MONROE PUBLIC SCHOOLS
Monroe, Michigan

ANNUAL FINANCIAL REPORT
June 30, 2026

MONROE PUBLIC SCHOOLS

Table of Contents
June 30, 2026

Independent Auditor's Report 1-3

Management's Discussion and Analysis 4-13

Basic Financial Statements:

District-wide Financial Statements:
Statement of Net Position 14
Statement of Activities 15

Fund Financial Statements:
Governmental Funds:
Balance Sheet 16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 17
Statement of Revenues, Expenditures and Changes in Fund Balances 18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 19

Notes to Financial Statements 20-48

Required Supplemental Information:

General Fund:
Budgetary Comparison Schedule 49

Food Service Fund:
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual 50

Schedule of School District's Proportionate Share of Net Pension Liability 51

Schedule of School District's Pension Contributions 52

Schedule of School District's Proportionate Share of Net OPEB Liability 53

Schedule of School District's OPEB Contributions 54

Notes to Required Supplemental Information 55-57

Other Supplemental Information:

General Fund:
Schedule of Revenues - Budget and Actual 58
Schedule of Expenditures - Budget and Actual 59-62

Other Supplemental Information:

Sinking Fund:
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual 63

2020 Bond Debt Service Fund:
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual 64

Nonmajor Governmental Funds:
Combining Balance Sheet 65
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 66

Student & School Activity Fund:
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual 67

2020 Bond Capital Projects Fund:
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual 68

Building and Site Fund:
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual 69

Schedule of Technology Enhancement Millage - Budget and Actual 70

Schedule of Athletics - Budget and Actual 71

CALKINS HEHL RAFKO
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education
Monroe Public Schools
Monroe, Michigan 48162

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental 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 Monroe Public Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 2 to the financial statements, the School District adopted the provisions of Governmental Accounting Standards Board Statements No. 103, *Financial Reporting Model Improvements* and No. 104, *Disclosure of Certain Capital Assets.* 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, required pension and other postemployment benefit (OPEB) schedules, and notes to required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 Monroe Public Schools' basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the 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 8, 2026, on our consideration of Monroe Public School'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 Monroe Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Monroe Public Schools' internal control over financial reporting and compliance.

Calkins Hehl Rafko

Monroe, Michigan
October 8, 2026

The purpose of management's discussion and analysis (MD&A) is to help School District citizens, taxpayers, customers, investors, and creditors understand what the financial statements and notes in this financial report say about the School District's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the School District's finances. Under GASB 103, this discussion is limited to the five topics below; analysis of the general fund budget-to-actual results, previously included here, is now presented in the notes to required supplemental information.

If you have questions about this report or require further information, contact the Business Office at 1275 N. Macomb St., P.O. Box 733, Monroe, MI 48162 or 734-265-3000.

Overview of the Financial Statements

The School District's financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information (RSI) in additional to the basic financial statements.

- *Government wide financial statements* are designed to provide readers with a broad overview of the School District's finances, using accounting methods similar to those used by private sector businesses. The *statement of net position* presents information on all of the School District's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. The *statement of activities* presents information on how net position changed during the year, with revenues and expenses reported regardless of the timing of related cash flows. Both statements report only governmental activities, as the School District does not conduct business-type activities.
- *Fund Financial Statements* are groupings of related accounts used to maintain control over resources segregated for specific purposes. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the School District's funds are governmental funds, which focus on near-term inflows and outflows of spendable resources, and are reported using the modified accrual basis of accounting. Because governmental fund information is presented on a different basis than the government-wide statements, a reconciliation is provided immediately following each governmental fund statement.
- *Notes to the financial statements* provide additional detail necessary for a full understanding of the information in the government-wide and fund financial statements. The information in the notes is as important to understanding the School District's finances as the information in the financial statements. The School District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements.
- *Required Supplemental Information* follows the notes to the financial statements. It includes budgetary comparison schedules for the General Fund and each major special revenue fund with a legally adopted annual budget, along with notes to the RSI, and schedules related to the School District's pension and other post-employment benefit (OPEB) plans.

Types of Information in the Financial Statements

All of the School District's financial statements, except for the governmental fund financial statements, use the *economic resources measurement focus and accrual basis of accounting.* In other words, they comprehensively report all types of financial statement elements:

- *Assets*—resources the School District controls, from short-term assets like cash to long-term assets like capital assets and amounts held for employees' net other postemployment benefits.
- Liabil*ities*—amounts the School District owes, from short-term liabilities such as accounts and salaries payable to long-term liabilities such as outstanding debt and net amounts owed to employees for pensions.
- Deferred *outflows of resources* and *deferred inflows of resources*—flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.
- Revenues an*d expenses*—inflows and outflows of economic resources, respectively, related to the current year.

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

More detail about the measurement focuses and bases of accounting can be found in Note 2 to financial statements, the summary of significant accounting policies.

Analysis of the School District's Finances

Table 1
Condensed Statement of Net Position
(amounts expressed in millions)

	Governmental Activities		$ Change	% Change
	2026	2025		
Current and other assets	$37.0	$44.7	($7.7)	-17%
Capital assets	92.5	87.0	5.5	6%
Total Assets	129.5	131.7	(2.2)	-2%
Deferred outflows of resources	18.0	22.6	(4.6)	-20%
Current and other liabilities	13.8	12.0	1.8	15%
Long-term liabilities	114.0	124.7	(10.7)	-9%
Total Liabilities	127.8	136.7	(8.9)	-7%
Deferred inflows of resources	33.7	37.2	(3.5)	-9%
Net Position				
Net investment in capital assets	38.8	37.8	1.0	3%
Restricted for technology enhancement	0.4	0.4	0.0	0%
Restricted for capital projects	5.0	9.5	(4.5)	-47%
Restricted for debt service	2.1	2.0	0.1	5%
Restricted for food service	4.1	4.4	(0.3)	-7%
Restricted for other post-employment benefits	14.5	11.6	2.9	25%
Unrestricted (deficit)	(78.9)	(85.3)	6.4	8%
Total Net Position	($14.0)	($19.6)	$5.6	29%

Table 1 shows that as of June 30, 2026, the School District's total net position—assets and deferred outflows minus liabilities and deferred inflows—was a deficit of $14.0 million, an increase of $5.6 million or 29 percent compared with 2025. This increase is primarily due to a $6.4 million or 8 percent increase in unrestricted net position. Most of the increase in net position was the result of the financial performance of the governmental activities. The following sections of MD&A analyze the finances of the governmental activities and business-type activities separately.

Governmental activities

Table 2 shows that revenues continued to exceed expenses in the current year, resulting in an increase in net position. The total increase in net position of the School District's governmental activities was approximately $5.6 million, which is a decrease of $4.8 million from the net position increase in fiscal year 2025.

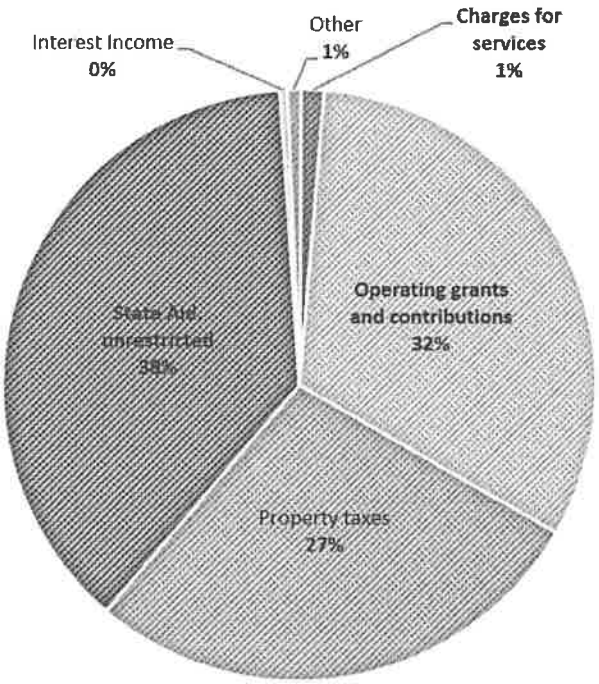
Various events contributed to this increase in net position; however, the two primary factors affecting the change in net position are as follows:

(1) Increase in property tax revenues for General Fund, Debt Service Fund, and Sinking Fund.
(2) Installment purchase agreement proceeds for capital asset purchases.

Table 2
Condensed Changes in School District's Net Position
(amounts expressed in millions)

	Governmental Activities		$ Change	% Change
	2026	2025		
Revenues				
Program revenues:				
Charges for services	$1.0	$1.0	$0.0	0%
Federal grants	7.0	8.1	(1.1)	-14%
State and local revenue	18.2	18.9	(0.7)	-4%
	26.2	28.0	(1.8)	-6%
General revenues:				
Property taxes	21.9	20.5	1.4	7%
State foundation allowance	29.7	29.9	(0.2)	-1%
Other general revenues	1.3	1.5	(0.2)	-13%
	52.9	51.9	1.0	2%
Total Revenues	79.1	79.9	(0.8)	-1%
Functions/Program Expenses				
Instruction	29.5	27.6	1.9	7%
Support services	33.6	31.6	2.0	6%
Community services	1.1	1.0	0.1	10%
Food services	4.5	4.2	0.3	7%
Interest on long-term debt	1.9	2.3	(0.4)	-17%
Depreciation	2.9	2.8	0.1	4%
Total Expenses	73.5	69.5	4.0	6%
Increase (Decrease) in Net Position	5.6	10.4	(4.8)	-46%
Net Position (Deficit) - Beginning of Year	(19.6)	(30.0)	10.4	-35%
Net Position (Deficit) - End of Year	($14.0)	($19.6)	$5.6	-29%

Figure 3. Governmental Activities Revenues* by Source



*Excludes unusual or infrequent revenues.

Growth of property tax revenues

There was a notable increase in 2026 in both personal residence property and non-homestead property values in our community, property tax revenues account for 27% of overall revenues. The increase in property tax revenue was $1.4 million than in 2025. Our community is seeing an increase in both home and commercial property new builds, which will continue to support the school district in future years.

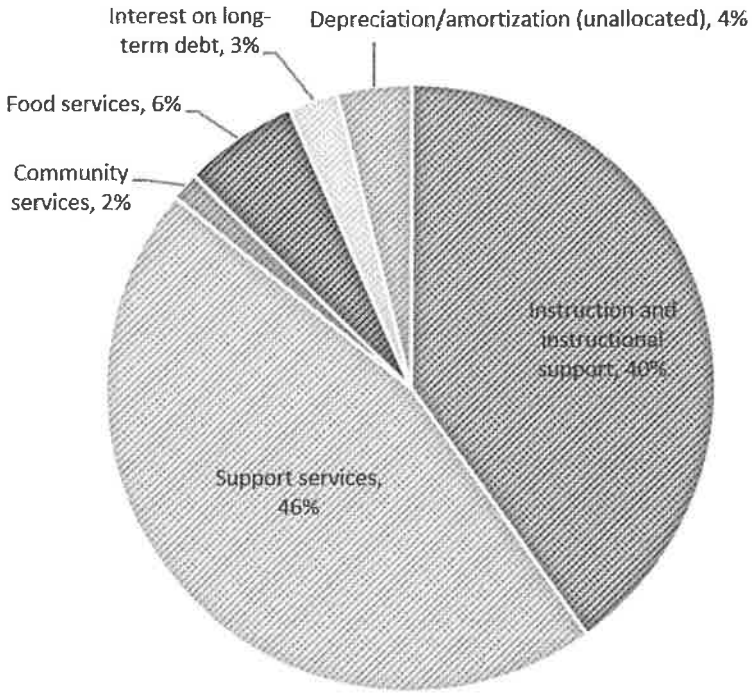
State Aid Funding

The largest single source of governmental activities revenue for the School District is the unrestricted State Aid foundation which accounts for 37% of the overall governmental activities' revenue. Despite facing declining enrollment, the increase in per pupil foundation payments for the 2026 fiscal year maintained a consistent funding amount from the previous year.

Federal Grant Funding

Another large source of governmental activities revenue for the School District is the federal grant revenues. These grants account for 8.8% of overall revenues; this is reduced from 10% of revenues in the previous fiscal year. The majority of the final rounds of COVID-19 pandemic related grant funding were expended during the previous fiscal year.

Figure 4. Governmental Activities Expenses* by Function



*Excludes unusual or infrequent expenses.

The slight increase in revenue was accompanied by a comparable increase in the School District's governmental activities expenses.

Other changes in net position

Total governmental activities revenues exceeded total expenses in fiscal year 2026 by $10.4 million. That amount is comparable to the prior year's increase in net position.

