



NOTTAWA COMMUNITY SCHOOL
Building Better Futures for Children and Communities

**NOTTAWA COMMUNITY SCHOOL
STURGIS, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2025**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Nottawa Community School
Sturgis, Michigan

Report on the Audit of the Financial Statements***Opinions***

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and the schedules of proportionate share of net pension and OPEB liabilities and contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required

by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2025, on our consideration of the 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 the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School's internal control over financial reporting and compliance.



Gabridge & Company, PLC
Grand Rapids, MI
October 6, 2025

Management's Discussion and Analysis

**Nottawa Community School
Management's Discussion and Analysis
June 30, 2025**

This section of Nottawa Community School (the "School District"), Sturgis, Michigan's annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2025. It is to be read in conjunction with the School District's financial statements, which immediately follow. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* and is intended to provide the financial results for the fiscal year ending June 30, 2025.

Financial Highlights

- At June 30, 2025, the total net position was \$943,276 of which \$(1,260,648) was a deficit unrestricted net position.
- The total net position increased by \$466,871 from \$476,405 as of June 30, 2024 to \$943,276 as of June 30, 2025.
- At June 30, 2025, the total fund balance for the general fund was \$840,196. The general fund *decreased* its fund balance by \$152,829 during the year.

Overview of the Financial Statements

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

- The first two statements, the statement of net position and the statement of activities, are *government-wide financial statements* that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the School District, reporting the School District's operations in more detail than the government-wide statements. *Governmental funds statements* tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.

The basic financial statements also include the notes to the financial statements that explain the information in the basic financial statements and provide more detailed data. Supplementary information follows and includes combining and individual fund statements as well as a budgetary comparison schedule for the general fund.

Government-wide Financial Statements

The government-wide financial statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net

**Nottawa Community School
Management's Discussion and Analysis
June 30, 2025**

position includes all of the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

In the government-wide financial statements, the School District's activities are presented as governmental activities. *Governmental activities* include the School District's basic services, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

**Nottawa Community School
Management's Discussion and Analysis
June 30, 2025**

Financial Analysis of the School District as a Whole

On the following page is a comparative highlight of the current and prior year financial activities.

Nottawa Community Schools' Net Position

ASSETS	2025	2024
<i>Current Assets</i>		
Cash and Investments	\$ 1,320,475	\$ 1,196,850
Due from Other Governments	334,433	335,764
Prepays	1,961	-
Total Current Assets	1,656,869	1,532,614
<i>Noncurrent Assets</i>		
Capital Assets, net	1,480,161	1,188,416
Net OPEB Asset	368,729	47,227
Total Assets	3,505,759	2,768,257
DEFERRED OUTFLOWS OF RESOURCES		
OPEB	141,711	226,164
Pension	880,106	988,897
Total Deferred Outflows of Resources	1,021,817	1,215,061
LIABILITIES		
<i>Current Liabilities</i>		
Accounts Payable	101,471	3,213
Accrued Liabilities	190,041	143,934
Unearned Revenue	146,737	150,127
Current Portion of Compensated Absences	2,697	-
Total Current Liabilities	440,946	297,274
<i>Noncurrent Liabilities</i>		
Compensated Absences	35,060	-
Net Pension Liability	2,065,357	2,575,947
Total Liabilities	2,541,363	2,873,221
DEFERRED INFLOWS OF RESOURCES		
OPEB	470,028	372,582
Pension	572,909	261,110
Total Deferred Inflows of Resources	1,042,937	633,692
NET POSITION		
Investment in Capital Assets	1,480,161	1,188,416
Restricted	723,763	268,392
Unrestricted	(1,260,648)	(980,403)
Total Net Position	\$ 943,276	\$ 476,405

Cash and investments increased by \$123,625 and accounts payable increased by \$98,258 due to the timing of expenditures at year-end. Accrued liabilities increased by \$46,107 due to the timing of year-end payroll expenses and new staff hired during the fiscal year. Compensated absences

**Nottawa Community School
Management's Discussion and Analysis
June 30, 2025**

increased by \$37,757 due to the adoption of GASB 101. Pension and OPEB net liabilities, including their related deferred amounts, all saw significant changes during the year. This is precisely the result of the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, of 15.47% and the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, of 15.45%.

The results of the past two fiscal years of the School are summarized below:

Nottawa Community Schools' Changes in Net Position

Revenues	2025	2024
Program Revenues		
Charges for Services	\$ 3,466	\$ 12,685
Operating Grants and Contributions	643,008	579,899
Capital Grants and Contributions	-	89,160
Total Program Revenues	646,474	681,744
General Revenues		
Property Taxes	719,324	675,946
Unrestricted State Sources	1,235,105	1,260,003
Unrestricted Investment Earnings	25,359	31,182
Total General Revenues	1,979,788	1,967,131
Total Revenues	2,626,262	2,648,875
Expenses		
Instruction	1,365,935	1,352,600
Support Services	697,280	707,468
Food Services	5,898	5,796
Community Services	2,026	4,671
Unallocated Depreciation	88,252	85,785
Total Expenses	2,159,391	2,156,320
Change in Net Position	466,871	492,555
<i>Net Position at Beginning of Period</i>	<i>476,405</i>	<i>(16,150)</i>
Net Position at End of Period	\$ 943,276	\$ 476,405

The School District's capital grants and contributions experienced a decrease of \$89,160. This is largely due to a decrease in capital related expenditures and the related federal reimbursements. Property taxes increased \$43,378 over the previous period totals because of an increase in taxable values.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds - not the School District as a whole. Funds are

**Nottawa Community School
Management's Discussion and Analysis
June 30, 2025**

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

The School District utilizes one fund type, referred to as governmental funds:

Governmental funds: Most of the School District's basic services are included in governmental funds, which generally focus on: 1) how cash and other financial assets that can readily be converted to cash flow in and out and 2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Since the government-wide financial statements and the fund financial statements use different methods of accounting to report the School District's financial condition, a reconciliation is included in the financial statements showing the differences between the two types of statements.

