Other Governmental Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted, committed, or assigned to expenditures for specified purposes. The Special Revenue Funds maintained by the School District are the Food Service Fund, Early Childhood Fund and Student Activity Fund.

The 2021 and 2023 School Building and Site Funds include capital project activities funded with bonds. For these capital projects, the School District has complied with the applicable provisions of Section 1351a of the Revised School Code.

Beginning with the year of bond issuance, the School District has reported the annual construction activity in the 2021 and 2023 School Building and Site Funds. The projects for which the Building and Site Bonds, Series I and Series II, were issued were considered complete on June 30, 2025 and the cumulative expenditures recognized for the construction period were $39,680,178.

Cash and and Cash Equivalents

The School District reporting entity considers highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased to be cash equivalents.

Prepaids

Prepaids record payments to vendors that benefit future reporting periods and are also reported on the consumption basis. Prepaids are similarly reported in government-wide and fund financial statements.

Inventories

Inventories in governmental funds consist of expendable supplies held for consumption stated on a first-in, first-out basis. They are reported at cost, which is recorded as an expenditure at the time individual inventory items are used.

Capital Assets

Capital assets are recorded at cost or, if donated, the fair value at the time of donation. Capital assets are depreciated over their estimated useful lives ranging from 5 to 50 years. The School District generally capitalizes assets with costs of $5,000 or more as purchase and construction outlays occur. No depreciation is recorded on land or construction-in-process. Expenditures for major renewals and betterments that extend the useful lives of the capital assets are capitalized. Expenditures for maintenance and repairs are charged to current expenditures as incurred. Depreciation is computed using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	50	years
Improvements, other than buildings	15 - 25	years
Buses and vehicles	10	years
Furniture and equipment	5 - 10	years

Lease Receivable

The School District is a lessor for a long-term ground lease agreement for a section of land owned by the School District. The School District recognizes the lease receivable and the deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of the lease, the School District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of the lease payments received. Interest revenue recognized on the lease receivable is calculated based on the School District's incremental borrowing rate at the inception of the lease. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as lease revenue over the life of the lease term using the effective interest method.

The School District monitors changes in circumstances that would require a remeasurement of the lease, and would remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Long-Term Liabilities and Bond Discounts/Premiums

In the government-wide financial statements, outstanding debt is reported as a liability. Bond discounts or premiums are deferred and amortized over the terms of the respective bonds using a method that approximates the interest method. Bond issuance costs are expensed as incurred.

The governmental fund financial statements recognize the proceeds of debt and premiums (discounts) as other financing sources and uses of the current period. Issuance costs are reported as expenditures.

Compensated Absences

Employees are granted vacation, sick, and personal time in varying amounts when earned in accordance with applicable union or non-union agreements. Employees may accumulate, subject to certain limitations, unused vacation, sick, and personal time earned and, upon resignation or retirement, may be compensated at daily rates specified in the union or non-union agreements. The cost of accumulated compensated absences pay, including associated benefits, is accounted for as a liability in the government-wide financial statements if the leave is more likely than not to be used for time off or otherwise paid in cash or settled through non-cash means.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of financial position includes separate elements for deferred outflows of resources and deferred inflows of resources. The separate financial statement elements, deferred outflows and inflows of resources, represent a consumption/addition of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) or inflows of resources (revenue) until then. The School District's items that qualify for reporting in these categories are the items related to the lease receivable, pension liability, OPEB asset and bond refunding.

Lease-related amounts are recognized at the inception of leases in which the School District is the lessor. The deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus certain additional amounts received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The inflow of resources is recognized using the effective interest rate method.

See Note F for details of deferred inflows related to the lease receivable, Note K for details of deferred outflows and inflows related to the pension liability, and Note L for the OPEB asset.

Fund Balance

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors or contributors, or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the School District Board through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the School District Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts non-spendable, restricted, committed or assigned to those purposes.

When both restricted and unrestricted fund balances are available for use, it is the School District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Program Revenues

Program revenues derive directly from the program itself or from outside parties for the restricted use in a particular program. On the statement of activities, program revenues reduce the net cost of the various functions to reflect the amount which is financed from the School District's general revenues.

The School District's most significant program revenues are Title I, At-Risk, School Lunch Program, and Elementary and Secondary School Emergency Relief (ESSER) funds which are reported as operating grants and contributions.

Encumbrance Accounting

The School District formally records encumbrances in the accounting records during the year as a normal practice. In accordance with generally accepted accounting principles, outstanding encumbrances at year-end for which goods or services are received are reclassified as expenditures and accounts payable. All other encumbrances in the annual budgeted funds are reversed at year-end and are either canceled or are included as reappropriations of fund balance for the subsequent year.

Allocation of Expenses

The School District reports each function's direct expenses, those that are specifically associated with a service, program or department and, thus, are clearly identifiable to a particular function.

The School District has elected to not allocate indirect expenses.