Governmental funds

The School District reports four major funds individually in the governmental fund financial statements. Those funds are the General Fund, the food service special revenue fund, the sinking capital projects fund, and the 2020 bond debt service fund. Most of the discussion regarding governmental activities is equally applicable to the finances of those governmental funds. However, certain factors that are relevant to the School District's current financial health are more apparent in the fund financial statements than in the government-wide financial statements. The major funds are shown in Table 5 and are discussed in more detail below.

Table 5
Revenues, Expenditures, and Changes in Fund Balances

	General Fund		Food Service Fund	
	2026	2025	2026	2025
Total Revenues	$67,659,105	$68,488,688	$5,136,591	$4,979,646
Total Expenditures	75,019,512	73,619,396	5,424,214	4,864,913
Excess (deficiency) of revenues over expenditures	(7,360,407)	(5,130,708)	(287,623)	114,733
Other Financing Sources (Uses)				
Loan/lease financing	947,488	0	0	0
Operaing transfers in	55,000	50,000	0	0
Operaing transfers out	0	0	(55,000)	(50,000)
Total Other Financing Sources (Uses)	1,002,488	50,000	(55,000)	(50,000)
Net Change in Fund Balances	(6,357,919)	(5,080,708)	(342,623)	64,733
Fund Balances - Beginning of year	5,650,652	10,731,360	4,430,664	4,365,931
Fund Balances - End of year	($707,267)	$5,650,652	$4,088,041	$4,430,664

	Sinking Fund		2020 Bond Debt Service Fund	
	2026	2025	2026	2025
Total Revenues	$2,445,114	$2,395,969	$3,552,463	$3,395,110
Total Expenditures	2,878,243	2,489,986	3,452,500	3,436,388
Excess (deficiency) of revenues over expenditures	(433,129)	(94,017)	99,963	(41,278)
Other Financing Sources (Uses)				
Operaing transfers in	0	0	0	0
Operaing transfers out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	(433,129)	(94,017)	99,963	(41,278)
Fund Balances - Beginning of year	4,532,647	4,626,664	2,327,610	2,368,888
Fund Balances - End of year	$4,099,518	$4,532,647	$2,427,573	$2,327,610

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

General Fund

The fund balance of the School District's general fund decreased by 112.5 percent. This decrease in fund balance is attributable (1) unanticipated negative adjustments in state aid foundation revenue that was related to a local township reporting property tax values incorrectly for several years, the township & state made the adjustment with no notice to the school district that it would be occurring, (2) an unanticipated negative adjustment to state special education funding, and (3) continued rise of expenditure costs for personnel and materials. The School District settled the contracts with the teachers' group and administrators' group that resulted in an increase in personnel expenditures of 1.5% to 2%, depending on position.

Food Service Fund

The fund balance of the School District's food service fund decreased by 7.7 percent. This decrease is related to equipment purchases and capital projects in the state approved excess fund balance spenddown plan. (Capital asset activity is discussed further below.)

Sinking Fund

Outlays for capital assets increased in fiscal year 2026 in the sinking fund to the highest level in over 5 years. The increase was the product of several major projects throughout the year. (Capital asset activity is discussed further below.) While property taxes increased slightly from the prior year, there was a decrease in fund balance of 9.6 percent.

Debt service fund

The School District's inflows from property taxes may be used only to repay outstanding general obligation bonds. The small increase in inflows from property taxes mentioned earlier was more than sufficient to cover debt service fund expenditures for principal and interest. Overall, fund balance in the debt service fund increased 4.3 percent.

Significant capital asset and long-term financing activity

The discussion thus far has only touched upon certain significant transactions and events during 2026 with respect to capital assets and long-term debt. Overall, the carrying value of capital assets—original cost minus accumulated depreciation—increased 5.9 percent over fiscal year 2026. However, that relatively small change does not completely capture the substantial amount of capital investment activity that occurred in fiscal year 2026.

The School District's governmental activities had $55.6 million in its beginning balance of construction in progress with another $12.7 million in capital projects started during fiscal year 2026. Of those amounts, the School District put $18.7 million into operation during the year and, therefore, reclassified that amount to the other capital asset classifications of buildings and building improvements. This resulted in an ending balance of construction in progress of $49.6 million. Many of the completed and ongoing capital projects are a part of the School District-wide bond projects.

As previously noted, there were many capital investments made during this fiscal year. Three new buses were purchased with proceeds from a property sale during the fiscal year after a need for additional routes to lessen the length of time students were on buses. The district closed on an installment purchase agreement in the amount of $848,666 for seven used buses and one new lift bus at the end of June, but most of the vehicles were not received until August 2026. This purchase is intended to refresh the aging fleet and support increased ridership in the last couple of years. The School District also utilized an installment purchase agreement in the amount of $98,822 to purchase a new digital scoreboard for Monroe High School; the intent is to receive sponsorships for advertising to cover the cost of the agreement. Additionally, the school district replaced multiple pieces of food service equipment as part of the state-approved spend down plan; including refrigerators, serving counters, ovens, freezers, heated holding cabinets, and display cases at multiple buildings. The School District also completely rebuilt the tennis court, replaced the auditorium stage curtains, and refinished the gymnasium floor at Monroe High School.

In 2020 and 2023, voters approved a referendum authorizing the School District to issue approximately $36 million of 2020 School Building and Site Bonds and $13.7 million in 2023 School Building and Site Bonds to pay for a School District-wide capital program to create secure entryways at our elementary buildings, update playground equipment at elementary buildings, update HVAC systems in the majority of our school buildings, update public announcement systems at school buildings, and update fire protection systems in the majority of our school buildings. These bonds are payable through fiscal year 2050. Total bonds payable outstanding decreased 2.9 percent to $52.5 million in fiscal year 2026. The School District has not issued any new general obligation debt since fiscal year 2024. The School District also has compensated absences payable of $9.4 million, a decrease of $2.6 million from the prior year.

As of the end of 2026, the School District's bonds—both general obligation and tax-backed—continued to possess the highest available rating from the municipal bond ratings services. Because all of the School District's debt is voter approved, none of its outstanding debt is subject to the state-imposed debt limit.

Currently known facts, decisions, or conditions

The School District is aware of three developments that will have an impact on the School District's finances in the future and were therefore incorporated into next year's budget:

(1) Budget Reductions
(2) Declining Enrollment
(3) Adoption of the State budget

Budget Reductions

The School District evaluated all positions and major expenditures for the 2026/27 budget during the spring of 2026. This resulted in a reduction of $7 million in expenditures in the General Fund initial budget. The School District's goal was to maintain essential services to students in classrooms, while reducing redundant positions throughout the district. In addition, the School District negotiated one-year extensions for most of the contracts that were expiring without any salary schedule increases. The extensions did include a clause for a wage reopener during the 2026/27 fiscal year, should the district be in a financial position to increase wages for all groups.

Declining Enrollment

Based on historical data, the School District is continuing to face declining enrollment. The 2026/27 budget was based upon a reduction of 70 FTE from the previous years' fall student count. Our enrollment decline has been slowing the last two years, but continues to decline year after year.

Adoption of the State budget

At the time the initial 2026/27 budget was adopted in June, the State of Michigan had not passed a budget for the School Aid Fund for 2026/27. The School District's finances are affected by many parts of the State budget, so the district had to make assumptions since no budget had been passed. The School District included a per pupil foundation increase of $100 and kept other state categorical funding with no increase to remain conservative.

The State passed the School Aid Budget in early July with a $250 per pupil increase, which will positively impact the School District. The State's budget also included increases to other categorical grants and new competitive grants that may positively impact the School District.

BASIC FINANCIAL STATEMENTS

DISTRICT - WIDE FINANCIAL STATEMENTS

MONROE PUBLIC SCHOOLS

Statement of Net Position
June 30, 2026

	Governmental Activities
Assets	
Cash and cash equivalents	$10,912,384
Investments	1,851,747
Accounts receivable	119,809
Due from other governmental units	9,313,390
Deposits	71,972
Prepaids	122,448
Capital assets less accumulated depreciation/amortization	92,533,843
Net other postemployment benefit asset	14,567,448
Total Assets	129,493,041
Deferred Outflows of Resources	
Deferred amount of pension expense	15,276,562
Deferred amount of OPEB expense	2,711,521
Total Deferred Outflows of Resources	17,988,083
Liabilities	
Accounts payable	3,536,948
Salaries payable	3,637,948
Other liabilities	1,901,525
Accrued interest payable	338,688
Unearned revenue	952,589
Due to other governmental units	1,162,993
Long-term liabilities:	
Long-term debt - due within one year	1,963,174
Lease commitments - due within one year	259,818
Long-term debt - due in more than one year	51,935,607
Lease commitments - due in more than one year	777,762
Unamortized premium on bond issuance	9,017,350
Net pension liability	52,269,782
Total Liabilities	127,754,184
Deferred Inflows of Resources	
Deferred amount of net pension liability	16,887,285
Deferred amount of State aid funding for pension	4,263,152
Deferred amount of net OPEB liability	12,533,277
Total Deferred Inflows of Resources	33,683,714
Net Position (Deficit)	
Invested in capital assets, net of related debt	38,813,894
Restricted for technology enhancement	428,828
Restricted for capital projects	4,943,384
Restricted for debt service	2,088,885
Restricted for food service	4,088,041
Restricted for other post-employment benefits	14,567,448
Unrestricted	(78,887,254)
Total Net Position (Deficit)	($13,956,774)

See accompanying notes to the basic financial statements.

MONROE PUBLIC SCHOOLS

Statement of Activities
Year Ended June 30, 2026

Functions/Programs	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 and instructional support	$29,456,393	$73,962	$8,761,692	($20,620,739)
Support services	33,583,716	129,793	11,315,191	(22,138,732)
Community services	1,111,697	372,954	465,775	(272,968)
Food services	4,508,120	410,879	4,698,659	601,418.00
Interest on long-term debt	1,909,058	0	0	(1,909,058)
Depreciation/amortization (unallocated)	2,876,590	0	0	(2,876,590)
Total Governmental Activities	$73,445,574	$987,588	$25,241,317	(47,216,669)
General Revenues:				
Taxes:				
Property taxes, levied for general operations				14,319,847
Property taxes, levied for technology				1,754,442
Property taxes, levied for sinking fund				2,365,504
Property taxes, levied for debt service fund				3,504,009
State of Michigan aid, unrestricted				29,748,603
Interest income				299,640
Gain on the disposal of fixed assets				305,017
Other				559,127
Total General Revenues				52,856,189
Change in Net Position				5,639,520
Net Position (Deficit) - Beginning of year				(19,596,294)
Net Position (Deficit) - End of year				($13,956,774)

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

MONROE PUBLIC SCHOOLS

Governmental Funds
Balance Sheet
June 30, 2026

	General	Food Service	Sinking Fund	2020 Bond Debt Service Fund	Other Nonmajor Governmental Funds	Totals
Assets						
Cash and cash equivalents	$120,430	$4,010,759	$4,317,884	$2,414,503	$48,808	$10,912,384
Investments	0	0	0	0	1,851,747	1,851,747
Receivables:						
Accounts	88,538	6,488	9,913	14,870	0	119,809
Due from other governmental units	8,656,259	657,131	0	0	0	9,313,390
Due from other funds	0	0	300,000	0	461,850	761,850
Deposits	71,972	0	0	0	0	71,972
Prepaid expenditures	122,448	0	0	0	0	122,448
Total Assets	$9,059,647	$4,674,378	$4,627,797	$2,429,373	$2,362,405	$23,153,600
Liabilities and Fund Balance						
Liabilities						
Accounts payable	$1,356,209	$580,137	$528,279	$1,800	$1,070,523	$3,536,948
Salaries payable	3,636,720	1,228	0	0	0	3,637,948
Due to other funds	761,850	0	0	0	0	761,850
Due to other governmental units	1,162,785	208	0	0	0	1,162,993
Other liabilities	1,901,431	94	0	0	0	1,901,525
Unearned revenue	947,919	4,670	0	0	0	952,589
Total Liabilities	9,766,914	586,337	528,279	1,800	1,070,523	11,953,853
Fund Balances				0		
Nonspendable:						
Prepaid expenditures	122,448	0	0	0	0	122,448
Restricted for:						
Technology enhancement	428,828	0	0	0	0	428,828
Capital projects	0	0	4,099,518	0	782,469	4,881,987
Debt service	0	0	0	2,427,573	0	2,427,573
Food service	0	4,088,041	0	0	0	4,088,041
Committed to:						
Student and school activities	0	0	0	0	448,016	448,016
Assigned to:						
High School pool renovations	0	0	0	0	45,000	45,000
Athletics batting cage project	0		0	0	6,354	6,354
Capital projects	0	0	0	0	10,043	10,043
Unassigned	(1,258,543)	0	0	0	0	(1,258,543)
Total Fund Balances	(707,267)	4,088,041	4,099,518	2,427,573	1,291,882	11,199,747
Total Liabilities and Fund Balances	$9,059,647	$4,674,378	$4,627,797	$2,429,373	$2,362,405	$23,153,600

See accompanying notes to the basic financial statements.