Financial Analysis of the School District's Funds

The School District uses funds to record and analyze financial information. The School District has two major funds, its general and sinking funds.

The ***general fund*** is the School District's primary operating fund. The general fund had revenues of \$2,450,556, expenditures of \$2,597,487, and a transfer out of \$5,898. The general fund ended the year with a \$152,829 decrease in fund balance for a total fund balance of \$840,196 as of June 30, 2025. The fund balance of the general fund is 32.3% of the annual general fund expenditures and transfers out.

The ***sinking fund***, a major fund, had an increase in fund balance of \$133,869 for a total fund balance of \$355,034 as of year-end. Tax revenues of \$143,072 were offset by \$9,203 of capital expenditures leading to the overall increase in fund balance.

The nonmajor governmental funds had an increase in fund balance for the year of \$2,240 for total nonmajor governmental fund balances of \$23,390 as of June 30, 2025.

General Fund Budgetary Highlights

During the year the School District revised its budget to attempt to match changes in the school funding environment and current needs of students and faculty. State law requires that budgets be amended during the year so actual expenditures do not exceed appropriations. The initial budget for the year ended June 30, 2025, was adopted by the Board of Education in June 2024, with the final amendments made in June 2025.

Original budget compared to final budget. The original budget was amended during the year as actual results needed adjusting from the original budgeted estimates. The original budget for revenues increased from \$2,220,367 to \$2,627,825 due to state aid related funding (amounts which

**Nottawa Community School
Management's Discussion and Analysis
June 30, 2025**

were largely unknown when the original budget was prepared) and the original budget for total expenditures increased from \$2,167,656 to \$2,884,102. Overall expenditures, likewise, were increased as the additional facility improvement expenditures became known to the School District during the year.

Final budget compared to actual results. The School District did not have any expenditures in excess of the amounts appropriated during the year ended June 30, 2025.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2025, the School District had \$1,480,161 invested in capital assets. This included a net increase during the fiscal year of \$291,745 consisting of purchases of \$379,997 less depreciation expense of \$88,252. More detailed information about the School District's capital assets can be found in the notes to the financial statements section of this document.

Long-term Debt

At year-end, the School District remained free of long-term debt.

Economic Factors and Next Year's Budget and Rates

The School District's budget for the 2026 fiscal year projects total revenues of approximately \$2,541,806 and total expenditures approximately of \$2,646,215. The School District continues to work to balance its expenditures while providing an excellent education to the District it serves.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives.

If you have questions about this report or need additional information, contact:

St. Joseph County ISD
62445 Shimmel Road
Centreville, MI 49032
Phone | 269.467.5400
Fax | 269.467.8089

Karen Bojanich, Fiscal Services Manager | 269.467.5341
Jerome Wolff, Nottawa Community School Superintendent | 269.467.7153

Basic Financial Statements

Nottawa Community School
Statement of Net Position
June 30, 2025

	Governmental Activities
ASSETS	
<i>Current Assets</i>	
Cash and Investments	\$ 1,320,475
Due from Other Governments	334,433
Prepaid Items	1,961
Total Current Assets	1,656,869
<i>Noncurrent Assets</i>	
Capital Assets not being Depreciated	425,922
Capital Assets being Depreciated, net	1,054,239
Net OPEB Asset	368,729
Total Assets	3,505,759
DEFERRED OUTFLOWS OF RESOURCES	
OPEB Related	141,711
Pension Related	880,106
Total Deferred Outflows of Resources	1,021,817
LIABILITIES	
<i>Current Liabilities</i>	
Accounts Payable	101,471
Accrued Liabilities	190,041
Unearned Revenues	146,737
Current Portion of Compensated Absences	2,697
Total Current Liabilities	440,946
<i>Noncurrent Liabilities</i>	
Net Pension Liability	2,065,357
Compensated Absences	35,060
Total Liabilities	2,541,363
DEFERRED INFLOWS OF RESOURCES	
OPEB Related	470,028
Pension Related	572,909
Total Deferred Inflows of Resources	1,042,937
NET POSITION	
Investment in Capital Assets	1,480,161
<i>Restricted for:</i>	
Capital Projects	355,034
Net OPEB Asset	368,729
<i>Unrestricted</i>	(1,260,648)
Total Net Position	\$ 943,276

The Notes to the Financial Statements are an integral part of these Financial Statements

