HOLLAND PUBLIC SCHOOLS

REPORT ON FINANCIAL STATEMENTS
(with required and additional supplementary information)

YEAR ENDED JUNE 30, 2026

Maner Costerisan

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Holland Public Schools

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holland Public Schools, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Holland Public Schools' 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 Holland Public Schools, as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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 Holland Public Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the 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 Holland Public Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Holland Public Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Holland Public Schools' basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is 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 8, 2026 on our consideration of Holland Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Holland Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Holland Public Schools' internal control over financial reporting and compliance.

Maner Costerisan PC

Lansing, Michigan
October 8, 2026

HOLLAND PUBLIC SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

The purpose of management's discussion and analysis (MD&A) is to help the District's residents and other readers understand what the financial statements and notes in this financial report say about the District's financial health and why it changed since last year. It contains information drawn from those other parts of the report, accompanied by explanations informed by the finance staff's knowledge of the District's finances.

If you have any questions about this report or need any additional information, please contact the Holland Public Schools Office of Business and Finance, Holland, Michigan 49423, phone 616-494-2000.

OVERVIEW OF THE FINANCIAL STATEMENTS

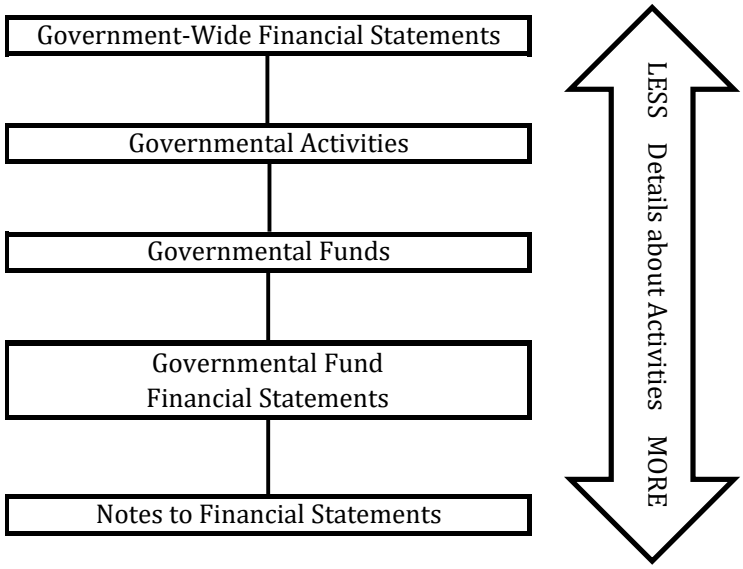
The District's financial report contains basic financial statements. Those financial statements present the District's finances at both an overall and a detailed level. The first two - the *government-wide financial statements* - cover the District's governmental activities. (See the diagram in Figure A-1.)

- *Governmental Activities* comprise the District's most basic functions, such as instruction, support services, and food services. Governmental activities primarily are financed by property taxes from non-personal residence exemption properties, state aid foundation, and federal grants. These statements provide both short-term and long-term information.

The remaining basic financial statements present the District's finances in greater detail. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for which they are restricted. The District reports three groups of funds:

- *Governmental Fund Financial Statements* report all of the governmental activities except those that involve providing services to District departments. In addition to the District's main operating fund - the general fund - those financial statements report special revenue funds that track the use of restricted or committed funding sources, debt service funds to record the repayment of outstanding bonds, and capital projects funds to account for resources used to acquire or construct long-lived assets.

Figure A-1. Contents of the District's Basic Financial Statements



The next section of this financial report contains *notes to financial statements*, which delve deeper into the District's finances as reported in the financial statements. The information in the notes is as important to understanding the District's finances as the information in the financial statements. The District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies).

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

All of the District's financial statements, except for the governmental fund financial statements, use the economic resources measurement focus and accrual basis of accounting. (See Figure A-2.) In other words, they comprehensively report all types of financial statement elements:

- *Assets* - resources the District controls, from short-term assets like cash and cash equivalents to long-term assets like buildings and transportation equipment.