MONROE PUBLIC SCHOOLS

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2026

Total Fund Balances - Governmental Funds		$11,199,747
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of the capital and leased assets	$141,065,815	
Accumulated depreciation/amortization	(48,531,972)	
		92,533,843
Deferred outflows of resources from subsequent pension expense from measurement date		10,482,001
Deferred outflows of resources from subsequent OPEB expense from measurement date		511,285
Deferred outflows of resources related to pension investment returns, changes in assumptions and changes in experience		4,794,561
Deferred outflows of resources related to OPEB investment returns, changes in assumptions and changes in experience		2,200,236
Deferred inflows of resources resulting from net pension liability		(16,887,285)
Deferred inflows of resources resulting from net OPEB liability		(12,533,277)
Deferred inflow for State aid funding for pension		(4,263,152)
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Net pension liability	(52,269,782)	
Net OPEB asset	14,567,448	
Accrued interest	(338,688)	
Bonds payable	(43,500,000)	
Unamortized premium on bond issuance	(9,017,350)	
Installment purchase agreements	(947,488)	
Lease commitments	(1,037,580)	
Compensated absences	(9,451,293)	
		(101,994,733)
Total Net Position - Governmental Activities		($13,956,774)

See accompanying notes to the basic financial statements.

MONROE PUBLIC SCHOOLS

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

	General	Food Service	Sinking Fund	2020 Bond Debt Service Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Local sources	$15,118,426	$437,932	$2,383,005	$3,539,292	$657,338	$22,135,993
State sources	45,741,124	378,571	62,109	13,171	0	46,194,975
Federal sources	2,667,222	4,320,088	0	0	0	6,987,310
Interdistrict and other sources	4,132,333	0	0	0	0	4,132,333
Total Revenues	67,659,105	5,136,591	2,445,114	3,552,463	657,338	79,450,611
Expenditures						
Instruction	37,685,946	0	0	0	0	37,685,946
Support services	33,821,242	0	0	0	4,699,672	38,520,914
Athletics	1,662,008	0	0	0	0	1,662,008
Community services	1,254,264	0	0	0	0	1,254,264
Interdistrict and other uses	8,533	0	0	0	0	8,533
Facilities acquisition, construction, and improvements	310,300	0	0	0	0	310,300
Prior period adjustments	19	0	0	0	0	19
Debt service	277,200	0	0	3,452,500	0	3,729,700
Food Service	0	5,424,214	0	0	0	5,424,214
Capital outlay	0	0	2,878,243	0	0	2,878,243
Total Expenditures	75,019,512	5,424,214	2,878,243	3,452,500	4,699,672	91,474,141
Excess (Deficiency) of Revenue Over Expenditures	(7,360,407)	(287,623)	(433,129)	99,963	(4,042,334)	(12,023,530)
Other Financing Sources (Uses)						
Installment purchase agreement financing	947,488	0	0	0	0	947,488
Operating transfers in	55,000	0	0	0	0	55,000
Operating transfers out	0	(55,000)	0	0	0	(55,000)
Total Other Financing Sources (Uses)	1,002,488	(55,000)	0	0	0	947,488
Net Change in Fund Balances	(6,357,919)	(342,623)	(433,129)	99,963	(4,042,334)	(11,076,042)
Fund Balances - Beginning of year	5,650,652	4,430,664	4,532,647	2,327,610	5,334,216	22,275,789
Fund Balances - End of year	($707,267)	$4,088,041	$4,099,518	$2,427,573	$1,291,882	$11,199,747

See accompanying notes to the basic financial statements.

MONROE PUBLIC SCHOOLS

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

Net Change in Fund Balances - Total Governmental Funds		($11,076,042)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense:		
Depreciation/amortization expense	($2,876,590)	
Capital outlay	7,429,935	
		4,553,345
Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid.		7,395
Repayments of long-term debt and borrowing of long-term debt is expenditures and other financing sources in the governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, these amounts consist of:		
Bond and principal note reduction		1,375,000
Lease commitment reduction		259,818
Proceeds from installment purchase agreements		(947,488)
Change in bond premiums		177,429
The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows of resources related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.		
Net change in pension liability		12,426,609
Net change in the deferred inflows of resources related to the net pension liability		784,914
Net change between actual pension contributions and the cost of benefits earned, net of employer contributions.		(4,216,977)
The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows of resources related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.		
Net change in OPEB liability		2,969,242
Net change in the deferred inflows of resources related to the net OPEB liability		2,709,092
Net change between actual OPEB contributions and the cost of benefits earned, net of employer contributions.		(416,137)
Revenues from the sale of assets that are still being depreciated as a capital asset in the statement of activities are reported in the governmental funds, but not in the statement of activities.		(670,534)
Gain from the sale of assets that are still being depreciated as a capital asset in the statement of activities is reported in the governmental funds, but not in the statement of activities.		305,017
Increases in the liability for compensated absences are reported as an expenditure in the statement of activities, but not in the governmental funds.		(2,601,163)
Change in Net Position of Governmental Activities		$5,639,520

See accompanying notes to the basic financial statements.

Note 1 Description of the School District and Reporting Entity

The School District operates under a locally elected seven member board form of government and provides educational and supportive services as mandated by the State of Michigan and/or federal agencies. This Board of Education controls the School District's instructional and support facilities.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Monroe Public Schools, this includes general operations, athletics, food service, debt, sinking, capital projects, building and site, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt, or the levying of taxes. The School District has no component units.

Note 2 Summary of Significant Accounting Policies

The financial statements of Monroe Public Schools have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the School District's accounting policies.

Basis of Presentation

A. District-Wide and Fund Financial Statements

The district-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the district-wide statements. All of the School District's district-wide activities are considered to be governmental activities. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Amounts reported as program revenue include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. General revenue includes taxes, intergovernmental payments, and other items not properly included among program revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Individual major governmental funds are reported as separate columns in the fund financial statements.

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

Note 2 **Summary of Significant Accounting Policies (Continued)**
Basis of Presentation (Concluded)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Fund Financial Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the School District.

The School District reports the following major governmental funds:

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

The Food Service Fund is a special revenue fund that accounts for federal and state grants and daily meal sales dedicated to student nutrition, and related food service expenditures.

The Sinking Fund accounts for property taxes levied for major capital improvements.

The 2020 Debt Service Fund accounts for property taxes levied for bond payments.

The School District reports the following nonmajor governmental funds:

The Student and School Activity Fund, the 2020 Bond Capital Projects Fund, and the Building and Site Fund are the School District's nonmajor governmental funds. These funds are used to account for specific revenue sources that are restricted for a particular purpose.

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

Deposits and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

During the fiscal year ended June 30, 2026, investments were limited to cash management funds. The cash management funds are local investment pools held at the Michigan Liquid Asset Fund (MILAF). Investments within MILAF consisted of cash management and Max Class funds. Local government investment pools allow districts within the State of Michigan to consolidate their funds for investment purposes. Investments are stated at fair value except for investments in MILAF. MILAF Max Class funds are considered external investment pools as defined by the GASB and, as such, are recorded at amortized cost which approximates fair value.

Note 2 **Summary of Significant Accounting Policies (Continued)**

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Continued)

Property Tax Receivable - Property taxes are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. Taxes are considered delinquent February 15 of the following year. A portion of property taxes assessed are received by the School District from the State of Michigan in the form of a Foundation Allowance. The Foundation Allowance represents the difference between an amount guaranteed by the state and the per pupil tax revenue generated from an 18 mill levy (subject to Headlee rollback) on all non-homestead property. To meet the district per pupil guarantee, the state levies 6 mills on all taxable property on a statewide basis.

Prepaid Assets - Payments made to vendors for services that will benefit periods beyond June 30, 2026, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory - Inventories are valued at the lower of cost or net realizable value, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. United States Department of Agriculture commodities inventory received by the Food Service Fund are recorded as expenditures when received.

Capital Assets - General capital assets are those assets related to the general activities and expenditures reported in the governmental funds. These assets are reported in the governmental activities column of the district-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of $5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land improvement	20 years
Buildings and building improvements	50 years
Machinery and equipment	5-20 years
Vehicles	8 years

Note 2 Summary of Significant Accounting Policies **(Continued)**

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity **(Continued)**

Subscription Based Information Technology Arrangements – Subscription Based Information Technology Arrangements (SBITAs) are required to be recognized as a subscription liability and right-to-use SBITA asset for arrangements that meet the definition of a SBITA under GASB 96. The initial subscription liability is measured at the present value of the subscription payments expected to be made during the subscription term. Right-to-use SBITA assets are initially measured at the amount equal to the initial measurement of the SBITA liability plus any SBITA payments made prior to the SBITA term, less incentives, and adding any ancillary charges necessary to place the SBITA into service. The School District did not have any material SBITAs that required recognition for the year ended June 30, 2026.

Interfund Balances - On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/due from." These amounts are eliminated in the governmental activities column of the statement of net position.

Compensated Absences - Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's employment contracts.

The entire compensated absence liability is reported on the district-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "other liabilities" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

Accrued Liabilities and Long-Term Obligations - All payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, the noncurrent portion of leases, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Payments of long-term loans are recognized as an expenditure on the governmental fund financial statements when due.

Note 2 Summary of Significant Accounting Policies **(Continued)**

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (Concluded)

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

Deferred Outflows of Resources - In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expenditure) until then. The School District has items that qualify for reporting in this category. They are pension and other post-employment benefits (OPEB) related items reported in the government-wide statement of net position. Deferred outflows are recognized for pension and OPEB related items. These items are expensed in the plan year in which they apply.

Deferred Inflows of Resources - In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The district reports items that qualify for reporting in this category. The first arises only under a modified accrual basis of accounting. Unavailable revenue is reported only in the governmental fund balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year end. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available. The second is future resources yet to be recognized in relation to the pension and OPEB actuarial calculation. These future resources arise from the differences in the estimates used by the actuary to calculate the pension and OPEB liability and the actual results. The amounts are amortized over a period determined by the actuary. The third is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period.

Net Position - Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The components of net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Net position is unrestricted when other net position does not meet the definition of net investment in capital assets or is restricted and is available for general use. Restricted resources should be used first, followed by unrestricted amounts.

Note 2 **Summary of Significant Accounting Policies (Continued)**

Pension and Other Post-Employment Benefits – To measure the retirement system's net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to each plan, pension and OPEB expenses, and fiduciary net position, including additions to and deductions from that position, of the retirement system, the system uses the same basis as each plan's official financial reports. Benefit payments, including refunds of employee contributions, are recognized when they are due and payable under the plan benefit terms. Investments are stated at fair value.

Interfund Transactions - Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Fund Balance Non-spendable, Restricted, Committed, Assigned, and Unassigned – The fund balance is categorized as non-spendable, restricted, committed, assigned, or unassigned based on the relative strength of the spending constraints. The School Board has the authority to place funds under the committed and assigned categories. Restricted resources should be used first, followed by committed funds, assigned amounts, and then unassigned amounts. The School Board desired to maintain, in stable economic times, a fund balance of at least 7% of the District General Fund annual operating expenditures.

D. **Estimates** - The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

E. **Extraordinary and Special Items** - Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2026.

F. **Budgetary Policies** - The budgetary process is prescribed by provisions of the State of Michigan Budget Act and entails the preparation of budgetary documents within an established timetable. The General Fund and the Special Revenue Funds are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the function level. Any budgetary modifications may only be made by resolution of the Board of Education.

The School District follows these procedures in establishing the budgets for the individual funds as reflected in the financial statements.

Note 2 **Summary of Significant Accounting Policies (Concluded)**

F. Budgetary Policies -

1. Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.
2. A public hearing is conducted during June to obtain taxpayer comments.
3. Prior to June 30, the budget is legally enacted through passage of a resolution.
4. During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.
5. Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.

G. Reclassifications - Certain prior year amounts have been reclassified to conform with current year presentation.

H. Economic Dependency – The School District receives approximately 68% of the General Fund revenue from the State of Michigan. Due to the significance of this revenue source to the School District, the School District is considered economically dependent.

H. Accounting Changes – Adoption of New Accounting Pronouncements

The School District adopted GASB 103, *Financial Reporting Model Improvements.* As a result, new accounting standards and financial reporting requirements were implemented during the year ended June 30, 2026 related to the management's discussion and analysis; unusual or infrequent items; and budgetary comparison information.