**Nottawa Community School
Statement of Activities
For the Year Ended June 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Governmental Activities:					
Instruction	\$ 1,365,935	\$ --	\$ 132,487	\$ --	\$ (1,233,448)
Support Services	697,280	3,466	510,521	--	(183,293)
Food Services	5,898	--	--	--	(5,898)
Community Services	2,026	--	--	--	(2,026)
Unallocated Depreciation	88,252	--	--	--	(88,252)
Total	\$ 2,159,391	\$ 3,466	\$ 643,008	\$ --	(1,512,917)
General Purpose Revenues:					
Revenues					
Property Taxes, Operating					582,238
Property Taxes, Sinking Fund					137,086
Unrestricted State Sources					1,235,105
Unrestricted Investment Earnings					25,359
Total General Revenues					1,979,788
Change in Net Position					466,871
<i>Net Position at Beginning of Period</i>					476,405
Net Position at End of Period					\$ 943,276

The Notes to the Financial Statements are an integral part of these Financial Statements

**Nottawa Community School
Balance Sheet
Governmental Funds
June 30, 2025**

		<u>Capital Projects</u>		
	<u>General</u>	<u>Sinking Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Investments	\$ 942,051	\$ 355,034	\$ 23,390	\$ 1,320,475
Due from Other Governments	334,433	--	--	334,433
Prepaid Items	1,961	--	--	1,961
<i>Total Assets</i>	<u>\$ 1,278,445</u>	<u>\$ 355,034</u>	<u>\$ 23,390</u>	<u>\$ 1,656,869</u>
LIABILITIES				
Accounts Payable	\$ 101,471	\$ --	\$ --	\$ 101,471
Accrued Liabilities	190,041	--	--	190,041
Unearned Revenues	146,737	--	--	146,737
<i>Total Liabilities</i>	<u>438,249</u>	<u>--</u>	<u>--</u>	<u>438,249</u>
FUND BALANCE				
Nonspendable	1,961	--	--	1,961
Restricted for:				
Capital Projects	--	355,034	--	355,034
Committed for:				
Capital Projects	100,000	--	--	100,000
Student Activities	--	--	23,390	23,390
Unassigned	738,235	--	--	738,235
<i>Total Fund Balance</i>	<u>840,196</u>	<u>355,034</u>	<u>23,390</u>	<u>1,218,620</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 1,278,445</u>	<u>\$ 355,034</u>	<u>\$ 23,390</u>	<u>\$ 1,656,869</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Nottawa Community School
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total Fund Balance - Governmental Funds	\$ 1,218,620
Capital assets used in governmental activities are not financial resources and are not reported in the fund statements. This amount represents capital assets of \$2,814,749 less accumulated depreciation of \$1,334,588.	1,480,161
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds. This represents the sum of the net pension liability and its related deferred inflows and deferred outflows.	(1,758,160)
Certain liabilities are not due and payable in the current period and, therefore, are not reported in the funds. This represents the sum of the net OPEB asset and its related deferred inflows and deferred outflows.	40,412
Compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(37,757)
Total Net Position - Governmental Activities	\$ <u>943,276</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Nottawa Community School
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2025

		<u>Capital Projects</u>		
	<u>General</u>	<u>Sinking Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Local Sources	\$ 608,214	\$ 143,072	\$ 32,634	\$ 783,920
State Sources	1,720,834	--	--	1,720,834
Federal Sources	104,405	--	--	104,405
Interdistrict Sources	17,103	--	--	17,103
<i>Total Revenues</i>	<u>2,450,556</u>	<u>143,072</u>	<u>32,634</u>	<u>2,626,262</u>
Expenditures				
Instruction	1,557,781	--	--	1,557,781
Support Services	692,592	--	30,394	722,986
Food Services	--	--	5,898	5,898
Community Services	2,026	--	--	2,026
Facility Improvements	345,088	9,203	--	354,291
<i>Total Expenditures</i>	<u>2,597,487</u>	<u>9,203</u>	<u>36,292</u>	<u>2,642,982</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(146,931)</u>	<u>133,869</u>	<u>(3,658)</u>	<u>(16,720)</u>
Other Financing Sources (Uses)				
Transfers In	--	--	5,898	5,898
Transfers Out	(5,898)	--	--	(5,898)
<i>Net Other Financing Sources (Uses)</i>	<u>(5,898)</u>	<u>--</u>	<u>5,898</u>	<u>--</u>
<i>Net Change in Fund Balance</i>	<u>(152,829)</u>	<u>133,869</u>	<u>2,240</u>	<u>(16,720)</u>
<i>Fund Balance at Beginning of Period</i>	993,025	221,165	21,150	1,235,340
<i>Fund Balance at End of Period</i>	<u>\$ 840,196</u>	<u>\$ 355,034</u>	<u>\$ 23,390</u>	<u>\$ 1,218,620</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Nottawa Community School
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and
Changes in Fund Balance with Statement of Activities
For the Year Ended June 30, 2025

Total Net Change in Fund Balances - Governmental Funds	\$ (16,720)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds. This amount represents the change in net pension liability, and the related deferred inflows and outflows, during the year.	90,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds. This amount represents the change in net OPEB liability, and the related deferred inflows and outflows, during the year.	139,603
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents the capital outlay expenditures of \$379,997 less current year depreciation expense of \$88,252.	291,745
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. In the statement of activities expenses for compensated absences are measured by the amounts earned during the year. In governmental funds, however, expenditures for these items are measured by the amount paid out during the year.	(37,757)
Changes in Net Position - Governmental Activities	\$ <u>466,871</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Notes to the Financial Statements

Nottawa Community School

Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Nottawa Community School (the “School District” or “government”) conform to generally accepted accounting principles as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District’s significant accounting policies are described below:

Reporting Entity

Nottawa Community School, located in St. Joseph County, Michigan, provides educational services for K through 8th grades. The School is governed by an elected five-member Board of Education.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. The School District reports its activities as *governmental activities*, which normally are supported by taxes and intergovernmental revenues.