- *Liabilities* - amounts the District owes, from short-term liabilities such as salaries and related items to long-term liabilities such as outstanding debt and pension obligations.

- *Deferred Outflows of Resources and Deferred Inflows of Resources* - flows that occurred during the year, or in prior years, that will not be reported as expenses and revenues until the future year to which they are related.

- *Revenues and Expenses* - inflows and outflows of economic resources, respectively, related to the current year.

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

Figure A-2. Types of Information Reported in the District's Financial Statements

	Financial Statements	
	Government-wide	Governmental Funds
Types of assets and liabilities	* All assets and liabilities, both financial and nonfinancial, short term and long term	* Only current financial resources, such as cash, receivables, and accounts payable
Types of revenues/ additions	* All types of revenues/additions that flow into the District during the year that relate to that year, regardless of when cash is received	* Only revenues that are measurable and available to finance expenditures of that year
Types of expenses/ deductions/ expenditures	* All types of expenses/deductions that flow out of the District during the year that relate to that year, regardless of when cash is paid	* Only expenditures for which the related governmental fund liability is incurred in that year
Types of deferred outflows of resources and deferred inflows of resources	* All types of resources that flow into and out of the District during the year that relate to a future year	* Current financial resources that flow into and out of the governmental funds during the year that related to a future year

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

Analysis of the District's Finances

Table A-1
Holland Public Schools' Net Position

	2026	2025	Dollar Change	Total Percentage Change
ASSETS				
Current and other assets	$ 86,908,933	$ 81,145,335	$ 5,763,598	7.1%
Net other postemployment benefits asset	15,062,625	11,158,699	3,903,926	35.0%
Capital assets	108,612,553	89,193,732	19,418,821	21.8%
TOTAL ASSETS	210,584,111	181,497,766	29,086,345	16.0%
DEFERRED OUTFLOWS OF RESOURCES	28,688,754	31,848,609	(3,159,855)	-9.9%
LIABILITIES				
Long-term debt outstanding	125,737,094	109,616,580	16,120,514	14.7%
Other liabilities	18,555,539	15,020,535	3,535,004	23.5%
Net pension liability	53,087,587	60,236,159	(7,148,572)	-11.9%
TOTAL LIABILITIES	197,380,220	184,873,274	12,506,946	6.8%
DEFERRED INFLOWS OF RESOURCES	35,447,787	39,512,358	(4,064,571)	-10.3%
NET POSITION				
Net investment in capital assets	23,117,740	21,939,947	1,177,793	5.4%
Restricted	31,482,545	24,391,264	7,091,281	29.1%
Unrestricted	(48,155,427)	(57,370,468)	9,215,041	-16.1%
TOTAL NET POSITION	$ 6,444,858	$ (11,039,257)	$ 17,484,115	158.4%

Table A-1 shows that as of June 30, 2026, the District's total net position - assets and deferred outflows minus liabilities and deferred inflows - was $6,444,858, an increase of $17,484,115 or 158.4% compared with 2025. The composition of net position changed significantly during the year, including a $1,177,793 increase in net investment in capital assets, primarily as a result of continued investment in capital assets through the District's ongoing bond-funded construction projects. Restricted net position increased by $7,091,281, primarily due to an improved position in the District's net other postemployment benefits asset and the related deferred outflows and inflows of resources. Unrestricted net position increased by $9,215,041, primarily due to changes in the District's net pension liability and related deferred outflows and inflows of resources and the result of the financial performance of the District's governmental activities. The following sections of MD&A analyze the finances of the governmental activities.

Table A-2 shows that revenues continued to exceed expenses in the current year, resulting in an increase in net position. The total net position of the District's governmental activities was $6,444,858, an increase of $17,484,115 or 158.4% from 2025. Various events contributed to this increase in net position; however, the primary factors affecting the change in net position are as follows:

1. Growth in the taxable value of nonpersonal residential exempt properties.
2. Increased interest and investment earnings revenue.