During the year ended June 30, 2026, the School District adopted GASB 104, *Disclosure of Certain Capital Assets,* which requires certain types of capital assets, such as leased assets, intangible right-to-use assets, and other intangible assets, to be disclosed separately by major class of underlying asset in the capital asset note. This statement also requires additional disclosures for capital assets held for sale.

I. Subsequent Events – The School District's management evaluated subsequent events from June 30, 2026 through September 30, 2026, the date the financial statements were available to be issued.

Note 3 **Stewardship, Accountability and Compliance**

The School District shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State law for the General and Special Revenue Funds.

At June 30, 2026 the School District's General Fund reported a deficit fund balance of $707,267. The resulted primarily from expenditures exceeding revenues and other financing sources during the current fiscal year. The School District has taken, or plans to take, the following actions to address the deficit:

- Implement expenditure reductions and staffing adjustments;
- Review and reduce discretionary expenditures;
- Increase monitoring of departmental and program budgets;
- Develop a multi-year recovery plan; and

Note 3 **Stewardship, Accountability and Compliance (Concluded)**

- Incorporate anticipated expenditure reductions and additional revenues into the School District's subsequent-year budget.

In accordance with Section 1120 of the Revised School Code (MCL 380.1220), the School District will be required to submit a Deficit Elimination Plan to the Michigan Department of Education. The School District's administration and Board of Education will continue to monitor the General Fund's financial position and budgetary performance.

Note 4 **Deposits and Investments**

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

As of June 30, 2026, the School District's deposits and investments are all on deposit with First Merchants Bank, PNC Bank, Fifth Third Bank, and the Michigan Liquid Asset Fund Plus (MILAF).

The Michigan Liquid Asset Fund (MILAF) has no limitations or restrictions on participant withdrawals for the investment pools, which are recorded at amortized cost in accordance with GASB Statement No. 79, except for a 14 day minimum investment period for investments in MILAF MAX Class.

The MILAF Cash Management and MAX Class Funds are not measured at fair value, and consequently, are not subject to the fair value disclosures.

As of June 30, 2026, the School District measured its investments as follows:

Investment	Not Measured at Fair Value	Fair Value	Weighted Average Maturity (Days)	Standard & Poors Rating	Percentage
MILAF Managed Account	$1,851,747	$0	n/a	AAAm	100.0%

Fair Value Measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy is also established, which requires an entity to maximize the use of observable and minimize the use of unobservable inputs.

Level 1: Quoted prices in active markets for identical securities.

Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, and others.

Note 4 **Deposits and Investments (Concluded)**

Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the organization's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

All of the School District's investments are not measured at fair value and, consequently, are not subject to the fair value disclosures.

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

Interest rate risk. In accordance with the School District's policy, the School District will minimize interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in short-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the School District's cash requirements.

Credit risk. State law limits investments commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). As of June 30, 2026, the School District did not have any investments that have this type of risk.

Concentration of credit risk. The School District will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to the School District. The School District has $11,316,584 invested in certificates of deposit, checking accounts, and money markets. The School District's deposits are insured by the FDIC in the amount of $795,904. Uninsured deposits are $10,520,680.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District did not have outstanding investments of this nature at June 30, 2026. The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the School District will do business.

Foreign currency risk. The School District is not authorized to invest in investments which have this type of risk.

Note 5 Capital and Leased Assets

Capital and leased asset activity for the fiscal year ended June 30, 2026 was as follows:

	Balance July 1, 2025	Additions	Deletions	Balance June 30, 2026
Non-depreciable capital assets				
Land	$557,662	$0	$24,119	$533,543
Construction in progress	55,583,681	12,739,738	18,685,117	49,638,302
Total non-depreciable capital assets	56,141,343	12,739,738	18,709,236	50,171,845
Depreciable capital assets				
Land improvements	9,632,377	424,285	56,691	9,999,971
Buildings and building improvements	54,448,472	12,234,294	495,811	66,186,955
Machinery and equipment	8,686,243	393,438	237,235	8,842,446
Vehicles	4,243,903	323,297	0	4,567,200
Total depreciable capital assets	77,010,995	13,375,314	789,737	89,596,572
Total capital assets	133,152,338	26,115,052	19,498,973	139,768,417
Less accumulated depreciation:				
Land improvements	(4,595,921)	(448,420)	(53,573)	(4,990,768)
Buildings and building improvements	(31,434,348)	(1,570,173)	(157,530)	(32,846,991)
Machinery and equipment	(6,266,125)	(463,003)	(237,235)	(6,491,893)
Vehicles	(3,807,326)	(135,514)	0	(3,942,840)
Total accumulated depreciation	(46,103,720)	(2,617,110)	(448,338)	(48,272,492)
Net capital assets	87,048,618	23,497,942	19,050,635	91,495,925
Right-to-use leased assets - equipment				
Equipment	1,582,878	1,297,398	1,582,878	1,297,398
Less accumulated amortization	(1,582,878)	(259,480)	(1,582,878)	(259,480)
Net right-to-use leased assets	0	1,037,918	0	1,037,918
Total capital and leased assets, net	$87,048,618	$24,535,860	$19,050,635	$92,533,843

Depreciation/amortization expense was charged to governmental functions as an unallocated expense.

Note 6 Interfund Receivables, Payables, and Transfers

Interfund balances at June 30, 2026, consisted of the following:

Receivable Fund	Payable Fund	Amount
Sinking Fund	General Fund	$300,000
Student and School Activity Fund		446,500
Building and Site Fund		15,350
Total General Fund		$761,850

Note 6 **Interfund Receivables, Payables, and Transfers (Concluded)**

Interfund balances represent routine and temporary cash flow assistance from other funds until amounts are transferred from fund bank accounts.

Interfund transfers at June 30, 2026, consisted of the following:

Transfers In:	Transfers Out: Food Service Fund
General Fund	$55,000

The transfer from Food Service to the General Fund represents monies collected in one fund and supported administratively by another fund.

Note 7 **Unearned Revenue**

Governmental funds and governmental activities defer revenue recognition in connection with resources that have been received but not earned. At the end of the current fiscal year, the various components of unearned revenue are as follows:

	Unearned Revenue
General Fund:	
Section 31a At Risk	$622,726
Section 97 Security	27,268
Section 35a5 Early Literacy Targeted Instruction	59,282
Section 99h Robotics	8,310
Section 35n READ Innovation	69,098
Section 41 Bilingual Education	44,917
Section 67f FAFSA Completion Challenge	635
Section 35j Early Literacy Professional Development	25,612
Youth Homeless System Improvement Grant	5
Section 61b CTE Early Middle College/Dual Enrollment	41,551
Title IV, Part A	4
Survivor Kids Camp Payments	48,511
Food Service Fund:	
Prepaid student balances	4,670
	$952,589

Note 8 **Defined Benefit Pension Plans and Postemployment Benefits**

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.

Note 8 **Defined Benefit Pension Plans and Postemployment Benefits (Continued)**

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 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 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB 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.

Pension contributions made in the fiscal year ending September 30, 2025 were determined as of the September 30, 2022 actuarial valuations. The pension unfunded (overfunded) actuarial accrued liabilities (UAAL) as of September 30, 2022 are amortized over a 14-year period beginning October 1, 2024 and ending September 30, 2038.

Note 8 **Defined Benefit Pension Plans and Postemployment Benefits (Continued)**

The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2025.

Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	30.11%
Member Investment Plan	3.0 - 7.0%	30.11%
Pension Plus	3.0 - 6.4%	26.27%
Pension Plus 2	6.2%	27.16%
Defined Contribution	0.0%	20.96%

Required contributions to the pension plan from the School District were $10,867,330 for the year ended September 30, 2025.

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

Pension Liabilities - At June 30, 2026, the School District reported a liability of $52,269,782 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled-forward from September 2024. 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 employers during the measurement period. At September 30, 2025, the School District's proportion was 0.26091853 percent, which was a increase of .00334234 percent from its proportion measured as of September 30, 2024.

For the year ended June 30, 2026, the School District recognized pension expense of $1,967,080. At June 30, 2026, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between actual and expected experience	$2,024,559	($465,563)
Changes of assumptions	1,876,112	(2,762,584)
Net differences between projected and actual earnings on pension plan investments	0	(12,491,359)
Changes in proportion and differences between school district contributions and proportionate share of contributions	893,890	(1,167,779)
School district's contributions subsequent to the measurement date	10,482,001	0
	$15,276,562	($16,887,285)

Note 8 **Defined Benefit Pension Plans and Postemployment Benefits (Continued)**

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

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions of $10,482,001 will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Deferred (Inflow) and Deferred Outflow of Resources by Year
(To Be Recognized in Future Pension Expenses)

	Amount
2026	($868,361)
2027	(5,536,433)
2028	(4,322,082)
2029	(1,365,848)
	($12,092,724)

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, 2024
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

Note 8 **Defined Benefit Pension Plans and Postemployment Benefits (Continued)**

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 Members — PubT-2010 Male and Female Employee 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, 2025, is based on the results of an actuarial valuation date of September 30, 2024, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4524
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2025 MPSERS Annual Comprehensive Financial Report found on the ORS website at michigan.gov/orsschools.

The long-term expected rate of return on plan assets - The long-term 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, 2025, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	21.00%	5.8%
Private Equity Pools	16.00	9.3
International Equity Pools	14.00	5.6
Fixed Income Pools	15.00	2.5
Real Estate and Infrastructure Pools	8.00	7.0
Absolute Return Pools	13.00	4.4
Real Return/Opportunistic Pools	9.00	7.0
Short-term Investment Pools	4.00	1.3
	100.00%	

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

Note 8 **Defined Benefit Pension Plans and Postemployment Benefits (Concluded)**

Rate of return – For the fiscal year ended September 30, 2025, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 9.81%. 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 Pension Plus plan, 6.0% for 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 Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine the 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 Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease (5.0%)	Current Single Discount Rate Assumption (6.0%)	1% Increase (7.0%)
$82,484,599	$52,269,782	$27,104,707

*Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.

MPSERS Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS ACFR, available on the ORS website at michigan.gov/orsschools.

Payable to the Pension Plan – At June 30, 2026, the School District owed $2,075,479 related to required pension plan payments. Amounts accrued at year end for accounting purposes are reported in the financial statements as accrued expenses. These amounts represent current payments for June paid in July, accruals for summer pay (primarily for teachers), and contributions due funded from state aid revenue section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization rate contributions.

Note 9 **Postemployment 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 michigan.gov/orsschools.

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

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

Note 9 **Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

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 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.

OPEB contributions made in the fiscal year ending September 30, 2025 were determined as of the September 30, 2022 actuarial valuations. The OPEB unfunded (overfunded) actuarial accrued liabilities (UAAL) as of September 30, 2022 are amortized over a 14 year period beginning October 1, 2024 and ending September 30, 2028.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2025.

OPEB Contribution Rates

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

Required contributions to the OPEB plan from School District were $225,367 for the year ended September 30, 2025.

Note 9 Postemployment Benefits Other Than Pensions (OPEB) (Continued)

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

At June 30, 2026, the School District reported a liability of $14,567,448 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2024. The School District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2025, the School District's proportion was 0.23963095 percent, which was a decrease of .02981919 percent from its proportion measured as of September 30, 2024.

For the year ending June 30, 2026, the School District recognized OPEB income of $4,682,807. At June 30, 2026, 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 actual and expected experience	$0	($9,973,565)
Changes of assumptions	1,944,182	(154,501)
Net differences between projected and actual earnings on OPEB plan investments	0	(2,047,044)
Changes in proportion and differences between school district contributions and proportionate share of contributions	256,054	(358,167)
School district's contributions subsequent to the measurement date	511,285	0
	$2,711,521	($12,533,277)

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB of $511,285 resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2027.

Note 9 **Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

OPEB (Asset)/Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Concluded)

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

Deferred (Inflow) and Deferred Outflow of Resources by Year
(To Be Recognized in Future Pension Expenses)

	Amount
2026	($2,860,474)
2027	(2,694,931)
2028	(2,445,574)
2029	(1,582,600)
2030	(569,606)
Thereafter	(179,856)
	($10,333,041)

Actuarial Assumptions (Concluded) - 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, 2024
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%
Health 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 Members	PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Note 9 **Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

Summary of Actuarial Assumptions

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	Of those not opting out, 75% of male and 60% of female future retirees are assumed to elect coverage coverages for 1 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 pension valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2025, is based on the results of an actuarial valuation date of September 30, 2024, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 6.4654
- Recognition period for assets in years is 5.0000
- Full actuarial assumptions are available in the 2025 MPSERS Comprehensive Annual Financial Report found on the ORS website at michigan.gov/orsschools.