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 or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for each of the governmental funds. Major individual funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon

Nottawa Community School

Notes to the Financial Statements

as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, or one year for reimbursement-based grants. 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.

Revenues susceptible to accrual are property taxes, state aid, federal and inter-district revenues and interest income and, accordingly, have been recognized as revenues of the current fiscal year. Other revenues are recognized when received.

The School District reports the following major funds:

The ***general fund*** is the general operating fund of the School District. It is used to account for all financial resources, except those required to be accounted for in another fund.

The ***sinking fund*** is used to record tax, interest, and other revenue for capital projects in accordance with applicable state statutes.

Additionally, the School District reports the following fund types:

Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

Budgets and Budgetary Accounting

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

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the functional level. State law requires the district to have its budget in place by July 1. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits districts to amend its budgets during the year.

Encumbrances (e.g., purchase orders, contracts) outstanding at year end do not constitute expenditures or liabilities because the goods or services have not been received as of year-end; the commitments will be reappropriated and honored during the subsequent year.

Nottawa Community School

Notes to the Financial Statements

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

- Prior to June 30, the Superintendent of the School District submits to the Board of Education a proposed operating budget for the new fiscal year commencing July 1. The operating budget includes proposed expenditures and financing sources for both the general and food services funds.
- Public hearings are conducted at the board meetings of the School to obtain taxpayer comments.
- Prior to July 1, the budget is legally enacted through passage of a resolution, and in accordance with Public Act 621 of the State.
- The School is required under Public Act 621 of 1978 to adopt a budget for the General Fund and individual Special Revenue Funds. For the year ended June 30, 2025, the Board of Education adopted budgets for the General Fund (categorical level), and Special Revenue Funds (food services and student activities). Budget appropriations lapse at year-end.
- Budget amounts are reported in the financial statements as originally adopted or as amended by the Board of Education.

Property Taxes

Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed and the total obligation is added to the county tax rolls. Property taxes become available for expenditure and are thus recognized as revenue in the fiscal year they are levied. The School has adopted a policy of writing off uncollected delinquent taxes after three years. The state taxable value of all real and personal property for the fiscal year ended June 30, 2025 was \$32,096,751. The millage rate for general operations was 18.000 mills.

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

Cash and Cash Equivalents

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

Nottawa Community School

Notes to the Financial Statements

State statutes and School District policy authorize the School District to invest in:

- Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- Bankers' acceptances of United States banks.
- Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.
- Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- External investment pools as authorized by the surplus funds investment pool act, Act. No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district.

Investments

Investments are stated at fair market value. Investments are exposed to various risks, such as significant external events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year and all other outstanding balances between funds are referred to as "due to/from other funds" (i.e., the current portion of interfund loans).

All receivables are shown net of an allowance for uncollectibles, as applicable. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. No amounts have been deemed uncollectable during the current year.

Nottawa Community School

Notes to the Financial Statements

Capital Assets

Capital assets, which include land, outside site improvements, buildings and additions, furniture and other equipment, and vehicles are reported in the government-wide financial statements. Assets having a useful life in excess of five years and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and additions, furniture and equipment and vehicles are depreciated using the straight-line method over the following estimated useful lives:

Buildings and additions	20 - 50 years
Buses and other vehicles	5 - 10 years
Furniture and other	5 - 10 years
Outside site improvements	10 - 20 years

Pension

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

Postemployment Benefits Other Than Pensions

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

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*

Nottawa Community School

Notes to the Financial Statements

resources, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School District has two items that qualify for reporting in this category. They are the pension and other postemployment benefits related items reporting in the government-wide statement of net position. Deferred outflows are recognized for pension and other postemployment benefit related items. These amounts 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 a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The School District has two items that qualify for reporting in this category. These items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

Accrued Liabilities (Salaries Payable and Accrued Employee Benefits)

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

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

Unearned Revenues

Unearned revenues are those where asset recognition criteria have been met but for which revenue recognition criteria have not been met.

Compensated Absences

School District employees earn vacation and sick leave in varying amounts based on length of service and employment classification, with unused leave accumulating according to District policy and applicable labor agreements. The liability for compensated absences is recognized when earned by employees and it is probable that the District will compensate them for the benefits, measured using current pay rates in effect at year end and including salary-related payments. Leave

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Notes to the Financial Statements

benefits that do not vest or accumulate are recognized as expense when taken, and changes in the compensated absences liability are reported in the government-wide financial statements.

Long-term Obligations

In the government-wide financial statements, when applicable, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bond issuance costs are recorded as a period expense. Bonds payable are reported at the total amount of bonds issued.