Table A-2
Changes in Holland Public Schools' Net Position

	2026	2025	Dollar Change	Total Percentage Change
REVENUES				
Program revenues				
Charges for services	$ 381,947	$ 385,081	$ (3,134)	-0.8%
Operating grants and contributions	33,629,630	34,534,340	(904,710)	-2.6%
General revenues				
Property taxes	25,738,673	24,664,776	1,073,897	4.4%
State sources, unrestricted	16,835,620	16,964,872	(129,252)	-0.8%
Investment earnings	3,208,975	2,178,362	1,030,613	47.3%
Other	87,581	242,879	(155,298)	-63.9%
TOTAL REVENUES	79,882,426	78,970,310	912,116	1.2%
EXPENSES				
Instruction	30,120,689	29,935,806	184,883	0.6%
Support services	22,266,550	21,466,941	799,609	3.7%
Community services	2,369,052	2,285,384	83,668	3.7%
Food services	2,656,445	2,505,965	150,480	6.0%
Student/school activities	345,147	443,219	(98,072)	-22.1%
Interest on long-term debt	4,640,428	4,359,149	281,279	6.5%
TOTAL EXPENSES	62,398,311	60,996,464	1,401,847	2.3%
Change in net position	17,484,115	17,973,846	$ (489,731)	-2.7%
Net position - beginning of year	(11,039,257)	(29,013,103)		62.0%
Net position - end of year	$ 6,444,858	$ (11,039,257)		158.4%

Decline in Operating Grants and Contributions

Operating grants and contributions, which represent approximately 42.1% of total revenues, decreased approximately $905,000, or 2.6%, from the prior year. The decrease was primarily attributable to the timing of expenditures and related revenue recognition for state grant programs, particularly Section 31a and 31aa. Amounts received but not yet earned increased at year-end, resulting in higher deferred state grant balances and lower operating grant revenue recognized during the current year.

Increase in Property Taxes

Property tax revenues increased by approximately $1.3 million compared to the prior year. The increase was primarily attributable to growth in the District's taxable value, which resulted in higher tax collections across the District's general operating, debt service, and sinking fund levies. Property tax revenues increased by approximately $679,000 for general purposes, $480,000 for debt service, and $103,000 for the sinking fund compared to the prior year.

Increase in Investment Earnings

Investment earnings increased approximately $1.0 million, or 47.3%, compared to the prior year, primarily due to increased cash available for investment during the year. The District issued approximately $21.0 million of bonds in March 2026, resulting in significant proceeds available for investment through fiscal year-end. The District also issued $7.2 million of bonds in March 2025, which were fully available for investment through the current fiscal year.

GOVERNMENTAL FUNDS

The District reports six major funds in the governmental fund financial statements. These funds are the general fund, the 2021, 2023, 2025, and 2026 capital projects funds, and the sinking fund. Most of the discussion regarding governmental activities is equally applicable to the finances of this governmental fund. However, certain factors that are relevant to the District's current financial health are more apparent in the fund financial statements than in the government-wide statements. The changes are shown in Table A-3 and are discussed in more detail below.

Table A-3
Holland Public Schools'
Revenues, Expenditures, and Changes in Fund Balances

	General Fund		Combined Bonded Capital Projects		Sinking Fund	
	2026	2025	2026	2025	2026	2025
REVENUES	$ 62,280,526	$ 61,454,168	$ 1,833,716	$ 2,823,662	$ 2,647,263	$ 2,372,797
EXPENDITURES	61,261,018	61,550,950	25,527,962	19,877,229	820,297	1,673,668
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,019,508	(96,782)	(23,694,246)	(17,053,567)	1,826,966	699,129
OTHER FINANCING SOURCES (USES)	1,192	(57,005)	21,524,272	7,332,217	-	-
NET CHANGE IN FUND BALANCE	1,020,700	(153,787)	(2,169,974)	(9,721,350)	1,826,966	699,129
Fund balance - beginning of year, as restated	9,398,314	9,552,101	42,041,178	51,762,528	8,776,938	8,077,809
Fund balance - end of year	$ 10,419,014	$ 9,398,314	$ 39,871,204	$ 42,041,178	$ 10,603,904	$ 8,776,938

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

General Fund

The fund balance of the District's general fund increased by 10.9%. The increase in fund balance is attributable to (1) an increase in property taxes revenues (as previously discussed), and (2) consistent expenditures with prior year, that decreased by 0.5%.