Long-Term Expected 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, 2025, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	16.00%	5.8%
Private Equity Pools	16.00	9.3
International Equity Pools	11.00	5.6
Fixed Income Pools	26.00	2.5
Real Estate and Infrastructure Pools	5.00	7.0
Absolute Return Pools	15.00	4.4
Real Return/Opportunistic Pools	7.00	7.0
Short-term Investment Pools	4.00	1.3
	100.00%	

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

Note 9 **Postemployment Benefits Other Than Pensions (OPEB) (Concluded)**

Rate of Return - For the fiscal year ended September 30, 2025, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 9.24%. 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 liability. 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 liability.

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 higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
($12,550,778)	($14,567,448)	($16,332,471)

Sensitivity of the School District's proportionate share of the net OPEB (asset)/liability to Healthcare Cost Trend Rate - The following presents the School District's proportionate share of the net OPEB (asset)/liability calculated using assumed trend rates, as well as what the School District's proportionate share of net OPEB (asset)/liability 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
($16,316,365)	($14,567,448)	($12,731,143)

OPEB Plan Fiduciary Net Position - Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2025 MPSERS ACFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan - At June 30, 2026, the School District owed $58,434 related to required OPEB plan payments. Amounts accrued at year end for accounting purposes are reported in the financial statements as accrued expenses. These amounts represent current payments for June paid in July and accruals for summer pay (primarily for teachers).

Note 10 **Enhancement Millage for Technology**

Voters of Monroe County passed an enhancement millage based on the taxable value of all property in the Monroe County Intermediate School District. The technology millage was renewed on May 5, 2026, at 0.9866 mill for an additional five years, through 2031. The intermediate school district will distribute the tax collections to the local public school districts based on pupil membership count. The tax millage received by the local school districts will be used for technology enhancements and related expenses.

Note 11 **Long-Term Debt**

Following is a summary of changes in long-term debt:

	Balance July 1, 2025	Additions	Reductions	Balance June 30, 2026	Amounts Due In One Year
General Obligation Bonds:					
2020 School Building and Site Bonds Series I	$31,955,000	$0	$855,000	$31,100,000	$865,000
Premium on bonds	8,963,910	0	166,332	8,797,578	188,129
2023 School Building and Site Bonds Series II	12,920,000	0	520,000	12,400,000	580,000
Premium on bonds	230,869	0	11,097	219,772	17,881
Total bonds payable	54,069,779	0	1,552,429	52,517,350	1,651,010
Direct Borrowings and Direct Placements:					
Installment purchase agreement:					
Monroe Community Credit Union:					
Digital Score board	0	98,822	0	98,822	18,449
Buses	0	848,666	0	848,666	272,884
Total direct borrowings and direct payments	0	947,488	0	947,488	291,333
Other Liabilities:					
Compensated absences	6,850,130	2,601,163	0	9,451,293	20,831
Total Long-Term Debt	$60,919,909	$3,548,651	$1,552,429	$62,916,131	$1,963,174

Compensated absences payable represents vested benefits for vacation and sick leave as of June 30, 2026. Compensated absences are calculated based on formulas and conditions specified in various union contracts.

General Obligation Bonds

The following schedule shows outstanding general obligation bonds outstanding as of June 30, 2026:

2020 School Building and Site Bonds, $36,045,000, due in installments of $735,000 to $1,500,000 through May 1, 2050, with an interest rate ranging from 2.0% to 5.0%. Purpose of issue: building and site improvements.

2023 School Building and Site Bonds, $13,720,000, due in installments of $350,000 to $690,000 through May 1, 2050, with an interest rate ranging from 4.375% to 4.5%. Purpose of issue: building and site improvements.

Note 11 **Long-Term Debt (Continued)**

General Obligation Bonds

On September 9, 2021, the District issued bonds in the amount of $36,045,000 for the purpose of building and site improvements to the School District's school buildings. The bonds were a full faith and credit unlimited tax general obligation of the School District and the principal and interest and any premium thereon will be payable from the proceeds of ad valorem taxes levied on all taxable property within the School District. The interest rates on the 2021 School Building and Site Bonds varies between 2.0% to 5.0%.

Annual principal and interest requirements to maturity for the above bonds payable obligation are as follows:

	Interest Requirements		Bond Maturities	
Fiscal Year	November 1	May 1	May 1	Total
2027	$736,575	$736,575	$865,000	$2,338,150
2028	719,275	719,275	900,000	2,338,550
2029	701,275	701,275	940,000	2,342,550
2030	682,475	682,475	980,000	2,344,950
2031	662,875	662,875	985,000	2,310,750
2032	638,250	638,250	1,035,000	2,311,500
2033	612,375	612,375	1,090,000	2,314,750
2034	585,125	585,125	1,145,000	2,315,250
2035	556,500	556,500	1,205,000	2,318,000
2036	526,375	526,375	1,265,000	2,317,750
2037	494,750	494,750	1,330,000	2,319,500
2038	461,500	461,500	1,400,000	2,323,000
2039	426,500	426,500	1,470,000	2,323,000
2040	389,750	389,750	1,495,000	2,274,500
2041	352,375	352,375	1,495,000	2,199,750
2042	315,000	315,000	1,500,000	2,130,000
2043	300,000	300,000	1,500,000	2,100,000
2044	262,500	262,500	1,500,000	2,025,000
2045	225,000	225,000	1,500,000	1,950,000
2046	187,500	187,500	1,500,000	1,875,000
2047	150,000	150,000	1,500,000	1,800,000
2048	112,500	112,500	1,500,000	1,725,000
2049	75,000	75,000	1,500,000	1,650,000
2050	37,500	37,500	1,500,000	1,575,000
	$10,210,975	$10,210,975	$31,100,000	$51,521,950

Note 11 **Long-Term Debt (Continued)**

General Obligation Bonds

On September 12, 2023, the District issued bonds in the amount of $13,720,000 for the purpose of building and site improvements to the School District's school buildings. The bonds were a full faith and credit unlimited tax general obligation of the School District and the principal and interest and any premium thereon will be payable from the proceeds of ad valorem taxes levied on all taxable property within the School District. The interest rates on the 2023 School Building and Site Bonds varies between 4.375% to 4.5%.

Annual principal and interest requirements to maturity for the above bonds payable obligation are as follows:

	Interest Requirements		Bond Maturities	
Fiscal Year	November 1	May 1	May 1	Total
2027	$273,200	$273,200	$580,000	$1,126,400
2028	260,512	260,512	630,000	1,151,024
2029	246,731	246,731	320,000	813,462
2030	239,731	239,731	380,000	859,462
2031	231,419	231,419	490,000	952,838
2032	220,700	220,700	565,000	1,006,400
2033	208,341	208,341	370,000	786,682
2034	200,247	200,247	425,000	825,494
2035	190,950	190,950	445,000	826,900
2036	181,215	181,215	455,000	817,430
2037	171,263	171,263	465,000	807,526
2038	161,091	161,091	475,000	797,182
2039	150,700	150,700	485,000	786,400
2040	140,091	140,091	495,000	775,182
2041	129,262	129,262	510,000	768,524
2042	118,106	118,106	525,000	761,212
2043	106,622	106,622	540,000	753,244
2044	94,809	94,809	555,000	744,618
2045	82,669	82,669	570,000	735,338
2046	70,200	70,200	585,000	725,400
2047	57,038	57,038	600,000	714,076
2048	43,538	43,538	615,000	702,076
2049	29,700	29,700	630,000	689,400
2050	15,525	15,525	690,000	721,050
	$3,623,660	$3,623,660	$12,400,000	$19,647,320

Note 11 **Long-Term Debt (Continued)**

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above general obligation bonds are as follows:

Fiscal Year	Principal	Interest	Total
2027	$1,445,000	$2,019,550	$3,464,550
2028	1,530,000	1,959,574	3,489,574
2029	1,260,000	1,896,012	3,156,012
2030	1,360,000	1,844,412	3,204,412
2031	1,475,000	1,788,588	3,263,588
2032-2036	8,000,000	7,840,156	15,840,156
2037-2041	9,620,000	5,754,564	15,374,564
2042-2046	10,275,000	3,524,812	13,799,812
2047-2050	8,535,000	1,041,602	9,576,602
	$43,500,000	$27,669,270	$71,169,270

Direct Borrowings and Direct Placements

The School Districted entered into an installment purchase agreement with Monroe Community Credit Union on June 30, 2026 for 8 school buses. The outstanding balance at June 30, 2026 is $848,666. The purchase agreement is due in annual installments of $282,889 at an interest rate of 3.58% through June 30, 2029. This agreement contains a provision that in the event of failure to the School District to pay any of the obligation for more than 10 days after the principal and interest is due, the lender may, at its option, declare the entire principal balance plus accrued interest immediately due and payable.

Annual principal and interest requirements to maturity for the above installment purchase agreement are as follows:

Fiscal Year	Principal	Interest	Total
2027	$272,884	$30,804	$303,688
2028	282,731	20,957	303,688
2029	293,051	10,637	303,688
	$848,666	$62,398	$911,064

The School District entered into an installment purchase agreement with the Monroe Community Credit Union on October 31, 2025 for a digital scoreboard. The outstanding balance at June 30, 2026 is $98,822. The loan is due in annual installments of $21,593 at an interest rate of 2.90% through November 30, 2030. This agreement contains a provision that in the event of failure to the School District to pay any of the obligation for more than 10 days after the principal and interest is due, the lender may, at its option, declare the entire principal balance plus accrued interest immediately due and payable

Note 11 **Long-Term Debt (Concluded)**

Direct Borrowings and Direct Placements

Annual principal and interest requirements to maturity for the above installment purchase agreement are as follows:

Fiscal Year	Principal	Interest	Total
2027	$18,449	$3,144	$21,593
2028	19,230	2,363	21,593
2029	19,790	1,803	21,593
2030	20,377	1,216	21,593
2031	20,976	617	21,593
	$98,822	$9,143	$107,965

The annual principal and interest requirements for the above installment purchase agreements are as follows:

Fiscal Year	Principal	Interest	Total
2027	$291,333	$33,948	$325,281
2028	301,961	23,320	325,281
2029	312,841	12,440	325,281
2030	20,377	1,216	21,593
2031	20,976	617	21,593
	$947,488	$71,541	$1,019,029

Note 12 **Lease Commitments**

Following is a summary of changes in lease commitments:

	Balance July 1, 2025	Additions	Reductions	Balance June 30, 2026	Amounts Due In One Year
UTEC lease	$0	$1,297,398	$259,818	$1,037,580	$259,818
Total leases payable	$0	$1,297,398	$259,818	$1,037,580	$259,818

On July 1, 2025, the School District entered into a lease agreement for technology equipment with UTEC Rentals LLC for a term of 60 months, with a bi-annual payment of $138,600, with an interest rate of 3.00 percent. The leased equipment and accumulated amortization of the right-to-use assets are outlined in Note 5.

The annual principal and interest requirements for the above installment purchase agreements are as follows:

Fiscal Year	Principal	Interest	Total
2027	$247,919	$29,281	$277,200
2028	255,412	21,788	277,200
2029	263,132	14,068	277,200
2030	271,117	6,083	277,200
Totals	$1,037,580	$71,220	$1,108,800

Note 13 **Short-Term Debt Activity**

The School District has various options for short-term financing, including tax anticipation notes, state aid anticipation notes, and lines of credit. During the fiscal year ended June 30, 2026, the School District entered into a short-term financing arrangement for a state aid anticipation note, secured against the state aid fund allowance, through First Merchants Bank. Short-term debt activity for the year ended June 30, 2026 was as follows:

	Balance July 1, 2025	Issued	Redeemed	Balance June 30, 2026
State Aid Anticipation Note	$0	$3,000,000	$3,000,000	$0

The short-term financing was utilized for cash-flow purposes based on the timing of School District revenues through state aid allowances.

Note 14 **Property Taxes**

Property taxes are recorded as revenue when levied and received by the various governmental units that collect the School District's taxes. The School District's 2025 property taxes were levied on December 1, 2025 on assessed valuations as of December 31, 2024. Taxes were collected beginning December 1, 2025, and payments were due by February 14, 2026. Taxable values are based on a percentage of the fair market value of the assessed property.

The following is a summary of the 2025 property tax levy:

	Taxable Value	Mills Levied	Taxes Levied
General Fund:			
Non-Homestead	$799,054,061	18.0000	$14,382,973
Commercial Personal Property	46,602,443	6.0000	279,615
Sinking Fund	2,325,851,142	1.0000	2,325,851
Debt Service Fund	2,325,851,142	1.5000	3,488,777
Total			$20,477,216

Note 15 **Tax Abatement**

Municipalities within the School District's boundaries entered into property tax abatement agreements with local businesses under three programs: The Plant and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, the New Personal Property Exemption, PA 328 of 1998, as amended, and through payments in lieu of taxes (PILOTS). An Industrial Facilities Tax Exemption (IFT) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term of 1-12 years as determined by the local unit of government. The IFT on new plant and new industrial property is computed at 50 percent of the taxes levied. The municipalities can elect to freeze the taxable values for rehabilitation properties. The New Personal Property Exemption affords a 100% tax exemption for specific businesses located within eligible distressed communities.