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

Net Position Flow Assumption

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

It is the School District's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. Governmental funds report *nonspendable fund balance* for amounts that cannot be spent because they are either: a) not in

Nottawa Community School

Notes to the Financial Statements

spendable form or b) legally or contractually required to be maintained intact. *Restricted fund balance* is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Amounts in the *assigned fund balance* classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education can assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is the residual classification for the School District's general fund and includes all spendable amounts not contained in the other classifications and is therefore available to be spent as determined by the Board of Education.

Use of Estimates

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

Note 2 - Stewardship, Compliance, and Accountability

Michigan law provides that a local unit shall not incur expenditures in excess of the amount appropriated. The School District's actual expenditures and budgeted expenditures for the budgeted funds have been shown at the department level. The approved budgets of the School District for these budgeted funds were also adopted at the department level.

Budgetary Compliance

The School District had no expenditures in excess of the amounts appropriated as of June 30, 2025.

Nottawa Community School

Notes to the Financial Statements

Government-wide and Governmental Funds Deficits

The School District has an unrestricted net position deficit for government-wide activities in the amount of \$(1,260,648) as of June 30, 2025.

Note 3 - Cash and Investments

The School District maintains pooled and individual fund demand deposits, certificates of deposit, and short-term investment accounts. The following is a reconciliation of deposit and investment balances as of June 30, 2025:

Statement of Net Position

Cash and Investments

Checking and savings accounts	\$ 1,320,425
Petty Cash	50
<i>Total Cash and Investments</i>	<u>\$ 1,320,475</u>

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits might not be returned. State law does not require, and the School District does not have a policy for deposit custodial credit risk. As of year-end, \$1,098,624 of the School District's bank balance of \$1,348,624 was exposed to custodial credit risk because it was uninsured and uncollateralized. Due to the dollar amounts of cash deposits and the limits of FDIC insurance, the School District believes it is impractical to insure all bank deposits. As a result, the School District evaluates each financial institution with which it deposits School District funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 4 - Interfund Receivables, Payables, and Transfers

The general fund transferred out \$5,898 to the food service fund during the year to subsidize the operation of food services.

Note 5 - 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 recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of unearned revenue include charges for services payments received prior to meeting all eligibility requirements in the amount of \$146,737.

Nottawa Community School

Notes to the Financial Statements

Note 6 - State of Michigan School Aid

The School District reports State of Michigan school aid in the fiscal year in which the School District is entitled to the revenue as provided by State of Michigan School aid appropriation acts. State funding provided approximately 64.8% of the total revenues to the School District during the 2025 fiscal year.

Note 7 - Capital Assets

Capital asset activity of the School District was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance
Capital Assets not Being Depreciated:				
Land	\$ 13,296	\$ -	\$ -	\$ 13,296
Construction in Progress	76,790	335,836	-	412,626
Subtotal	<u>90,086</u>	<u>335,836</u>	<u>-</u>	<u>425,922</u>
Capital Assets Being Depreciated:				
Buildings and improvements	1,650,069	30,131	-	1,680,200
Furniture and equipment	556,597	14,030	-	570,627
Buses and other vehicles	191,087	-	53,087	138,000
Subtotal	<u>2,397,753</u>	<u>44,161</u>	<u>53,087</u>	<u>2,388,827</u>
Less Accumulated Depreciation:				
Buildings and improvements	715,244	54,193	-	769,437
Furniture and equipment	488,593	14,345	-	502,938
Buses and other vehicles	95,586	19,714	53,087	62,213
Subtotal	<u>1,299,423</u>	<u>88,252</u>	<u>53,087</u>	<u>1,334,588</u>
Capital Assets Being Depreciated, Net	<u>1,098,330</u>	<u>(44,091)</u>	<u>-</u>	<u>1,054,239</u>
Capital Assets, Net	<u>\$ 1,188,416</u>	<u>\$ 291,745</u>	<u>\$ -</u>	<u>\$ 1,480,161</u>

Depreciation expense for the fiscal year amounted to \$88,252. The School District determined that it was impractical to allocate depreciation expense to the various government activities as the capital assets serve multiple functions.

Note 8 - Compensated Absences

In accordance with GASB Statement No. 101, *Compensated Absences*, the District records a government-wide liability for leave that is earned and not contingent on a future event outside the employee's control. The liability is measured using pay rates in effect at year-end and includes salary-related payments. Leave benefits that do not vest or accumulate are recognized as expense when taken.

Nottawa Community School

Notes to the Financial Statements

The District's compensated absences liability activity for the year ended June 30, 2025, is summarized below:

	Beginning Balance	Additions	Ending Balance	Due Within One Year
Compensated absences	\$ -	\$ 37,757	\$ 37,757	\$ 2,697

The change in compensated absences is reported net.

Note 9 - Pension Plan

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

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

The System's financial statements are available 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.

Nottawa Community School

Notes to the Financial Statements

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

Contributions

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

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

The schedule below summarizes pension contribution rates in effect for fiscal year ended Sept. 30, 2024:

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

Required contributions to the pension plan from the School District were \$352,706 for the year ended September 30, 2024.

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

At June 30, 2025, the School reported a liability of \$2,065,357 for its proportionate share of the MPERS net pension liability. The net pension liability was measured as of Sept. 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. The School'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 Sept. 30, 2024, the School's proportion

Nottawa Community School

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was .00844 percent, which was an increase of .00048 percent from its proportion measured as of Sept. 30, 2023.