The overall fund balance at the end of June 30, 2026, represented approximately 17.0% of operating expenditures. The District aims to have a minimum fund balance of 15% of operating expenditures. Within fund balance, approximately 76% of the balance is considered unassigned. The remaining 24% is considered either restricted, committed, or assigned for other items and is not readily available for use.

Combined Bonded Capital Projects

The fund balances of the bonded capital project funds are considered to be 100% restricted. This means that the fund balance can only be used for the restricted purpose of that fund and is not readily available for use. The fund balance of these funds decreased 5.2%. The decrease in fund balance is attributable to the issuance of a new $21.1 million bond, offset by capital outlay spending during the bond construction period.

Sinking Fund

The fund balance for the sinking fund is considered to be 100% restricted. This means that the fund balance can only be used for the restricted purpose of that fund and is not readily available for use. The fund balance of the sinking fund increased 20.8%. The increase in fund balance is attributable to property tax revenue outpacing current year capital outlay spending due to the focus on bond related spending.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM OBLIGATIONS

Capital Assets

The discussion thus far has only touched upon certain significant transactions and events during 2026 with respect to capital assets and long-term obligations. Overall, the carrying value of capital assets-original cost minus accumulated depreciation- increased 21.8% over 2025. See Table A-4 for the carrying value of capital assets.

Table A-4
Holland Public Schools' Capital Assets

	Cost	Accumulated Depreciation/ Amortization	2026 Net Book Value	2025 Net Book Value	Total Percentage Change
Land	$ 513,275	$ -	$ 513,275	$ 513,275	0.0%
Construction in progress	37,353,753	-	37,353,753	21,661,157	72.4%
Land improvements	7,741,097	5,321,607	2,419,490	2,704,345	-10.5%
Buildings and improvements	108,284,151	45,116,187	63,167,964	59,182,477	6.7%
Furniture and equipment	16,860,705	12,488,634	4,372,071	4,246,466	3.0%
Vehicles	2,579,284	2,237,012	342,272	437,194	-21.7%
Right to use - subscription-based IT	862,601	418,873	443,728	448,818	-1.1%
Total	$ 174,194,866	$ 65,582,313	$ 108,612,553	$ 89,193,732	21.8%

A significant reason for the increase in the net capital assets relates to the buildings and additions category. During 2026, the District completed and placed into service approximately $25.2 million of assets across various asset classes. Construction in the 2021, 2023, 2025, and 2026 Capital Projects funds was ongoing during 2026. The additions of capital assets outpaced the depreciation during the year, resulting in a net increase in capital assets.

Long-term Obligations

Overall, the carrying value of the District's long-term obligations increased by 14.7% from the prior year. See Table A-5 for the carrying value of the District's long-term obligations.

Table A-5
Holland Public Schools'
Outstanding Long-Term Obligations

	2026	2025	Total Percentage Change
General obligation bonds - net	$ 124,598,051	$ 108,427,905	14.9%
Compensated absences	1,139,043	1,188,675	-4.2%
	$ 125,737,094	$ 109,616,580	14.7%

During 2026, the District issued a new 2026 building and site bond valued at $21.1 million and made principal payments of $4.65 million. These effects were the primary reason for the increase in total long-term obligations.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

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

- The foundation allowance is set at $10,300 for the 2026-2027 school year. This is an increase of $250 from the 2025-2026 school year.

- With the expected continuation of declining enrollment levels and rising costs in many areas including employee wages, employee health insurance, retirement contribution costs, and utilities, District administration continues to be diligent in its efforts to maintain a reasonable level of reserves (fund balance). Measures to accomplish this include, but are not limited to, restructuring space utilization to match current and projected enrollment levels, cooperative agreements with Ottawa Area Intermediate School District as well as neighboring public and parochial schools, and strategic changes to how the District handles its non-instructional support services. The District expects to shed one unused property, will close an elementary building to combine into two renovated elementaries, and consider disposing of another property following the elementary closure during the 2026-2027 school year.