Note 15 Tax Abatement (Concluded)

For the year ended June 30, 2026, the School District's property tax revenue for general obligations was reduced by $371,433 under these programs. There were no tax abatements made by the School District. The abatements issued by other governmental units are as follows:

Governmental Unit	IFT	PILOTS	Total
Monroe City	$14,044	$357,389	$371,433

Note 16 Cafeteria Contract

During the fiscal year ended June 30, 2026, the School District contracted with Sodexo Management, Inc. to cover all cafeterias within the School District. Pursuant to this agreement, Sodexo Management, Inc. manages the food service operations of the School District. All costs of Sodexo Management, Inc. have been reflected in the financial statements of the Food Service Fund as purchased services.

Note 17 Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2026.

B. Litigation

There are currently no matters in litigation with the School District as defendant.

Note 18 Risk Management and Insurance Pool

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (worker's compensation), and natural disasters, as well as medical benefits provided to employees. To manage these risks, the School District has purchased commercial insurance for property, general liability, automobile liability, errors and omissions, and medical claims, and self-funds worker's compensation claims subject to stop loss insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage from the prior fiscal year.

Note 19 Sinking Fund

The Sinking Fund records capital project activities funded with Sinking Fund millage. For this fund, the School District has complied with the applicable provisions of §1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Note 20 Capital Projects

The 2020 Bond Capital Projects Fund and the Building and Site Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provision of §1351a of the Revised School Code.

REQUIRED SUPPLEMENTAL INFORMATION

MONROE PUBLIC SCHOOLS

General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget Over (Under)	Actual	Variance with Final Budget Over (Under)
	Original	Final	Final Budget	Amounts	Actual Amounts
Revenues					
Local sources	$14,454,008	$15,675,778	$1,221,770	$15,118,426	($557,352)
State sources	43,927,778	47,790,485	3,862,707	45,741,124	(2,049,361)
Federal sources	3,054,309	3,858,197	803,888	2,667,222	(1,190,975)
Interdistrict and other sources	4,148,000	4,394,534	246,534	4,132,333	(262,201)
Total Revenues	65,584,095	71,718,994	6,134,899	67,659,105	(4,059,889)
Expenditures					
Instruction:					
Basic programs	27,067,688	29,674,866	2,607,178	28,672,262	1,002,604
Added needs	7,970,116	9,514,692	1,544,576	8,755,707	758,985
Adult/continuing education	351,769	342,189	(9,580)	257,977	84,212
Support services:					
Pupil	4,897,282	5,887,120	989,838	5,571,603	315,517
Instructional staff	3,841,683	4,426,612	584,929	4,025,329	401,283
General administration	851,072	921,280	70,208	934,478	(13,198)
School administration	4,883,612	5,239,925	356,313	5,181,618	58,307
Business administration	967,901	1,194,078	226,177	1,165,324	28,754
Operation and maintenance	7,638,354	8,464,662	826,308	8,414,753	49,909
Pupil transportation	3,166,616	4,460,000	1,293,384	4,554,997	(94,997)
Central services	3,120,883	4,001,581	880,698	3,973,140	28,441
Athletics	1,219,965	1,624,557	404,592	1,662,008	(37,451)
Community services	1,172,669	1,525,873	353,204	1,254,264	271,609
Interdistrict and other uses	22,496	16,673	(5,823)	8,533	8,140
Facilities acquisition, construction, and improvements	364,850	396,686	31,836	310,300	86,386
Prior period adjustments	500	500	0	19	481
Debt service:					
Principal retirement	0	261,706	261,706	259,818	1,888
Interest and fiscal charges	0	17,382	17,382	17,382	0
Total Expenditures	67,537,456	77,970,382	10,432,926	75,019,512	2,950,870
Excess (Deficiency) of Revenue Over Expenditures	(1,953,361)	(6,251,388)	(4,298,027)	(7,360,407)	(1,109,019)
Other Financing Sources (Uses)					
Installment purchase agreement financing	0	948,822	948,822	947,488	(1,334)
Operating transfers in	50,000	50,000	0	55,000	5,000
Total Other Financing Sources (Uses)	50,000	998,822	948,822	1,002,488	3,666
Net Change in Fund Balances	(1,903,361)	(5,252,566)	(3,349,205)	(6,357,919)	(1,105,353)
Fund Balances - Beginning of year	3,433,555	5,650,752	2,217,197	5,650,652	(100)
Fund Balances - End of year	$1,530,194	$398,186	($1,132,008)	($707,267)	($1,105,453)

MONROE PUBLIC SCHOOLS

Food Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget Over (Under) Final Budget	Actual Amounts	Variance with Final Budget Over (Under) Actual Amounts
	Original	Final			
Revenues					
Local Sources:					
Food sales	$333,000	$390,000	$57,000	$410,879	$20,879
Interest income	50,000	35,000	(15,000)	26,999	(8,001)
Other	500	500	0	54	(446)
Total Local Sources	383,500	425,500	42,000	437,932	12,432
State Sources:					
Restricted grants	329,150	359,961	30,811	378,571	18,610
Federal Sources:					
Restricted grants	3,554,000	3,908,500	354,500	4,068,956	160,456
Commodities	251,500	264,005	12,505	251,132	(12,873)
Total Federal Sources	3,805,500	4,172,505	367,005	4,320,088	147,583
Total Revenues	4,518,150	4,957,966	439,816	5,136,591	178,625
Expenditures					
Food Service:					
Salaries	202,400	202,400	0	164,893	37,507
Employee benefits	92,336	107,017	14,681	73,546	33,471
Purchased services	1,670,500	2,173,890	503,390	1,936,543	237,347
Supplies and materials	2,559,051	2,907,199	348,148	2,328,206	578,993
Capital outlay	1,500,000	1,500,000	0	917,346	582,654
Other	5,000	5,000	0	3,680	1,320
Total Expenditures	6,029,287	6,895,506	866,219	5,424,214	1,471,292
Excess (Deficiency) of Revenue Over Expenditures	(1,511,137)	(1,937,540)	(426,403)	(287,623)	1,649,917
Other Financing Sources (Uses)					
Operating transfers out	0	(50,000)	(50,000)	(55,000)	(5,000)
Net Change in Fund Balance	(1,511,137)	(1,987,540)	(426,403)	(342,623)	1,644,917
Fund Balance - Beginning of year	2,822,219	4,430,664	1,608,445	4,430,664	0
Fund Balance - End of year	$1,311,082	$2,443,124	$1,182,042	$4,088,041	$1,644,917

MONROE PUBLIC SCHOOLS

Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 School District Fiscal Years (Amounts determined as of 9/30 of each year)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of net pension liability (%)	0.26092%	0.26426%	0.25908%	0.26095%	0.26747%	0.28059%	0.27085%	0.28523%	0.29590%	0.30097%
B. School District's proportion proportionate share of net pension liability	$52,269,782	$64,696,391	$83,854,021	$98,140,525	$63,324,952	$92,949,544	$89,697,000	$85,744,851	$76,680,531	$75,088,472
C. School District's covered-employee payroll	$28,918,896	$28,795,467	$26,257,072	$25,189,413	$23,793,199	$24,468,186	$23,401,206	$23,768,752	$24,557,808	$25,694,545
D. School District's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	55.33%	44.51%	31.31%	25.67%	37.57%	26.32%	26.09%	27.72%	32.03%	34.22%
E. Plan fiduciary net position as a percentage of total pension liability	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

MONROE PUBLIC SCHOOLS

Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 School District Fiscal Years (Amounts determined as of 6/30 of each year)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. Statutorily required contributions	$10,867,330	$11,048,358	$9,337,533	$8,881,711	$8,031,154	$7,436,080	$7,195,283	$7,766,835	$6,940,450	$6,758,340
B. Contributions in relation to statutorily required contributions*	$10,867,330	$11,048,358	$9,337,533	$8,881,711	$8,031,154	$7,436,080	$7,195,283	$7,766,835	$6,940,450	$6,758,340
C. Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
D. School District's covered-employee payroll	$30,012,276	$29,097,943	$28,346,591	$25,843,849	$24,638,886	$23,653,592	$24,502,961	$23,722,471	$24,045,951	$24,536,412
E. Contributions as a percentage of covered-employee payroll	36.21%	37.97%	32.94%	34.37%	32.60%	31.44%	29.36%	32.74%	28.86%	27.54%

*Contributions in relation to statutorily required contributions are the contributions a school district actually made to MPSERS, which may differ from the statutorily required contributions.

MONROE PUBLIC SCHOOLS

Schedule of the School District's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Retirement Plan
Last 10 School District Fiscal Years (Amounts determined as of 9/30 of each year)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. School District's proportion of net OPEB (asset)/liability (%)	0.23963%	0.26945%	0.26128%	0.25882%	0.26331%	0.27537%	0.26734%	0.27914%	0.29724%
B. School District's proportion proporitionate share of net OPEB (asset)/liability	($14,567,448)	($11,598,206)	($1,478,079)	$5,481,997	$4,019,059	$14,752,495	$19,188,709	$22,188,948	$26,322,261
C. School District's covered-employee payroll	$28,918,896	$28,795,467	$26,257,072	$28,795,467	$26,257,072	$24,468,186	$23,401,206	$23,768,752	$24,557,808
D. School District's proportionate share of net OPEB (asset)/liability as a percentage of its covered-employee payroll (%)	-198.52%	-248.28%	-1776.43%	525.27%	653.31%	165.86%	121.95%	107.12%	93.30%
E. Plan fiduciary net position as a percentage of total OPEB liability	164.94%	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

MONROE PUBLIC SCHOOLS

Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 School District Fiscal Years (Amounts determined as of 6/30 of each year)

	2026	2025	2024	2023	2022	2021	2020	2019	2018
A. Statutorily required contributions	$225,367	$2,239,686	$2,035,390	$1,971,528	$1,954,645	$1,945,582	$1,835,550	$1,811,908	$2,314,161
B. Contributions in relation to statutorily required contributions*	$225,367	$2,239,686	$2,035,390	$1,971,528	$1,954,645	$1,945,582	$1,835,550	$1,811,908	$2,314,161
C. Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0
D. School District's covered-employee payroll	$30,012,276	$29,097,943	$28,346,591	$25,843,849	$24,638,886	$23,653,592	$24,502,961	$23,722,471	$24,045,951
E. Contributions as a percentage of covered-employee payroll	0.75%	7.70%	7.18%	7.63%	7.93%	8.23%	7.49%	7.64%	9.62%

*Contributions in relation to statutorily required OPEB contributions are the contributions a school district actually made to the OPEB plan, as distinct from the statutorily required contributions.

This schedule is to be built prospectively. Until a full 10-year trend is compiled, the schedule will show information for those years for which data is available.

Note A **Budgetary Comparison Schedules**

Budgetary comparison schedules are presented as required supplementary information for the General Fund and the Food Service Fund. The budgetary comparison schedules present the original budget, the final amended budget, and actual results on a budgetary basis, together with variance columns showing (1) the difference between the original and final budget and (2) the difference between the final budget and actual results, as required under GASB 103. Below are the most significant variances and the explanations of each.

	Budgeted Amounts		Variance with Original Budget Over (Under) Final Budget	Actual Amounts	Variance with Final Budget Over (Under) Actual Amounts
	Original	Final			
General Fund:					
Revenues					
Local sources	$14,454,008	$15,675,778	$1,221,770	$15,118,426	($557,352)
State sources	43,927,778	47,790,485	3,862,707	45,741,124	(2,049,361)
Federal sources	3,054,309	3,858,197	803,888	2,667,222	(1,190,975)
Expenditures					
Instruction	35,389,573	39,531,747	4,142,174	37,685,946	(1,845,801)
Support services	30,587,368	36,219,815	5,632,447	35,483,250	(736,565)
Food Service Fund:					
Revenues					
Federal sources	3,805,500	4,172,505	367,005	4,320,088	147,583
Expenditures					
Food service	6,029,287	6,895,506	866,219	5,424,214	(1,471,292)
Sinking Fund:					
Expenditures					
Capital outlay	3,113,500	4,203,500	1,090,000	2,874,006	(1,329,494)

Explanation of Significant Variances – Original Budget to Final Budget

General Fund Local Source Revenues – Major variances between the original and final budgets were related to changes in non-homestead property tax values, sale of fixed assets, and loan proceeds. The sale of Navarre Field was unanticipated at the time of the initial budget; the School District accepted an offer in early 2026 to purchase the property when it was not listed for sale. In the fall, the Board approved the purchase of a new digital scoreboard for the MHS gymnasium through an installment purchase agreement. The decision to purchase additional buses using an installment purchase agreement was made later in the fiscal year when a need was presented to the Board.