Pension Plan

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

Post-Employment Benefits Other than Pensions

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

Use of Estimates in the Preparation of Financial Statements

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

NOTE B - ADOPTION OF NEW ACCOUNTING PRINCIPLE AND ACCOUNTING CHANGES

Adoption of New Accounting Principle

The School District adopted the Governmental Accounting Standards Board issued Statement No. 101 ("GASB 101"), *Compensated Absences*, for the year ended June 30, 2025. The 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 non-cash 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 non-cash 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. As a result of adopting this new accounting principle, opening net position in the statement of activities has been restated.

Changes within the Financial Reporting Entity

The 2021 Debt Service Fund changed from a non-major fund in the year ended June 30, 2024 to a major fund for the year ended June 30, 2025.

The 2021 School Building & Site Fund changed from a major fund in the year ended June 30, 2024 to a non-major fund for the year ended June 30, 2025.

Adjustments to and Restatements of Beginning Balances

Adoption of a new accounting principle and changes within the financial reporting entity resulted in adjustments to and restatements of beginning net position and fund balance as follows for the year ended June 30, 2025:

	Government-Wide	Major Funds		Non-Major Funds	
	Governmental Activities	2021 School Building & Site Fund	2021 Debt Service Fund	2021 School Building & Site Fund	2021 Debt Service Fund
June 30, 2024, *as previously reported*	$ (1,376,873)	$ 946,705	$ -	$ -	$ 1,198,689
Change within the reporting entity (major to/from non-major fund)	-	(946,705)	1,198,689	946,705	(1,198,689)
Reduction to net position for the increase in compensated absences liability in accordance with GASB 101	(339,336)	-	-	-	-
June 30, 2024, *as currently presented and restated*	$ (1,716,209)	$ -	$ 1,198,689	$ 946,705	$ -

NOTE C - BUDGETARY POLICY AND PRACTICE

The School District has adopted these procedures in establishing the budgets as reflected in the financial statements.

1. As early as possible in the preceding fiscal year (generally in the spring), the Superintendent formulates preliminary budgets for the coming year, which she submits to the Board of Education for their review.
2. A public hearing is held prior to June 30 on the proposed budgets to obtain taxpayer comments.
3. The Board of Education reviews the proposed budget and then in June adopts a formal resolution approving the needed appropriations for the coming operating year.
4. All transfers of budget amounts and any amendments to the formal Appropriation Act are approved by the Board of Education.
5. It is the Superintendent's responsibility to supervise and monitor the budget process. She does this by reviewing the monthly financial data and reporting and recommending any needed amendments to the Board of Education.
6. The budget is adopted on a basis consistent with generally accepted accounting principles.

7. The budgets presented in these financial statements are as originally adopted and as formally amended by the Board of Education.
8. All annual appropriations lapse at fiscal year-end.

Excess of Expenditures Over Appropriations in Budgeted Funds

Michigan Public Act 621 of 1978 provides that a local unit shall not incur expenditures in excess of the amounts appropriated. During the year ended June 30, 2025, the School District was not in compliance with that provision as follows:

	Budget	Actual	Variance
General Fund			
Instruction			
Basic Instruction	$ 8,061,564	$ 8,524,553	$ (462,989)
Supporting Services			
Pupil and Instruction Staff	654,603	830,976	(176,373)
Business Office	504,812	508,116	(3,304)
Community Services	22,448	36,651	(14,203)
Other Financing Uses	-	66,349	(66,349)

NOTE D - CASH, CASH EQUIVALENTS AND INVESTMENTS

At June 30, 2025, the School District's cash, cash equivalents and investments include the following:

	Cash and Cash Equivalents
Bank deposits	$ 5,387,182
Investments	5,415,384
Total	$ 10,802,566

Bank Deposits

All of the School District's bank deposits are with financial institutions which provide FDIC insurance coverage.

As of June 30, 2025, $1,353,504 of the School District's bank balance of $11,147,293 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

The School District's investment policy permits investments in the following vehicles:

1. Bonds and other obligations of the United States; the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
2. Certificate of deposits issued by financial institutions organized and authorized to operate in Michigan, and who are members of FDIC.
3. Certain commercial paper.
4. Securities issued or guaranteed by agencies or instruments of the United States government.
5. United States government Federal agency obligation repurchase agreements.
6. Banker's acceptance issued by a bank that is a member of the FDIC.
7. Certain mutual funds.
8. Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982.

Investments at June 30, 2025 consisted of the following:

		Investment Maturities (in years)			
Investment Type	Fair Value	Current	1-5	6-10	More than 10
MILAF	$ 5,415,384	$ 5,415,384	$ -	$ -	$ -
	$ 5,415,384	$ 5,415,384	$ -	$ -	$ -

Custodial Credit Risk - Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. State law does not require and the School District does not have a specific policy pertaining to investment custodial credit risk which is more restrictive than State law. As of June 30, 2025, $5,415,384 were collateralized by securities held by the pledging financial institution.