- House Bill 6058 and Senate Bill 1136 could change the District's total cost of employee insurance if reconciled and passed into law. These bills change a ceiling for insurance coverage cost into a floor, exposing the District to an unknown liability in future plan years. The November 2026 elections will determine if these bills are taken back up and gain any further traction.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS (continued)

- In the summer of 2025, the District entered into a collective bargaining agreement with its teachers. There was a significant increase to salaries in that agreement. The contract runs through the 2026-2027 school year and provides for annual increases for the teaching staff. Administration believes that this agreement allows the district to remain competitive in attracting talented staff while still providing financial predictability which improves multi-year financial planning. Bargaining for the teachers' union will begin in winter of 2026 for the next contract.

- On May 4, 2021, the District asked voters to consider a building and site bond proposal to address current and future capital needs. Holland's voters again voiced their support for its public schools in supporting the requested bond issue. On August 5th, 2025, the District asked voters to consider a building and site bond proposal to address current and future capital needs. Holland's voters again voiced their support for its public schools in supporting the requested bond issue. As such, the District is using the bond resources from both bond questions to provide a safe and appropriate environment for its students, staff, and the Holland community. Projects for both will continue into the 2026-2027 school year, with 2021 Bond passage funds expected to be complete at the beginning of the 2027-2028 school year.

- On May 5, 2026, the District asked voters to consider a "new" Sinking Fund millage for 10 years. The voters supported this measure. The language expanded use of funds, to now include buses in allowable purchasing and continuing to allow other purchases as defined in the current passage which will expire in 2026. The millage rate stayed flat, but required a label of "New" due to the expanded language. These funds will allow the District to continue providing a safe, modern educational environment after the efforts involved in the two bond passages in recent years.

BASIC FINANCIAL STATEMENTS

HOLLAND PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 17,844,875
Investments	14,904,698
Receivables	
Accounts	45,100
Intergovernmental	8,091,029
Inventories	4,451
Prepaids	1,230,269
Restricted cash and cash equivalents - capital projects	19,726,092
Restricted investments - capital projects	25,062,419
Net other postemployment benefits asset	15,062,625
Capital assets not being depreciated/amortized	37,867,028
Capital assets, net of accumulated depreciation/amortization	70,745,525
TOTAL ASSETS	210,584,111
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	25,028,187
Related to other postemployment benefits	3,660,567
TOTAL DEFERRED OUTFLOWS OF RESOURCES	28,688,754
LIABILITIES	
Accounts payable	6,256,085
Accrued salaries and related items	3,780,719
Accrued retirement	2,466,192
Accrued interest	1,033,225
Unearned revenue	3,706,009
Noncurrent liabilities	
Due within one year	8,724,160
Due in more than one year	117,012,934
Arbitrage liability	1,313,309
Net pension liability	53,087,587
TOTAL LIABILITIES	197,380,220
DEFERRED INFLOWS OF RESOURCES	
Deferred gain on refunding, net of amortization	767,966
Related to pensions	16,888,770
Related to other postemployment benefits	13,388,433
Related to state aid funding for pension benefits	4,402,618
TOTAL DEFERRED INFLOWS OF RESOURCES	35,447,787
NET POSITION	
Net investment in capital assets	23,117,740
Restricted for capital projects - sinking fund	10,603,904
Restricted for debt service	5,816,016
Restricted for net other postemployment benefits	15,062,625
Unrestricted	(48,155,427)
TOTAL NET POSITION	$ 6,444,858

See accompanying notes to financial statements.

HOLLAND PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 30,120,689	$ -	$ 19,854,614	$ (10,266,075)
Support services	22,266,550	146,824	10,473,641	(11,646,085)
Community services	2,369,052	-	71,049	(2,298,003)
Food services	2,656,445	235,123	2,578,122	156,800
Student/school activities	345,147	-	360,438	15,291
Interest on long-term debt	4,640,428	-	291,766	(4,348,662)
Total governmental activities	$ 62,398,311	$ 381,947	$ 33,629,630	(28,386,734)
General revenues				
Property taxes, levied for general purposes				13,961,327
Property taxes, levied for debt service				9,584,017
Property taxes, levied for sinking fund				2,193,329
State sources - unrestricted				16,835,620
Investment earnings				3,208,975
Other revenue				87,581
Total general revenues				45,870,849
CHANGE IN NET POSITION				17,484,115
NET POSITION, beginning of year				(11,039,257)
NET POSITION, end of year				$ 6,444,858

See accompanying notes to financial statements.