General Fund State Source Revenues – At the time of the School District's initial budget, the State of Michigan had not adopted a budget. The School District initially budgeted for flat per pupil allowance foundation funding to remain conservative. In addition, there was additional grant funding included in the State budget approved in October 2025 that was not anticipated by the School District.

Note A **Budgetary Comparison Schedules (Continued)**

General Fund Instruction Expenditures – Major variances between the original and final budgets included staffing changes, contracted agency paraprofessionals, and grant funded instruction positions. The initial budget included projected salary and benefit amounts for vacant positions; however, the positions were filled with higher qualified staff than projected. The School District had many classroom paraprofessional vacancies and special needs paraprofessional vacancies that required the use of a third-party staffing agency to provide necessary services to students, which was at a greater cost than the initial budget contained for hourly payroll paraprofessionals. In addition, the final grant allocations for various instructional positions were greater than projected in the initial budget.

General Fund Support Services Expenditures – The major variances were in the function areas of pupil support services, operations, pupil transportation, and central services. The pupil support services major variances included an additional school resource officer and actual costs for social worker positions that were vacant at the time of the initial budget. The major variances in pupil transportation included the purchase of three buses with the proceeds from a property sale and increased third-party wages related to added bus routes for the School District. The major variances for central services included a capital lease for district-wide copiers and printers and increased third-party wages for initially vacant technology positions.

Food Service Fund Federal Source Revenues – The major variances included additional per meal federal funding and additional USDA commodity revenues.

Food Service Expenditures – The major variances included additional service repair contracts for preventative maintenance, additional purchase services for period equipment repairs, increased costs for supplies and food, and the actual contract renewal increase for Sodexo food service management.

Explanation of Significant Variances – Final Budget to Actual Results

General Fund Local Source Revenues – The variances were mainly related to reduced e-rate funding, lower than projected interest income, and changes in property tax values.

General Fund State Source Revenues – The variances were mainly related to unspent state grant funds, an unanticipated negative adjustment for Special Education state funding, and an unanticipated negative foundation allowance adjustment from the State due to a township reporting taxable values incorrectly for several years.

General Fund Instruction Expenditures – The major variances were related to grant program expenditures not fully expended by the end of the fiscal year. Grant fund revenues and expenditures are budgeted in full but can be carried over in most cases to the subsequent fiscal year. Grant programs not fully expended included summer programs (Title I, Sec. 31a At-risk, and Sec. 32n Out-of-School-Time grants), Title I building allocation programming, and Sec. 31a At-Risk programming.

Note A **Budgetary Comparison Schedules (Concluded)**

General Fund Support Services Expenditures – The major variances were related to grant program expenditures not fully expended by the end of the fiscal year and security projects in progress at the end of June. Grant fund revenues and expenditures are budgeted in full but can be carried over in most cases to the subsequent fiscal year. Grant programs not fully expended included social workers (Sec. 31a at-risk and Title I), professional development workshops & supplies (Title I, Title IIa, Sec. 35n READ, and Early Literacy).

Food Service Fund Federal Source Revenues – The major variance was related to higher than anticipated participation in summer food service programs in June 2026.

Food Service Expenditures – The major variances were related to construction projects in progress at the end of June and supplies not received by the end of the fiscal year.

Note B **Pension and Other Post-Employment Benefit Information**

A. Pension Information

Benefit Changes

There were no changes of benefit terms for the pension plan year ended 2025.

Assumption Changes

There were no changes of assumptions for the pension plan year ended 2025.

B. OPEB Information

Benefit Changes

There were no changes of benefit terms for the OPEB plan year ended 2025.

Assumption Changes

There were no changes of assumptions for the OPEB plan year ended 2025.

OTHER SUPPLEMENTAL INFORMATION

MONROE PUBLIC SCHOOLS

General Fund
Schedule of Revenues-Budget and Actual
Year Ended June 30, 2026

	Final Budget	Actual	Positive (Negative) Budget
Local Sources			
Property taxes	$14,617,700	$14,319,847	($297,853)
Tuition	78,720	73,418	(5,302)
Transportation fees	50,000	52,204	2,204
Interest income	56,001	7,046	(48,955)
GED test fees	2,000	544	(1,456)
Child care	205,000	183,226	(21,774)
Rental income	120,000	132,633	12,633
Community activities	75,000	57,095	(17,905)
Athletics	110,625	67,979	(42,646)
Donations	266,732	169,204	(97,528)
Other revenue	94,000	55,230	(38,770)
Total Local Sources	15,675,778	15,118,426	(557,352)
State Sources			
Unrestricted grants:			
Foundation	30,243,144	29,321,184	(921,960)
Enrollment stabilization	374,028	335,616	(38,412)
CTE Incentive	91,802	91,802	0
Restricted grants:			
At risk	5,374,765	4,754,324	(620,441)
Binlingual education	133,769	90,358	(43,411)
Transportation costs	548,695	548,695	0
Special education/Headlee obligation	2,293,539	1,935,143	(358,396)
MPSERS offset/UAAL/reform	5,877,895	6,055,087	177,192
Section 23g MI kids back on track	214,697	214,697	0
Section 27l(2) educator compensation	649,024	649,024	0
Sec 31aa mental health/security	58,122	58,122	0
Sec 35a(5) Targeted early literacy	59,282	0	(59,282)
Section 35j early literacy improvement	113,639	88,026	(25,613)
Section 35m literacy supports	424,273	424,273	0
Section 35n READ innovation	187,500	118,401	(69,099)
Other state grants	96,140	171,662	75,522
Transfer from intermediate school district:			
Vocational education added costs	301,083	301,083	0
Adult education	408,500	310,965	(97,535)
Other state grants	340,588	272,662	(67,926)
Total State Sources	47,790,485	45,741,124	(2,049,361)
Federal Sources			
Title I	2,536,000	1,695,991	(840,009)
Title II improving teacher quality	283,836	219,915	(63,921)
Title III limited english	43,923	34,557	(9,366)
Title III immigrant students	2,528	2,528	0
Title IV	161,315	119,768	(41,547)
WIOA instruction	140,000	82,376	(57,624)
WIOA institution	30,000	29,113	(887)
Healthy hydration/filter first	106,702	101,222	(5,480)
Transfer from intermediate school district or other agency:			
Title I regional assistance grant	196,303	133,243	(63,060)
Homeless students' assistance	24,851	22,123	(2,728)
Perkins	107,393	107,393	0
US fish and wildlife foundation	150,000	43,653	(106,347)
Other federal grants	75,346	75,340	(6)
Total Federal Sources	3,858,197	2,667,222	(1,190,975)
Interdistrict and Other Sources			
Transfer from intermediate school districts:			
County special education tax	2,000,000	1,707,357	(292,643)
Technology enhancement millage	1,711,000	1,754,442	43,442
Prior period adjustment	3,000	0	(3,000)
Material insurance proceeds	5,000	0	(5,000)
Proceeds from sale of capital assets	675,534	670,534	(5,000)
Installment purchase agreement proceeds	948,822	947,488	(1,334)
Transfer from food service	50,000	55,000	5,000
Total Interdistrict and Other Sources	5,393,356	5,134,821	(258,535)
Total Revenues	$72,717,816	$68,661,593	($4,056,223)

MONROE PUBLIC SCHOOLS

General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2026

	Salaries	Employee Benefits	Purchased Services
Instruction			
Basic Programs:			
Elementary	$7,819,911	$5,323,308	$742,304
Middle school	2,085,957	1,426,657	155,106
High school	3,804,344	2,728,717	828,830
Summer school	435,074	182,845	51,298
	14,145,286	9,661,527	1,777,538
Added Needs:			
Special education	2,801,869	1,637,929	442,191
Compensatory education	878,089	386,287	479,641
Career and technical education	813,749	577,164	53,692
	4,493,707	2,601,380	975,524
Adult/Continuing Education:			
Adult/Continuing education	163,898	77,279	12,502
Total Instruction	18,802,891	12,340,186	2,765,564
Support Services			
Pupil:			
Truancy	51,575	22,330	64,561
Guidance	518,942	309,880	0
Health	272,255	156,166	335,905
Psychological services	506,622	317,191	39,117
Speech	80,445	51,051	50,267
Social work services	756,350	421,422	0
Teacher consultants	100,545	80,635	0
Other pupil services	745,887	492,374	171,530
	3,032,621	1,851,049	661,380
Instructional Staff:			
Improvement of instruction	1,186,583	796,494	369,023
Educational media services	1,572	589	0
Supervision and direction	881,492	585,417	78,094
Academic student assessment	6,007	2,705	22,017
	2,075,654	1,385,205	469,134
General Administration:			
Board of education	8,760	670	451,321
Executive administration	311,434	132,051	530
	320,194	132,721	451,851
School Administration:			
Office of the principal	2,858,122	1,921,573	183,116
Other school administration	0	0	31,150
	2,858,122	1,921,573	214,266
Business Administration:			
Fiscal services	479,120	339,323	39,917
Internal services	49,687	30,971	59,631
Other business services	0	0	602
	528,807	370,294	100,150

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
$623,502	$319,651	$14,753	$14,843,429	$15,203,977	$360,548
70,464	19,430	21,390	3,779,004	3,941,130	162,126
290,640	51,934	1,656,357	9,360,822	9,471,180	110,358
19,790	0	0	689,007	1,058,579	369,572
1,004,396	391,015	1,692,500	28,672,262	29,674,866	1,002,604
7,316	0	0	4,889,305	5,052,506	163,201
94,051	208,140	0	2,046,208	2,575,542	529,334
251,786	41,703	82,100	1,820,194	1,886,644	66,450
353,153	249,843	82,100	8,755,707	9,514,692	758,985
4,245	45	8	257,977	342,189	84,212
1,361,794	640,903	1,774,608	37,685,946	39,531,747	1,845,801
0	0	0	138,466	209,795	71,329
0	0	0	828,822	877,659	48,837
1,494	186	14,350	780,356	808,278	27,922
0	0	0	862,930	878,854	15,924
0	0	0	181,763	183,033	1,270
10,031	0	0	1,187,803	1,305,866	118,063
0	0	0	181,180	180,886	(294)
279	0	213	1,410,283	1,442,749	32,466
11,804	186	14,563	5,571,603	5,887,120	315,517
82,819	3,338	600	2,438,857	2,762,940	324,083
0	0	0	2,161	2,161	0
7,954	0	568	1,553,525	1,616,611	63,086
57	0	0	30,786	44,900	14,114
90,830	3,338	1,168	4,025,329	4,426,612	401,283
3,400	0	23,422	487,573	465,970	(21,603)
298	60	2,532	446,905	455,310	8,405
3,698	60	25,954	934,478	921,280	(13,198)
9,588	146,496	9,509	5,128,404	5,185,750	57,346
22,064	0	0	53,214	54,175	961
31,652	146,496	9,509	5,181,618	5,239,925	58,307
3,622	4,082	30,385	896,449	923,871	27,422
41,932	4,915	0	187,136	188,447	1,311
0	0	81,137	81,739	81,760	21
45,554	8,997	111,522	1,165,324	1,194,078	28,754

MONROE PUBLIC SCHOOLS

General Fund
Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2026

	Salaries	Employee Benefits	Purchased Services
Support Services (Concluded)			
Operating Buildings Services:			
Operation and maintenance	$1,469,873	$997,777	$3,068,950
Security services	0	0	662,510
	1,469,873	997,777	3,731,460
Pupil transportation	334,558	186,112	3,389,683
Central Services:			
Communication services	82,944	55,711	40,249
Staff/Personnel services	407,068	261,477	361,319
Technology	552,599	363,028	1,196,725
Pupil accounting	107,931	78,515	0
	1,150,542	758,731	1,598,293
Athletics	520,865	282,189	438,510
Total Support Services	12,291,236	7,885,651	11,054,727
Community Services			
Community services direction	9,600	734	0
Community recreation	137,296	86,990	23,633
Community activities	54,655	34,188	7,508
Custody and care of children	185,062	113,338	214,233
Welfare activities	0	0	0
Non-public school pupils	147,994	83,758	61,850
Total Community Services	534,607	319,008	307,224
Interdistrict and Other Uses			
Other	0	0	0
Facilities Acquisition, Construction, and Improvements			
Site improvement and construction services	0	0	35,956
Building improvement services	0	0	0
Total Facilities Acquisition, Construction, and Improvemer	0	0	35,956
Prior Period Adjustments	0	0	0
Debt Service			
Principal retirement	0	0	0
Interest and fiscal charges	0	0	0
Total Debt Service	0	0	0
Total Expenditures and Other Financing Uses	$31,628,734	$20,544,845	$14,163,471