Interest Rate Risk

The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair market value losses arising from increasing interest rates.

The School District attempts to 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 avoiding the need to sell securities in the open market and investing operating funds primarily in short-term securities or Michigan Liquid Asset Funds ("MILAF"), and limiting the average maturity. MILAF investments are carried at amortized cost and are not subject to any withdrawal restrictions.

Credit Risk

The School District's investment policy limits investments in commercial paper to a prime or better rating at the time of purchase and maturing not more than 270 days after the date of purchase. As of June 30, 2025, the School District's investment in the MILAF investment pool was rated AAAm by Standard & Poor's.

NOTE E - RECEIVABLES, UNCOLLECTIBLE ACCOUNTS AND UNEARNED REVENUE

Property Taxes Receivable, Unearned Revenue and Property Tax Calendar

Property taxes are levied, billed and attached as enforceable liens in July and December of the School District's fiscal year. Townships within the School District collect and remit taxes until February 15, at which time the uncollected real property taxes are turned over to the counties as delinquent. Delinquent real property taxes are funded by the county and remitted to the School District. Delinquent personal property tax remains a receivable until collected from the taxpayer by the townships and remitted to the School District.

In the governmental fund financial statements, if delinquent taxes are not paid within 60 days of year-end, they are recorded as unearned revenue. In the government-wide financial statements, property taxes receivable and related revenue include all amounts due to the School District regardless of when cash is received. Over time, substantially all property taxes are collected.

During the fiscal year, $18 per $1,000 of equalized non-principal residence property value of $568 million and $6 per $1,000 of equalized commercial personal property value of $12.8 million was levied for general operating purposes. For debt service purposes, $1.99 per $1,000 of total equalized property value of $1.184 billion was levied for bonded debt repayments by the Debt Service Fund. For sinking fund purposes, $0.8578 per $1,000 of total equalized property value of $1.184 billion was levied for the purchase of real estate sites for, and construction or repair of, school building, for school security improvements, and for the acquisition or upgrading of technology.

Intergovernmental Receivables and Unearned Revenue

Intergovernmental receivables are primarily comprised of amounts due from the State and Federal governments. Revenue is recorded as earned when eligibility requirements are met. Unearned revenues in the governmental fund financial statements include grant revenue for which eligible expenditures have not been incurred.

Amounts due from other governments at June 30, 2025 are as follows:

Due from the State of Michigan - State Aid	$ 969,657
Due from Federal Grants	144,914
Other	349,173
	$ 1,463,744

Unearned revenue at June 30, 2025 consisted of the following:

State of Michigan - State Aid	$ 262,106
Federal Grants	5,896
Other	13,135
	$ 281,137

NOTE F - LEASE RECEIVABLE

This School District is leasing land to a third party for the purpose of constructing and operating a cell tower. The lease began on September 10, 2024 and includes renewal terms that extend the lease through August 10, 2074. The lease receivable is based on the continued renewal of the lease. Lease payments received escalate 1.5% annually over the remaining lease term. The School District recognized $0 in lease revenue and $10,000 in interest revenue during the year ended June 30, 2025 related to the lease. As of June 30, 2025, the School District's outstanding lease receivable was $317,803. Also, the School District has deferred inflows of resources associated with this lease that will be recognized over the lease term. As of June 30, 2025, the balance of the deferred inflows of resources was $317,803.

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NOTE G - INVESTMENTS IN CAPITAL ASSETS

Investments in capital assets consist of the following during the year ended June 30, 2025:

	Beginning Balance	Additions	Retirements	Ending Balance
Buildings and improvements	$ 54,333,796	$ 3,305,845	$ (841,541)	$ 56,798,100
Furniture and equipment	2,744,017	715,296	(119,430)	3,339,883
Buses and vehicles	2,376,663	-	(33,568)	2,343,095
Total depreciable assets	59,454,476	4,021,141	(994,539)	62,481,078
Less accumulated depreciation	(13,915,121)	(1,526,588)	959,123	(14,482,586)
Land	53,441	-	-	53,441
Total capital assets, net	$ 45,592,796	$ 2,494,553	$ (35,416)	$ 48,051,933

Depreciation expense was charged to the function in the statement of activities, as follows:

Unallocated	$ 1,526,588

During the year ended June 30, 2025, the School District sold the Crystal Lake Elementary building and a bus garage for a total of $569,106. The cost of the building and bus garage was $994,539 with a net book value of $35,416 resulting in a gain on the sale of $533,690 which is included as a special item on the statement of activities.