HOLLAND PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Capital Projects					Total Nonmajor Funds	Total Governmental Funds
		2021 Building and Site	2023 Building and Site	2025 Building and Site	2026 Building and Site	Sinking Fund		
ASSETS								
Cash and cash equivalents	$ 3,403,983	$ -	$ -	$ -	$ -	$ 6,465,566	$ 7,975,326	$ 17,844,875
Investments	8,396,724	-	-	-	-	4,313,268	2,194,706	14,904,698
Receivables								
Accounts	45,100	-	-	-	-	-	-	45,100
Intergovernmental	7,936,507	-	-	-	-	-	154,522	8,091,029
Due from other funds	253,174	-	-	-	-	212,575	428,781	894,530
Inventories	-	-	-	-	-	-	4,451	4,451
Prepaids	1,230,269	-	-	-	-	-	-	1,230,269
Restricted cash and cash equivalents	-	-	-	-	19,726,092	-	-	19,726,092
Restricted investments	-	890,200	16,620,344	7,551,875	-	-	-	25,062,419
TOTAL ASSETS	$ 21,265,757	$ 890,200	$ 16,620,344	$ 7,551,875	$ 19,726,092	$ 10,991,409	$ 10,757,786	$ 87,803,463
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	$ 913,665	$ -	$ 4,561,297	$ -	$ 349,350	$ 387,505	$ 44,268	$ 6,256,085
Accrued salaries and related	3,772,898	-	-	-	-	-	7,821	3,780,719
Accrued retirement	2,463,148	-	-	-	-	-	3,044	2,466,192
Unearned revenue	3,697,032	-	-	-	-	-	8,977	3,706,009
Due to other funds	-	-	6,660	-	-	-	887,870	894,530
TOTAL LIABILITIES	10,846,743	-	4,567,957	-	349,350	387,505	951,980	17,103,535

See accompanying notes to financial statements.

	General Fund	Capital Projects					Total Nonmajor Funds	Total Governmental Funds
		2021 Building and Site	2023 Building and Site	2025 Building and Site	2026 Building and Site	Sinking Fund		
LIABILITIES AND FUND BALANCES (continued)								
FUND BALANCES								
Nonspendable								
Inventories	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,451	$ 4,451
Prepaids	1,230,269	-	-	-	-	-	-	1,230,269
Restricted for:								
Food service	-	-	-	-	-	-	79,170	79,170
Capital projects	-	890,200	12,052,387	7,551,875	19,376,742	10,603,904	-	50,475,108
Debt service	-	-	-	-	-	-	6,849,241	6,849,241
Committed								
Student/school activities	-	-	-	-	-	-	962,520	962,520
Assigned for:								
Capital projects	-	-	-	-	-	-	1,910,424	1,910,424
Subsequent expenditures	1,250,251	-	-	-	-	-	-	1,250,251
Unassigned	7,938,494	-	-	-	-	-	-	7,938,494
TOTAL FUND BALANCES	10,419,014	890,200	12,052,387	7,551,875	19,376,742	10,603,904	9,805,806	70,699,928
TOTAL LIABILITIES AND FUND BALANCES	$ 21,265,757	$ 890,200	$ 16,620,344	$ 7,551,875	$ 19,726,092	$ 10,991,409	$ 10,757,786	$ 87,803,463

See accompanying notes to financial statements.