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
$1,650,642	$174,981	$9,287	$7,371,510	$7,310,240	($61,270)
5,843	374,890	0	1,043,243	1,154,422	111,179
1,656,485	549,871	9,287	8,414,753	8,464,662	49,909
327,256	317,286	102	4,554,997	4,460,000	(94,997)
2,137	0	1,596	182,637	187,047	4,410
1,663	2,930	32,961	1,067,418	1,102,415	34,997
73,244	303,431	47,400	2,536,427	2,516,604	(19,823)
113	0	99	186,658	195,515	8,857
77,157	306,361	82,056	3,973,140	4,001,581	28,441
164,174	227,575	28,695	1,662,008	1,624,557	(37,451)
2,408,610	1,560,170	282,856	35,483,250	36,219,815	736,565
0	0	0	10,334	14,656	4,322
19,920	494	2,756	271,089	267,273	(3,816)
31,925	0	0	128,276	274,393	146,117
2,498	0	425	515,556	547,527	31,971
20,480	0	0	20,480	21,101	621
14,927	0	0	308,529	400,923	92,394
89,750	494	3,181	1,254,264	1,525,873	271,609
0	0	8,533	8,533	16,673	8,140
0	23,655	0	59,611	165,958	106,347
0	250,689		250,689	230,728	(19,961)
0	274,344	0	310,300	396,686	86,386
0	0	19	19	500	481
0	0	259,818	259,818	261,706	1,888
0	0	17,382	17,382	17,382	0
0	0	277,200	277,200	279,088	1,888
$3,860,154	$2,475,911	$2,346,397	$75,019,512	$77,970,382	$2,950,870

MONROE PUBLIC SCHOOLS

Sinking Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget Over (Under) Final Budget	Actual Amounts	Variance with Final Budget Over (Under) Actual Amounts
	Original	Final			
Revenues					
Local Sources:					
Property taxes	$2,350,515	$2,304,500	($46,015)	$2,303,395	($1,105)
Interest income	150,200	75,200	(75,000)	79,610	4,410
Total Local Sources	2,500,715	2,379,700	(121,015)	2,383,005	3,305
State Sources:					
Personal property tax reimbursement	50,000	53,328	3,328	53,328	0
Small business taxpayer exemption reimb.	0	8,781	8,781	8,781	0
Total State Sources	50,000	62,109	12,109	62,109	0
Total Revenues	2,550,715	2,441,809	(108,906)	2,445,114	3,305
Expenditures					
Purchased services:					
Other services	4,250	5,750	1,500	4,237	1,513
Capital outlay:					
Building improvements	3,113,500	4,203,500	1,090,000	2,874,006	1,329,494
Total Expenditures	3,117,750	4,209,250	1,091,500	2,878,243	1,331,007
Net Change in Fund Balance	(567,035)	(1,767,441)	(1,200,406)	(433,129)	1,334,312
Fund Balance - Beginning of year	3,825,940	4,532,647	706,707	4,532,647	0
Fund Balance - End of year	$3,258,905	$2,765,206	($493,699)	$4,099,518	$1,334,312

MONROE PUBLIC SCHOOLS

2020 Bond Debt Service Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget Over (Under) Final Budget	Actual Amounts	Variance with Final Budget Over (Under) Actual Amounts
	Original	Final			
Revenues					
Local Sources:					
Property taxes	$3,519,230	$3,489,300	($29,930)	$3,490,838	$1,538
Interest income	50,500	50,500	0	48,454	(2,046)
Total Local Sources	3,569,730	3,539,800	(29,930)	3,539,292	(508)
State Sources:					
Small business taxpayer exemption reimb.	0	13,171	13,171	13,171	0
Total Revenues	3,569,730	3,552,971	(16,759)	3,552,463	(508)
Expenditures					
Debt Service:					
Other Services	1,000	1,000	0	1,000	0
Principal	1,375,000	1,375,000	0	1,375,000	0
Interest and fees	2,076,500	2,076,500	0	2,076,500	0
Total Expenditures	3,452,500	3,452,500	0	3,452,500	0
Net Change in Fund Balance	117,230	100,471	(16,759)	99,963	(508)
Fund Balance - Beginning of year	2,004,025	2,327,610	323,585	2,327,610	0
Fund Balance - End of year	$2,121,255	$2,428,081	$306,826	$2,427,573	($508)

MONROE PUBLIC SCHOOLS

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2026

	Special Revenue Fund	Capital Projects Funds		
	Student and School Activity Fund	2020 Bond Capital Projects Fund	Building and Site	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	$2,761	$0	$46,047	$48,808
Investments	$0	1,851,747	$0	1,851,747
Due from other funds	446,500	0	15,350	461,850
Total Assets	$449,261	$1,851,747	$61,397	$2,362,405
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$1,245	$1,069,278	$0	$1,070,523
Fund Balances				
Nonspendable:				
Restricted for:				
Capital projects	0	782,469	0	782,469
Committed to:				
Student and school activities	448,016	0	0	448,016
Assigned to:				
High School pool renovations	0	0	45,000	45,000
Athletics batting cage project	0	0	6,354	6,354
Capital projects	0	0	10,043	10,043
Total Fund Balances	448,016	782,469	61,397	1,291,882
Total Liabilities and Fund Balances	$449,261	$1,851,747	$61,397	$2,362,405

MONROE PUBLIC SCHOOLS

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

	Special Revenue Fund	Captial Projects Funds		
	Student and School Activity Fund	2020 Bond Capital Project Fund	Building and Site Fund	Total Nonmajor Governmental Funds
Revenues				
Local sources	$513,453	$136,291	$7,594	$657,338
State sources	0	0	0	0
Federal sources	0	0	0	0
Total Revenues	513,453	136,291	7,594	657,338
Expenditures				
Support services	484,974	0	0	484,974
Debt service	0	0	0	0
Capital outlay	0	4,214,698	0	4,214,698
Total Expenditures	484,974	4,214,698	0	4,699,672
Net Change in Fund Balances	28,479	(4,078,407)	7,594	(4,042,334)
Fund Balances - Beginning of year	419,537	4,860,876	53,803	5,334,216
Fund Balances - End of year	$448,016	$782,469	$61,397	$1,291,882

MONROE PUBLIC SCHOOLS

Student and School Activity Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget Over (Under) Final Budget	Actual Amounts	Variance with Final Budget Over (Under) Actual Amounts
	Original	Final			
Revenues					
Local Sources:					
Student and school activities	$500,000	$500,000	$0	$513,453	$13,453
Expenditures					
Student and School Activities:					
Student and school activities	500,000	500,000	0	484,974	15,026
Net Change in Fund Balance	0	0	0	28,479	28,479
Fund Balance - Beginning of year	352,841	419,537	66,696	419,537	0
Fund Balance - End of year	$352,841	$419,537	$66,696	$448,016	$28,479

MONROE PUBLIC SCHOOLS

2020 Bond Capital Projects Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget Over (Under) Final Budget	Actual Amounts	Variance with Final Budget Over (Under) Actual Amounts
	Original	Final			
Revenues					
Local Sources:					
Interest income	$250,000	$150,000	($100,000)	$136,291	($13,709)
Expenditures					
Purchased services:					
Other services	162,000	484,500	322,500	403,234	81,266
Capital outlay:					
Building improvements	2,838,000	4,218,000	1,380,000	3,724,253	493,747
Other Expenses:					
Arbitrage tax payment	0	87,212	87,212	87,211	1
Total Expenditures	3,000,000	4,789,712	1,789,712	4,214,698	575,014
Net Change in Fund Balance	(2,750,000)	(4,639,712)	(1,789,712)	(4,078,407)	561,305
Fund Balance - Beginning of year	3,406,078	4,860,876	1,454,798	4,860,876	0
Fund Balance - End of year	$656,078	$221,164	($334,914)	$782,469	$561,305

MONROE PUBLIC SCHOOLS

Building and Site Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget Over (Under)	Actual	Variance with Final Budget Over (Under)
	Original	Final	Final Budget	Amounts	Actual Amounts
Revenues					
Local Sources:					
Donations	$5,000	$6,400	$1,400	$6,354	($46)
Interest income	1,500	1,500	0	1,240	(260)
Total Local Sources	6,500	7,900	1,400	7,594	(306)
Expenditures	0	0	0	0	0
Net Change in Fund Balance	6,500	7,900	1,400	7,594	(260)
Fund Balance - Beginning of year	53,922	53,808	(114)	53,803	(5)
Fund Balance - End of year	$60,422	$61,708	$1,286	$61,397	($265)

MONROE PUBLIC SCHOOLS

Schedule of Technology Enhancement Millage
Budget and Actual
Year Ended June 30, 2026

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under) Actual Amounts
	Original	Final		
Revenues				
Technology enhancement millage	$1,700,000	$1,711,000	$1,754,442	$43,442
Expenditures				
Salaries	442,250	456,300	451,907	4,393
Fringe benefits	251,950	256,314	246,271	10,043
Purchased services	543,000	595,250	612,760	(17,510)
Supplies	25,000	72,240	72,732	(492)
Capital outlay	28,500	82,670	102,332	(19,662)
Other	450	4,100	3,950	150
	1,291,150	1,466,874	1,489,952	(23,078)
Debt service	0	279,088	277,200	1,888
Total Expenditures	1,291,150	1,745,962	1,767,152	(21,190)
Net Change in Fund Balance	408,850	(34,962)	(12,710)	22,252
Fund Balance - Beginning of year	11,623	441,538	441,538	0
Fund Balance - End of year	$420,473	$406,576	$428,828	$22,252

MONROE PUBLIC SCHOOLS

Schedule of Athletics
Budget and Actual
Year Ended June 30, 2026

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Over (Under) Actual Amounts
	Original	Final		
Revenues				
Interest income	$25	$1	$1	$0
Admissions	100,000	100,000	61,589	(38,411)
Participation/entry fees	135,000	10,625	6,390	(4,235)
Donations	2,500	40,000	39,755	(245)
Miscellaneous	2,500	2,500	484	(2,016)
State Revenue	38,500	69,068	71,525	2,457
Total Revenues	$278,525	$222,194	$179,744	($42,450)
Expenditures				
Salaries	$416,700	$493,353	$520,865	($27,512)
Employee benefits	216,565	287,014	282,188	4,826
Purchased services	478,800	621,059	630,350	(9,291)
Supplies and materials	175,600	157,387	164,173	(6,786)
Capital outlay	11,000	227,622	227,575	47
Other	26,300	27,875	28,695	(820)
Total Expenditures	$1,324,965	$1,814,310	$1,853,846	($39,536)

CALKINS HEHL RAFKO
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Education
Monroe Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Monroe Public Schools for the year ended June 30, 2026, and have issued our report thereon dated October 8, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated June 16, 2026, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of Monroe Public Schools solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Our audit of the School District's financial statements has also been conducted in accordance with *Government Auditing Standards,* issued by the Comptroller General of the United States. Under *Government Auditing Standards,* we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the School District, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated October 8, 2026 regarding our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

We have identified the following significant risks:

- Cash disbursements are considered an inherent risk according to GAAS
- Cash receipts are considered an inherent risk according to GAAS
- Improper revenue recognition is considered an inherent risk according to GAAS
- Management override of controls is considered an inherent risk according to GAAS
- Federal grant compliance is considered an inherent risk according to GAAS

Qualitative Aspects of Monroe Public Schools' Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Monroe Public Schools is included in Note 2 to the financial statements. Monroe Public Schools adopted GASB 103, *Financial Reporting Model Improvements* and GASB 104, *Disclosure of Certain Capital Assets* during the year ended June 30, 2026. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

Management's estimate of the useful lives of depreciable capital assets based on the length of time those assets will provide economic benefit in the future.

Management's estimate of the accrued compensated absences is based on formulas and conditions specified in various contracts regarding vacation and sick leave benefits.

Management's estimates of the pension and OPEB liabilities, deferred inflows of resources, and deferred outflows of resources, which are based on actuarial valuations and other financial data. We have evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosure affecting the financial statements was:

> The disclosure of pension and OPEB information in Notes 8 and 9, respectively, to the financial statements because of assumptions used in the calculations of these liabilities.

We have evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. During the course of our audit, there were no misstatements, either individually or in the aggregate, to the financial statements taken as a whole that came to our attention that needed to be corrected.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to Monroe Public Schools' financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated October 8, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with Monroe Public Schools, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as Monroe Public Schools' auditors.

This report is intended solely for the information and use of Monroe Public Schools, and the management of Monroe Public Schools, and is not intended to be and should not be used by anyone other than these specified parties.

Calkins Hehl Rajko

October 8, 2026