NOTE H - LONG-TERM LIABILITIES

Changes in long-term liabilities during the year ended June 30, 2025 were as follows:

	Beginning Balance	New Debt	Payments/ Defeasance	Ending Balance	Current Portion
General obligation bonds	$31,040,000	$ -	$ (1,150,000)	$ 29,890,000	$1,245,000
Energy conservation bonds	66,490	-	(66,490)	-	-
Unamortized bond premium	6,053,277	-	(294,257)	5,759,020	294,257
Compensated absence liability	472,008	135,585	-	607,593	-
Long-term liabilities	$37,631,775	$ 135,585	$ (1,510,747)	$ 36,256,613	$1,539,257

Payments on general obligation bonds are made by the Debt Service Fund. All other borrowing and the compensated absence liability will be liquidated primarily by the General Fund.

At June 30, 2025, the School District's long-term liabilities consisted of the following:

$1,060,000 2023 Building and Site Bonds, Series II, for additions and remodeling of existing schools and bus garages; installing instructional technology; building and improving playgrounds, playfields and sites; and purchasing buses; due in annual installments of $475,000 through May 1, 2026; plus interest at a rate of 4.89%.	$ 475,000
$31,630,000 2021 Building and Site Bonds, Series I, for building a new elementary school; additions and remodeling of existing schools and bus garages; installing instructional technology; building and improving playgrounds, playfields and sites; and purchasing buses; due in annual installments of $770,000 to $2,310,000 through May 2045, plus interest at a rate of 4.00%.	29,415,000
Total bonds payable	29,890,000
Unamortized bond premium	5,759,020
Compensated absences	607,593
Total long-term liabilities	$ 36,256,613

Interest expense for the year ended June 30, 2025 was $947,426 and interest paid was $1,250,055.

Total annual requirements to amortize bonds and loans outstanding as of June 30, 2025 are as follows:

Years Ending June 30,	Principal	Interest
2026	$ 1,245,000	$ 1,199,828
2027	845,000	1,145,800
2028	850,000	1,112,000
2029	985,000	1,078,000
2030	1,075,000	1,038,600
2031 - 2035	6,060,000	4,510,400
2036 - 2040	8,245,000	3,150,200
2041 - 2045	10,585,000	1,306,200
	$ 29,890,000	$14,541,028

NOTE I - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; unemployment benefits; and natural disasters. The School District manages its risk exposures and provides certain employee benefits through a combination of self-insurance and risk management pools.

The School District pays unemployment claims on a reimbursement basis through the Bureau of Workers' and Unemployment Compensation ("BWUC"). As BWUC pays eligible recipients benefits, this amount is billed to the Benzie County Central School District. At June 30, 2025, there were no significant unbilled claims.

The School District participates in SET-SEG's risk management pools for worker's compensation claims, liability insurance, and errors and omissions coverages. SET-SEG was established pursuant to laws of the State of Michigan which authorize local units of government to jointly exercise any power, privilege or authority which each might exercise separately. The purpose of SET-SEG is to provide cooperative and comprehensive risk financing and risk control services. SET-SEG provides risk management, underwriting, reinsurance and claim review, and processing services for all member governments pursuant to its charter.

The School District makes annual contributions to SET-SEG based on actuarial studies using historical data and insurance industry statistics. These contributions are paid from the General Fund. Such contributions as received by SET-SEG are allocated between its General and Member Retention Funds. Economic resources in SET-SEG's General Fund are expended for reinsurance coverage, claim payments and certain general and administrative costs, whereas resources in the Member Retention Fund are used for loss payments and defense costs up to the member's self-insurance retention limits along with certain other member-specific costs. Any refunds from SET-SEG are deposited in the School District's General Fund.

NOTE J - BALANCES AND TRANSFERS/PAYMENTS WITHIN THE REPORTING ENTITY

Receivables and Payables

Outstanding balances between funds reported as "due to/from other funds" include outstanding charges by one fund to another for services or goods, subsidy commitments outstanding at year-end, and other miscellaneous receivables/payables between funds.

Fund	Interfund Receivable	Interfund Payable
Major Funds:		
General Fund	$ 346,090	$ 97,671
2021 Debt Service Fund	23,056	-
2017 Capital Sinking Fund	118	29,891
Non-major Funds:		
Food Service Fund	149,477	133,570
Early Childhood Fund	-	115,014
2021 School Building & Site Fund	405	142,595
2023 School Building & Site Fund	-	405
	$ 519,146	$ 519,146

Transfers and Payments

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

The government-wide statement of activities eliminates transfers as reported within the segregated governmental activities column.

The following schedule reports transfers and payments within the reporting entity:

	Transfer In	Transfer Out
Other Governmental Funds		
2021 School Building & Site Fund	$ 874,217	$ -
2023 School Building & Site Fund	-	874,217
	$ 874,217	$ 874,217

NOTE K - PENSION PLAN

Plan Description

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

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

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

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

Benefits Provided

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

Depending on the members date of hire, MPSERS offers the option of participating in the defined contribution ("DC") plan that provides 50 percent employer match (up to three percent of salary) on employee contributions.