For the year ending June 30, 2025, the School recognized pension expense of \$300,220. At June 30, 2025, the School 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	\$ 56,035	\$ 22,440
Changes of assumptions	215,326	151,325
Net difference between projected and actual earnings on pension plan investments	-	394,158
Changes in proportion and differences between Employer contributions and proportionate share of contributions	267,147	4,986
Employer contributions subsequent to the measurement date	341,598	-
Total	\$ 880,106	\$ 572,909

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

Plan Year Ended September 30	Amount:
2025	\$ 49,401
2026	98,397
2027	(94,454)
2028	(87,745)

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.

Nottawa Community School

Notes to the Financial Statements

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2023
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans:	6.00%, net of investment expenses
- Pension Plus Plan:	6.00%, net of investment expenses
- Pension Plus 2 Plan:	6.00%, net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-compounded for MIP Members
Mortality:	
Retirees:	PubT-2010 Male and Female Healthy Annuitant Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active Members:	PubT-2010 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Notes:

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the Sept. 30, 2023 valuation. The total pension liability as of Sept. 30, 2024, is based on the results of an actuarial valuation date of Sept. 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4612.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at *Michigan.gov/ORSSchools*.

Nottawa Community School

Notes to the Financial Statements

Long-term Expected Return on Plan Assets

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic equity pools	25.0%	5.3%
Private equity pools	16.0	9.0
International equity pools	15.0	6.5
Fixed income pools	13.0	2.2
Real estate and infrastructure pools	10.0	7.1
Absolute return pools	9.0	5.2
Real return/opportunistic pools	10.0	6.9
Short-term investment pools	2.0	1.4
Total	100.0%	

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

Rate of Return

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

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.00% 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, 6.00% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the

Nottawa Community School

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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's proportionate share of the net pension liability to changes in the discount rate

The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension Plus plan, 6.00% for the Pension Plus 2 plan), as well as what the School'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:

Pension		
1% Decrease	Current Discount Rate	1% Increase
(5.00%)	(6.00%)	(7.00%)
\$3,027,835	\$2,065,357	\$1,263,908

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

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS ACFR, available on the ORS website at Michigan.gov/ORSSchools.

Note 10 - Postemployment Benefits Other Than Pensions (OPEB)

Plan Description

The Michigan Public School Employees' Retirement System ("System" or "MPERS") is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan 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.

Nottawa Community School

Notes to the Financial Statements

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 Jan. 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 Sept 3, 2012 or were on an approved professional services or military leave of absence on Sept. 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 Feb. 1, 2013.

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

Contributions

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

Nottawa Community School

Notes to the Financial Statements

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

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended Sept. 30, 2024:

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

Required contributions to the OPEB plan from the School were \$71,204 for the year ended Sept. 30, 2024.

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

At June 30, 2025, the School reported a liability (asset) of \$(368,729) for its proportionate share of the MPSERS net OPEB liability (asset). The net OPEB liability (asset) was measured as of Sept. 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation rolled forward from September 2023. The School's proportion of the net OPEB liability (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 Sept. 30, 2024, the School's proportion was .00857 percent, which was an increase of .00022 percent from its proportion measured as of Oct. 1, 2023.

Nottawa Community School

Notes to the Financial Statements

For the year ending June 30, 2025, the School recognized OPEB expense of \$(116,994). At June 30, 2025, the School 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	\$ -	\$ 390,740
Changes of assumptions	80,536	9,257
Net difference between projected and actual earnings on pension plan investments	-	69,805
Changes in proportion and differences between Employer contributions and proportionate share of contributions	57,497	226
Employer contributions subsequent to the measurement date	3,678	-
Total	\$ 141,711	\$ 470,028

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Plan Year Ended September 30	Amount:
2025	\$ (107,511)
2026	(59,446)
2027	(65,375)
2028	(60,315)
2029	(32,698)
Thereafter	(6,650)

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.

Nottawa Community School

Notes to the Financial Statements

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2023
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00%, net of investment expenses
Projected Salary Increases:	2.75 - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate:	Pre-65: 7.25% Year 1 graded to 3.5% Year 15; Post-65: 6.50% Year 1 graded to 3.5% Year 15
Mortality:	
Retirees:	PubT-2010 Male and Female Healthy Annuitant Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active Members:	PubT-2010 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other Assumptions:	
Opt-Out Assumption	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

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 Sept. 30, 2023 valuation. The total OPEB liability as of Sept. 30, 2024, is based on the results of an actuarial valuation date of Sept. 30, 2023, and rolled forward using generally accepted actuarial procedures, including the experience study.

Nottawa Community School

Notes to the Financial Statements

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 6.2834.