HOLLAND PUBLIC SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2026

Total governmental fund balances		$ 70,699,928
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred inflows of resources - deferred gain on refunding, net of amortization		(767,966)
Deferred outflows of resources - related to pensions		25,028,187
Deferred inflows of resources - related to pensions		(16,888,770)
Deferred outflows of resources - related to other postemployment benefits		3,660,567
Deferred inflows of resources - related to other postemployment benefits		(13,388,433)
Deferred inflows of resources - related to state funding for pension benefits		(4,402,618)
Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet. Noncurrent assets at year-end consist of:		
Net other postemployment benefits asset		15,062,625
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
The cost of the capital assets is	$ 174,194,866	
Accumulated depreciation/amortization is	(65,582,313)	
		108,612,553
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
Long-term debt obligation		(124,598,051)
Compensated absences		(1,139,043)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(1,033,225)
Arbitrage liability		(1,313,309)
Net pension liability		(53,087,587)
Net position of governmental activities		$ 6,444,858

See accompanying notes to financial statements.

HOLLAND PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2026

		Capital Projects					Total	Total
	General Fund	2021 Building and Site	2023 Building and Site	2025 Building and Site	2026 Building and Site	Sinking Fund	Nonmajor Funds	Governmental Funds
REVENUES								
Local sources								
Property taxes	$ 14,132,327	$ -	$ -	$ -	$ -	$ 2,193,329	$ 9,584,017	$ 25,909,673
Food sales	-	-	-	-	-	-	235,123	235,123
Student/school activities	-	-	-	-	-	-	335,938	335,938
Investment earnings	411,075	61,876	1,278,616	285,152	202,672	369,640	371,072	2,980,103
Other	227,813	-	-	5,400	-	-	24,500	257,713
Total local sources	14,771,215	61,876	1,278,616	290,552	202,672	2,562,969	10,550,650	29,718,550
State sources	34,745,520	-	-	-	-	84,294	840,677	35,670,491
Federal sources	2,841,950	-	-	-	-	-	2,537,803	5,379,753
Incoming transfers and other	9,921,841	-	-	-	-	-	-	9,921,841
TOTAL REVENUES	62,280,526	61,876	1,278,616	290,552	202,672	2,647,263	13,929,130	80,690,635
EXPENDITURES								
Current								
Instruction	34,362,246	-	-	-	-	-	-	34,362,246
Supporting services	24,057,821	-	-	-	-	-	-	24,057,821
Community services	2,840,951	-	-	-	-	-	-	2,840,951
Food service activities	-	-	-	-	-	-	2,797,873	2,797,873
Student/school activities	-	-	-	-	-	-	345,147	345,147
Capital outlay	-	19,309	22,625,662	4,494	2,064,507	820,297	-	25,534,269

See accompanying notes to financial statements.

	General Fund	Capital Projects					Total Nonmajor Funds	Total Governmental Funds
		2021 Building and Site	2023 Building and Site	2025 Building and Site	2026 Building and Site	Sinking Fund		
EXPENDITURES (continued)								
Debt service								
Principal repayment	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,650,000	$ 4,650,000
Interest	-	-	-	-	-	-	4,360,052	4,360,052
Other	-	524,295	4,000	-	285,695	-	2,652	816,642
TOTAL EXPENDITURES	61,261,018	543,604	22,629,662	4,494	2,350,202	820,297	12,155,724	99,765,001
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,019,508	(481,728)	(21,351,046)	286,058	(2,147,530)	1,826,966	1,773,406	(19,074,366)
OTHER FINANCING SOURCES (USES)								
Proceeds from bond issuance	-	-	-	-	21,080,000	-	-	21,080,000
Proceeds from bond premium	-	-	-	-	444,272	-	-	444,272
Proceeds from sale of capital asset	1,192	-	-	-	-	-	-	1,192
TOTAL OTHER FINANCING SOURCES (USES)	1,192	-	-	-	21,524,272	-	-	21,525,464
NET CHANGE IN FUND BALANCES	1,020,700	(481,728)	(21,351,046)	286,058	19,376,742	1,826,966	1,773,406	2,451,098
FUND BALANCES								
Beginning of year, as previously reported	9,398,314	1,371,928	33,403,433	7,265,817	-	-	16,809,338	68,248,830
Adjustments to beginning fund balance	-	-	-	-	-	8,776,938	(8,776,938)	-
Beginning of year, as restated	9,398,314	1,371,928	33,403,433	7,265,817	-	8,776,938	8,032,400	68,248,830
End of year	$ 10,419,014	$ 890,200	$ 12,052,387	$ 7,551,875	$ 19,376,742	$ 10,603,904	$ 9,805,806	$ 70,699,928

See accompanying notes to financial statements.