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

Contributions

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

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

The schedule below summarizes pension contribution rates in effect for the Plan's fiscal year September 30, 2024:

Pension Contribution Rates

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

Required contributions to the pension plan from the School District were $3,046,622 for the year ended September 30, 2024. Total contributions include State pension funding the School District remitted to ORS as non-statutorily required contributions.

For certain plan members, a 4% employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3% employer match is provided to the defined contribution pension plan.

The School District's contributions to the defined contribution pension plan were $172,448, for the year ended June 30, 2025.

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

At June 30, 2025, the School District reported a liability of $17,840,251 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employees during the measurement period. At September 30, 2024, the School District's proportion was 0.07287084%, which was a decrease of 0.00041077% from its proportion measured as of September 30, 2023.

For the year ended June 30, 2025, the School District recognized pension expense of $1,249,312. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 484,019	$ 193,837
Changes of assumptions	1,859,952	1,307,126
Net difference between projected and actual earnings on pension plan investments	-	3,404,676
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	313,188
Employer contributions subsequent to the measurement date	1,731,631	-
Total	$ 4,075,602	$ 5,218,827

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions of $1,731,631 will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending September 30,	Amount
2025	$ (686,775)
2026	33,542
2027	(1,314,914)
2028	(906,709)
	$ (2,874,856)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:		September 30, 2023
Actuarial Cost Method:		Entry Age, Normal
Wage Inflation Rate:		2.75%
Investment Rate of Return:		
MIP and Basic Plans:		6.00% net of investment expenses
Pension Plus Plan:		6.00% net of investment expenses
Pension Plus 2 Plan:		6.00% net of investment expenses
Projected Salary Increases:		2.75-11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:		3% Annual Non-Compounded for MIP Members
Mortality:	Retirees:	PubT-2010 Male and Female Retiree Healthy Annuitant 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 Healthy Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Notes:

- Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2024, is based on the results of an actuarial valuation date of September 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4612
- Recognition period for assets in years: 5.0000
- Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Rate of Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2024, are summarized in the following table:

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

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

Rate of Return

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

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Basic, MIP, Pension Plus plan, and the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Basic, MIP, Pension Plus Plan, and the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Basic, MIP, Pension Plus plan, and the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
$ 26,154,000	$ 17,840,251	$ 10,917,456

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS Annual Comprehensive Financial Report ("ACFR") available on the ORS website at www.michigan.gov/orsschools.

Payables to the Michigan Public School Employees' Retirement System (MPSERS)

The School District reported $178,497 and $9,806 payable to the plan at June 30, 2025 for legally required defined benefit and defined contribution plan contributions, respectively.

NOTE L - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

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

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

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

Benefits Provided

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

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

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

Contributions

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

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

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

OPEB Contribution Rates

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

Required contributions to the OPEB plan from the School District were $605,021 for the year ended September 30, 2024.

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

At June 30, 2025, the School District reported an asset of $3,133,099 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 30, 2023. As of September 30, 2024, the MPSERS OPEB plan was overfunded resulting in an OPEB asset. The School District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the systems during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2024, the School District's proportion was 0.07278832%, which was a decrease of 0.00099520% from its proportion measured as of September 30, 2023.

For the year ended June 30, 2025, the School District recognized OPEB income of $1,196,797. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,320,128
Changes of assumptions	684,314	78,656
Net difference between projected and actual earnings on OPEB plan investments	-	593,132
Changes in proportion and differences between employer contributions and proportionate share of contributions	37,363	126,468
Employer contributions subsequent to the measurement date	35,912	-
Total	$ 757,589	$ 4,118,384

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB of $35,912 will be recognized as an increase to the net OPEB asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB income as follows:

Years Ending September 30,	Amount
2025	$ (1,110,816)
2026	(682,403)
2027	(644,416)
2028	(579,462)
2029	(318,582)
Thereafter	(61,028)
Total	$ (3,396,707)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

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

Other Assumptions

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

Notes:

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

- Recognition period for assets in years: 5.0000
- Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Rate of Return on Plan Assets

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2024, are summarized in the following table:

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

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

Rate of Return

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

Discount Rate

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

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

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

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
$ 2,421,285	$ 3,133,099	$ 3,748,537

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

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$ 3,748,544	$ 3,133,099	$ 2,473,037

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2024 MPSERS Annual Comprehensive Financial Report ("ACFR"), available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

The School District reported a $10,307 payable to the Plan at June 30, 2025 for the OPEB asset.

NOTE M - COMMITMENTS AND CONTINGENCIES

Federal and State Grants

In the normal course of operations, the School District receives grant funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authorities, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Collectively Bargained Employment Agreements

The teachers of the School District are organized under the Benzie County Central Education Association. The Board of Education and the Benzie County Central Education Association have a contract through June 30, 2027.

The support personnel at the School District are organized under the Northern Michigan Education Association. The Board of Education and the Northern Michigan Education Association have a contract through June 30, 2028.