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive 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 buildingblock 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 Sept. 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return*
Domestic equity pools	25.0%	5.3%
Private equity pools	16.0	9.0
International equity pools	15.0	6.5
Fixed income pools	13.0	2.0
Real estate and infrastructure pools	10.0	7.1
Absolute return pools	9.0	5.2
Real return/opportunistic pools	10.0	6.9
Short-term investment pools	2.0	1.4
<i>Total</i>	100.0%	

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

Rate of Return

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

Nottawa Community School

Notes to the Financial Statements

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's proportionate share of the net OPEB liability (asset) to changes in the discount rate

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

Other Postemployment Benefits		
1% Decrease	Current Discount Rate	1% Increase
5.00%	6.00%	7.00%
\$ (284,957)	\$ (368,729)	\$ (441,159)

Sensitivity of the School District's proportionate share of the net OPEB liability (asset) to Healthcare Cost Trend Rate

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

Other Postemployment Benefits		
1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ (441,160)	\$ (368,729)	\$ (291,047)

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2024 MPSERS ACFR, available on the ORS website at **Michigan.gov/ORSSchools**.

Nottawa Community School

Notes to the Financial Statements

Note 11 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for health claims and participates in the SET/SEG (risk pool) for claims relating to workers' compensation and property/casualty claims. Settled claims relating to workers' compensation and commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 12 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

Note 13 - Sinking Funds

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

Note 14 - Subsequent Events

Subsequent events have been evaluated through October 6, 2025, the date these financial statements were available to be issued. Management is not aware of any other subsequent events that would have a significant impact on the financial condition of the School District.

Required Supplementary Information

Nottawa Community School
Schedule of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance Positive (Negative) Final to Actual
	Original	Final	Actual	
Revenues				
Local Sources	\$ 561,392	\$ 608,318	\$ 608,214	\$ (104)
State Sources	1,550,755	1,875,768	1,720,834	(154,934)
Federal Sources	92,473	126,647	104,405	(22,242)
Interdistrict Sources	15,747	17,092	17,103	11
Total Revenues	2,220,367	2,627,825	2,450,556	(177,269)
Expenditures				
Instruction				
Instructional - Basic Programs	1,171,748	1,267,618	1,243,113	24,505
Instructional - Added Needs	288,731	379,058	314,668	64,390
Total Instructional	1,460,479	1,646,676	1,557,781	88,895
Support Services				
Supporting Services	65,793	54,615	36,913	17,702
Board and Administration	247,993	278,987	253,295	25,692
Fiscal and Business Operations	27,386	30,625	25,636	4,989
Operations and Maintenance	146,369	182,660	159,346	23,314
Transportation	94,346	101,800	87,336	14,464
Other Support / Technology	125,180	181,874	130,066	51,808
Total Supporting Services	707,067	830,561	692,592	137,969
Community Services	110	2,816	2,026	790
Facility Improvements	--	404,049	345,088	58,961
Total Expenditures	2,167,656	2,884,102	2,597,487	286,615
Other Financing Uses				
Transfers Out	6,700	6,700	5,898	802
Total Expenditures and Other Financing Uses	2,174,356	2,890,802	2,603,385	287,417
Excess (Deficiency) of Revenues Over Expenditures and Other Uses	46,011	(262,977)	(152,829)	110,148
Net Change in Fund Balance	46,011	(262,977)	(152,829)	110,148
<i>Fund Balance at Beginning of Period</i>	<i>993,025</i>	<i>993,025</i>	<i>993,025</i>	<i>--</i>
Fund Balance at End of Period	\$ 1,039,036	\$ 730,048	\$ 840,196	\$ 110,148

Nottawa Community School
Schedule of School District's Proportionate Share of Net Pension Liability
Michigan Public School Employee Retirement Plan
Last Ten Fiscal Years (Amounts were determined as of September 30 of each fiscal year)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's Portion of Net Pension Liability (%)	0.00844%	0.00796%	0.00732%	0.00696%	0.00651%	0.00650%	0.00678%	0.00689%	0.00647%	0.00643%
School District's Proportionate Share of Net Pension Liability	\$ 2,065,357	\$ 2,575,947	\$ 2,752,112	\$ 1,648,415	\$ 2,234,724	\$ 2,153,784	\$ 2,038,795	\$ 1,785,601	\$ 1,615,090	\$ 1,570,444
School District's Covered Payroll	\$ 948,530	\$ 861,666	\$ 749,517	\$ 689,922	\$ 601,633	\$ 575,611	\$ 579,344	\$ 594,766	\$ 584,108	\$ 608,794
School District's Proportionate Share of Net Pension Liability as a Percentage of its Covered Payroll	217.74%	298.95%	367.18%	238.93%	371.44%	374.17%	351.91%	300.22%	276.51%	257.96%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	77.44%	65.91%	60.77%	72.59%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

Nottawa Community School
Schedule of School District's Pension Contributions
Michigan Public School Employee Retirement Plan
Last Ten School District Fiscal Years (Amounts determined as of June 30 of each year)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contributions	\$ 352,706	\$ 286,844	\$ 249,066	\$ 209,059	\$ 290,806	\$ 172,771	\$ 184,676	\$ 161,617	\$ 145,366	\$ 124,036
Contributions in Relation to Statutorily Required Contributions	352,706	286,844	249,066	209,059	290,806	172,771	184,676	161,617	145,366	124,036
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 995,486	\$ 920,183	\$ 828,373	\$ 732,753	\$ 635,633	\$ 604,835	\$ 574,466	\$ 581,744	\$ 584,108	\$ 660,131
Contributions as a Percentage of Covered Payroll	35.43%	31.17%	30.07%	28.53%	45.75%	28.56%	32.15%	27.78%	24.89%	18.79%

Nottawa Community School
Schedule of School District's Proportionate Share of Net OPEB Liability
Michigan Public School Employee Retirement Plan
Last Eight Fiscal Years (Amounts were determined as of September 30 of each fiscal year)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's Portion of Net OPEB Liability (%)	0.00857%	0.00835%	0.00747%	0.00735%	0.00667%	0.00651%	0.00675%	0.00688%
School District's Proportionate Share of Net OPEB Liability (Asset)	\$ (368,729)	\$ (47,227)	\$ 158,120	\$ 112,175	\$ 357,296	\$ 466,975	\$ 536,542	\$ 608,795
School District's Covered Payroll	\$ 948,530	\$ 861,666	\$ 749,517	\$ 689,922	\$ 601,633	\$ 575,611	\$ 579,344	\$ 594,766
School District's Proportionate Share of Net OPEB Liability as a Percentage of its Covered Payroll	-38.87%	-5.48%	21.10%	16.26%	59.39%	81.13%	92.61%	102.36%
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

Nottawa Community School
Schedule of School District's OPEB Contributions
Michigan Public School Employee Retirement Plan
Last Eight School District Fiscal Years (Amounts determined as of June 30 of each year)

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily Required Contributions	\$ 71,204	\$ 65,034	\$ 56,866	\$ 54,556	\$ 47,121	\$ 44,670	\$ 43,813	\$ 40,722
Contributions in Relation to Statutorily Required Contributions	<u>71,204</u>	<u>65,034</u>	<u>56,866</u>	<u>54,556</u>	<u>47,121</u>	<u>44,670</u>	<u>43,813</u>	<u>40,722</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 995,486	\$ 920,183	\$ 828,373	\$ 732,753	\$ 635,633	\$ 604,835	\$ 579,344	\$ 581,744
Contributions as a Percentage of Covered Payroll	7.15%	7.07%	6.86%	7.45%	7.41%	7.39%	7.56%	7.00%

Combining and Individual Fund Statements and Schedules

**Nottawa Community School
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025**

	<u>Special Revenue</u>		Total Nonmajor Governmental Funds
	<u>Student Activities</u>	<u>Lunch Fund</u>	
ASSETS			
Cash and Investments	\$ 23,390	\$ --	\$ 23,390
<i>Total Assets</i>	<u>\$ 23,390</u>	<u>\$ --</u>	<u>\$ 23,390</u>
LIABILITIES			
<i>Total Liabilities</i>	<u>--</u>	<u>--</u>	<u>--</u>
FUND BALANCE			
Committed	23,390	--	23,390
Unassigned	--	--	--
<i>Total Fund Balance</i>	<u>23,390</u>	<u>--</u>	<u>23,390</u>
<i>Total Liabilities and Fund Balance</i>	<u>\$ 23,390</u>	<u>\$ --</u>	<u>\$ 23,390</u>

Nottawa Community School
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	<u>Special Revenue</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Student Activities</u>	<u>Lunch Fund</u>	
Revenues			
Local Sources	\$ 32,634	\$ --	\$ 32,634
<i>Total Revenues</i>	<u>32,634</u>	<u>--</u>	<u>32,634</u>
Expenditures			
Support Services	30,394	--	30,394
Food Services	--	5,898	5,898
<i>Total Expenditures</i>	<u>30,394</u>	<u>5,898</u>	<u>36,292</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,240</u>	<u>(5,898)</u>	<u>(3,658)</u>
Other Financing Sources			
Transfers In	--	5,898	5,898
<i>Net Other Financing Sources</i>	<u>--</u>	<u>5,898</u>	<u>5,898</u>
<i>Net Change in Fund Balance</i>	<u>2,240</u>	<u>--</u>	<u>2,240</u>
<i>Fund Balance at Beginning of Period</i>	21,150	--	21,150
<i>Fund Balance at End of Period</i>	<u>\$ 23,390</u>	<u>\$ --</u>	<u>\$ 23,390</u>

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

To the Board of Education
Nottawa Community School
Sturgis, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nottawa Community School (the "School"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the School's basic financial statements, and have issued our report thereon dated October 6, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws,

regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

A handwritten signature in dark ink that reads "Gabridge & Company". The script is cursive and fluid, with the ampersand being a simple loop.

Gabridge & Company, PLC
Grand Rapids, MI
October 6, 2025

October 6, 2025

To the Board of Education
Nottawa Community School
Sturgis, Michigan

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Nottawa Community School (the “School District”) for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 16, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School District are described in Note 1 to the financial statements. During the year ended June 30, 2025, the School District adopted GASB Statement No. 101, *Compensated Absences*, which resulted in recognition of compensated absences liability. No other accounting policies were changed during the fiscal year ended June 30, 2025. We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

- Management’s estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- The assumptions used in the actuarial valuations of the pension and other post-employment benefits are based on historical trends and industry standards.

We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Furthermore, 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. In addition, professional standards require us to communicate all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. We did not identify any misstatements during our audit.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 6, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis, the pension and OPEB schedules, and the budgetary comparison schedule, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

Restriction on Use

This information is intended solely for the information and use of the Board of Education and management of the School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in dark ink that reads "Gabridge & Company". The script is cursive and fluid, with the ampersand being particularly stylized.

Gabridge & Company, PLC
Grand Rapids, MI