REQUIRED SUPPLEMENTARY INFORMATION

Benzie County Central School District

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND

Year Ended June 30, 2025

	Budgeted Amounts		Actual (GAAP Basis)	Variances - Positive (Negative)	
	Original	Final		Original to Final	Final to Actual Total
Revenues					
Local and intermediate sources	$ 11,357,616	$ 11,399,587	$ 10,761,141	$ 41,971	$ (638,446)
State revenues	6,288,867	6,013,547	5,862,072	(275,320)	(151,475)
Federal revenues	1,090,862	706,874	858,714	(383,988)	151,840
Other	366,285	336,513	913,384	(29,772)	576,871
Total revenues	19,103,630	18,456,521	18,395,311	(647,109)	(61,210)
Expenditures					
Instruction					
Basic instruction	7,778,195	8,061,564	8,524,553	(283,369)	(462,989)
Additional needs	3,072,121	3,782,513	2,609,527	(710,392)	1,172,986
Total instruction	10,850,316	11,844,077	11,134,080	(993,761)	709,997
Supporting Services					
Pupil and instruction staff	955,496	654,603	830,976	300,893	(176,373)
General administration	536,646	586,819	575,245	(50,173)	11,574
School administration	1,369,297	1,466,415	1,436,885	(97,118)	29,530
Business office	373,297	504,812	508,116	(131,515)	(3,304)
Operations and maintenance	2,247,919	2,441,793	2,179,697	(193,874)	262,096
Transportation services	1,607,234	1,351,119	1,272,010	256,115	79,109
Technology services	399,118	668,867	647,856	(269,749)	21,011
Athletics	411,045	490,057	420,392	(79,012)	69,665
Total supporting services	7,900,052	8,164,485	7,871,177	(264,433)	293,308
Community Services/Other	38,046	22,448	36,651	15,598	(14,203)
Total expenditures	18,788,414	20,031,010	19,041,908	(1,242,596)	989,102
REVENUES OVER (UNDER) EXPENDITURES	315,216	(1,574,489)	(646,597)	(1,889,705)	927,892
Other Financing Uses	-	-	(66,349)	-	(66,349)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	315,216	(1,574,489)	(712,946)	(1,889,705)	861,543
Fund balance, beginning of year	6,669,373	6,316,617	6,316,617	(352,756)	-
Fund balance, end of year	$ 6,984,589	$ 4,742,128	$ 5,603,671	$ (2,242,461)	$ 861,543

Benzie County Central School District

SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (amounts determined as of 9/30 of each fiscal year)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's proportion of collective net pension liability	0.07287084 %	0.07328161 %	0.07337367 %	0.07365111 %	0.07486012 %	0.07596172 %	0.08025912 %	0.08334516 %	0.08310744 %	0.08535000 %
School District's proportionate share of net pension liability	$ 17,840,251	$ 23,718,374	$ 27,594,898	$ 17,437,204	$ 25,715,266	$ 25,155,968	$ 24,127,340	$ 21,598,274	$ 20,734,626	$ 20,846,995
School District's covered payroll	$ 7,786,392	$ 7,441,957	$ 7,122,283	$ 6,609,687	$ 6,691,335	$ 6,590,576	$ 6,631,147	$ 7,051,556	$ 6,960,120	$ 7,173,152
School District's proportionate share of net pension liability as a percentage of covered payroll	229.12 %	318.71 %	387.44 %	263.81 %	384.31 %	381.70 %	363.85 %	306.29 %	297.91 %	290.63 %
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 %

There were no changes to benefit terms or assumptions from the prior valuation period.

SCHEDULE OF SCHOOL DISTRICT'S DEFINED BENEFIT PENSION CONTRIBUTIONS
Michigan Public School Employees Retirement Plan
Last 10 Employer Fiscal Years (amounts determined as of 6/30 of each fiscal year)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions	$ 2,127,005	$ 1,586,231	$ 1,377,078	$ 1,286,083	$ 1,231,664	$ 1,219,937	$ 1,153,275	$ 1,177,400	$ 1,355,838	$ 1,646,531
School District contributions made to the Plan	2,127,005	1,586,231	1,377,078	1,286,083	1,231,664	1,219,937	1,153,275	1,177,400	1,355,838	1,646,531
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered payroll	$ 8,304,614	$ 7,644,114	$ 7,239,617	$ 6,732,723	$ 6,578,105	$ 6,728,027	$ 6,614,964	$ 6,679,991	$ 7,293,509	$ 7,069,113
Contributions as a percentage of covered payroll	25.61 %	20.75 %	19.02 %	19.10 %	18.72 %	18.13 %	17.43 %	17.63 %	18.59 %	23.29 %

Benzie County Central School District

SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB (ASSET) LIABILITY
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (amounts determined as of 9/30 of each fiscal year)

	2024	2023	2022	2021	2020	2019	2018	2017
School District's proportion of collective net OPEB (asset) liability	0.07278832 %	0.07378352 %	0.07286536 %	0.07264023 %	0.07514745 %	0.07522719 %	0.07775395 %	0.08345211 %
School District's proportionate share of net OPEB (asset) liability	$ (3,133,099)	$ (417,392)	$ 1,543,334	$ 1,108,764	$ 4,025,850	$ 5,399,618	$ 6,180,624	$ 7,390,077
School District's covered payroll	$ 7,786,392	$ 7,441,957	$ 7,122,283	$ 6,609,687	$ 6,691,335	$ 6,590,576	$ 6,631,147	$ 7,051,556
School District's proportionate share of net OPEB (asset) liability as a percentage of covered payroll	(40.24)%	(5.61)%	21.67 %	16.77 %	60.17 %	81.93 %	93.21 %	104.80 %
Plan fiduciary net position as a percentage of total OPEB (asset) liability	143.08 %	105.04 %	83.09 %	87.33 %	59.44 %	48.46 %	42.95 %	36.39 %

There were no changes to benefit terms or assumptions from the prior valuation period.

SCHEDULE OF SCHOOL DISTRICT'S OPEB CONTRIBUTIONS
Michigan Public School Employees Retirement Plan
Last 10 Employer Fiscal Years (amounts determined as of 6/30 of each fiscal year)

	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required OPEB contributions	$ 174,992	$ 575,042	$ 540,243	$ 516,622	$ 520,994	$ 532,578	$ 523,635	$ 484,084
OPEB contributions in relation to statutorily required contributions	174,992	575,042	540,243	516,622	520,994	532,578	523,635	484,084
Contributions deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered payroll	$ 8,304,614	$ 7,644,114	$ 7,239,617	$ 6,732,723	$ 6,578,105	$ 6,728,027	$ 6,614,964	$ 6,679,991
OPEB contributions as a percentage of covered payroll	2.11 %	7.52 %	7.46 %	7.67 %	7.92 %	7.92 %	7.92 %	7.25 %

These schedules are to be built prospectively until a full 10-year trend is compiled, the schedules will show information for these years for which data is available.

COMBINING FINANCIAL STATEMENTS OF
NON-MAJOR GOVERNMENTAL FUNDS

Benzie County Central School District

COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2025

	Special Revenue Fund			Capital Project Fund		
	Food Service	Early Childhood	Student Activity	2021 School Building & Site Fund	2023 School Building & Site Fund	Total Non-Major Governmental
ASSETS						
Cash and cash equivalents	$ 117,585	$ 232,870	$ 155,828	$ 177,469	$ 100,508	$ 784,260
Intergovernmental receivables	157,062	-	-	-	-	157,062
Other receivables	-	1,473	714	-	-	2,187
Due from other funds	149,477	-	-	405	-	149,882
Prepaid expenditures	-	-	8,000	-	-	8,000
Inventory	17,911	-	-	-	-	17,911
Total assets	$ 442,035	$ 234,343	$ 164,542	$ 177,874	$ 100,508	$ 1,119,302
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 46,508	$ 3,339	$ 193	$ 35,279	$ -	$ 85,319
Salaries payable and related liabilities	-	9,362	-	-	-	9,362
Unearned revenue	7,573	-	-	-	-	7,573
Due to other funds	133,570	115,014	-	142,595	405	391,584
Total liabilities	187,651	127,715	193	177,874	405	493,838
FUND BALANCES						
Nonspendable - inventory and prepaid expenditures	17,911	-	8,000	-	-	25,911
Restricted						
Food service	236,473	-	-	-	-	236,473
Capital projects	-	-	-	-	100,103	100,103
Committed - student activities	-	-	156,349	-	-	156,349
Assigned - early childhood	-	106,628	-	-	-	106,628
Total fund balances	254,384	106,628	164,349	-	100,103	625,464
Total liabilities and fund balances	$ 442,035	$ 234,343	$ 164,542	$ 177,874	$ 100,508	$ 1,119,302

Benzie County Central School District

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2025

	Special Revenue Fund			Debt Service Funds	Capital Project Fund		
	Food Service	Early Childhood	Student Activity	Formerly Non-major Fund 2021 Debt Service Fund	Formerly Major Fund 2021 School Building & Site Fund	2023 School Building & Site Fund	Total Non-Major Governmental
Revenues							
Interest	$ 479	$ 740	$ -	$ -	$ 41,294	$ 9,975	$ 52,488
State revenues	126,935	34,335	-	-	-	-	161,270
Federal revenues	845,129	-	-	-	-	-	845,129
Charges for services	71,768	378,121	-	-	-	-	449,889
Other	-	31,054	155,381	-	-	-	186,435
Total revenues	1,044,311	444,250	155,381	-	41,294	9,975	1,695,211
Expenditures							
Food service	1,018,277	-	-	-	-	-	1,018,277
Early childhood	-	451,851	-	-	-	-	451,851
Student activities	-	-	132,776	-	-	-	132,776
Other	-	-	-	-	1,000	-	1,000
Capital outlay	85,707	-	15,723	-	1,861,216	-	1,962,646
Total expenditures	1,103,984	451,851	148,499	-	1,862,216	-	3,566,550
REVENUES OVER (UNDER) EXPENDITURES	(59,673)	(7,601)	6,882	-	(1,820,922)	9,975	(1,871,339)
Other financing sources							
Operating transfers in	-	-	-	-	874,217	-	874,217
Operating transfers out	-	-	-	-	-	(874,217)	(874,217)
Total other financing sources (uses)	-	-	-	-	874,217	(874,217)	-
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	(59,673)	(7,601)	6,882	-	(946,705)	(864,242)	(1,871,339)
Fund balance, beginning of year, *as previously reported*	314,057	114,229	157,467	1,198,689	-	964,345	2,748,787
Change within financial reporting entity (non-major to major fund)	-	-	-	(1,198,689)	946,705	-	(251,984)
Fund balance, beginning of year, *as currently presented*	314,057	114,229	157,467	-	946,705	964,345	2,496,803
Fund balance, end of year	$ 254,384	$ 106,628	$ 164,349	$ -	$ -	$ 100,103	$ 625,464

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Business Advisors Since 1973

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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*

Board of Education
Benzie County Central School District

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 ***Benzie County Central School District*** (the "School District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 29, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over financial reporting, as described below, that we consider to be material weaknesses:

Preparation of Financial Statements

Criteria: All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principles ("GAAP"). This is a responsibility of the School District's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing and summarizing accounting data (i.e., maintaining internal books and records) and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting).

Condition: As is the case with many smaller and medium-sized entities, the School District has historically relied on its independent external auditors to assist in the preparation of the basic financial statements as part of its external financial reporting process. Accordingly, the School District's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its external auditors, who cannot by definition be considered a part of the School District's internal controls.

Cause: This condition was caused by the School District's decision that it is more cost effective to outsource the preparation of its annual financial statements to auditors than to incur the time and expense of obtaining the necessary resources required for the School District to perform this task internally.

Effect: As a result of this condition, the School District lacks internal controls over the preparation of financial statements in accordance with GAAP and instead relies, in part, on its external auditors for assistance with this task.

Recommendation: Once a draft of the financial statements is available, the School District should perform a detailed review of the draft to address any questions or discrepancies from their internal books and records. Upon completion, the School District should approve the financial statements and notes to accept responsibility for their content. Additionally, management should be proactive to enhance their training and expertise in accounting and external financial reporting by attending relevant trainings to demonstrate their ability to accept responsibility for the financial statements and notes. Alternatively, the School District may contract with another qualified accounting firm to assist in the preparation of the financial statements and related notes to alleviate the assistance provided by the independent external auditors.

Management's Response: The School District has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interest of the School District to outsource this task to its external auditors and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation.

Segregation of Duties

Criteria: Adequate segregation of duties for the School District is necessary to minimize the likelihood that fraud or errors could occur and not be detected.

Condition: The School District has not achieved a complete segregation of duties among employees who have access to assets and those with accounting responsibilities.

Cause: The small size of the business office staff creates an inherent lack of segregation of duties.

Effect: As a result of this condition, the School District lacks a thorough segregation of duties and is exposed to the risk of material misstatement of its financial statements.

Recommendation: The School District should separate staff performing record keeping from those with the ability to use the assets. This may require hiring additional staff or transferring duties across existing staff.

Management's Response: The School District has evaluated the manner in which they segregate duties and has implemented measures such as Board review of all expenditures and Board President signature of all checks written over $5,000. However, the cost associated with adding additional staff to achieve a complete segregation is not justified by the expected benefits.

Transactions Not Recorded and Account Reconciliations Not Prepared Timely

Criteria: Control procedures include reconciliation and comparison of assets and liabilities with underlying records. The recording of transactions and preparation of account reconciliations should be completed in a timely manner.

Condition: The School District did not reconcile accounts receivable, accounts payable, and unearned revenue accounts during the year or at year-end.

Cause: Lack of resources.

Effect: As a result of this condition, the accounting records were not accurate during the fiscal year. Several material audit adjustments were posted for the year ended June 30, 2025.

Recommendation: Implement procedures whereby accounts receivable, accounts payable, and unearned revenue accounts are reconciled and adjusted monthly.

Management's Response: The practice moving forward will be to comply with best practice and have each month and each asset and liability account reconciled within thirty days of the month-end to ensure proper accounting has taken place and allow for timely correction of discrepancies. Additionally, there were settings in the Financial Software that have been identified through this audit and adjusted to ensure proper and accurate recording of year end information to comply with best practice.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit and is described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Dennis, Gartland & Niergarth

Certified Public Accountants
Traverse City, Michigan

October 29, 2025