HOLLAND PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Net change in fund balances total governmental funds	$ 2,451,098
Amounts reported for governmental activities in the statement of activities differ because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation/amortization:	
Depreciation/amortization expense	(3,665,801)
Capital outlay	25,233,575
Net book value of assets disposed	(2,148,953)
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued interest payable, beginning of the year	752,849
Accrued interest payable, end of the year	(1,033,225)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:	
Proceeds from bond issuance	(21,080,000)
Proceeds from bond premium	(444,272)
Payments on debt obligations	4,650,000
Amortization of bond premium	704,126
Amortization of deferred gain on refunding	99,092
Arbitrage liability	228,872
Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:	
Unavailable revenue, beginning of the year	(171,000)
Unavailable revenue, end of the year	-
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Accrued compensated absences, beginning of the year	1,188,675
Accrued compensated absences, end of the year	(1,139,043)
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 governmental funds:	
Pension related items	7,185,427
Other postemployment benefits related items	5,539,968
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension benefits contributions subsequent to the measurement period:	
Pension benefit related items, beginning of year	3,535,345
Pension benefit related items, end of year	(4,402,618)
Change in net position of governmental activities	$ 17,484,115

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Holland Public Schools (the "District") is governed by the Holland Public Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statements (GASB).

Description of Government-wide 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 activities of the District. *Governmental activities* normally are supported by taxes, and intergovernmental revenues.

Basis of Presentation - Government-wide Financial Statements

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

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

Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

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

The *2021, 2023, 2025, and 2026 Building and Site Funds* include capital project activities funded with bonds. For these capital projects, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The funds are not yet considered substantially complete, and subsequent year audits are expected.

The *Capital Projects Sinking Fund* accounts for the receipt of property taxes levied for sinking fund and subsequent expenditures of those funds. The fund has complied with the applicable provisions of Section 1212 of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2023-1.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Major Governmental Funds (continued):

The following is a summary of the cumulative revenue, other financing sources (uses), and expenditures for the 2021, 2023, 2025, and 2026 building and site funds activity since inception:

	2021 Capital Projects	2023 Capital Projects	2025 Capital Projects	2026 Capital Projects
Revenue and other financing sources	$ 27,895,994	$ 46,430,096	$ 7,678,314	$ 21,726,944
Expenditures and other financing uses	$ 27,005,794	$ 34,377,709	$ 126,439	$ 2,350,202

Revenue and other financing sources include the bond proceeds and premium of $26,054,844, $41,449,142, $7,332,217, and $21,524,272 for the 2021, 2023, 2025, and 2026 capital projects funds, respectively.

The District reports the following *Other Nonmajor Funds*:

The *Special Revenue Funds* account for revenue sources that are legally restricted or committed to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and student/school activities in special revenue funds.

The *Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Property Sales Fund* accounts for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital projects. Resources are from the sale of property.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

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

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as an intergovernmental receivable.

The District also receives revenue from the state to administer certain categorical education programs. State rules required that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal years are recorded as unearned revenue.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents

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

Investments

In accordance with Michigan Compiled Laws, the District is authorized to invest in the following investment vehicles:

a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.

b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.

c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services, and which matures not more than 270 days after the date of purchase.

d. The United States government or federal agency obligations repurchase agreements.

e. Bankers' acceptances of United States banks.

f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

Michigan Compiled Laws allow for collateralization of government deposits, if the assets for pledging are acceptable to the State Treasurer under Section 3 of 1855 PA 105, MCL 21.143, to secure deposits of State surplus funds, securities issued by the Federal Loan Mortgage Corporation, Federal National Mortgage Association, or Government National Mortgage Association.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress, if any, are not depreciated. Right to use assets of the district are amortized using the straight-line method over the shorter of the subscription period or the estimated useful lives. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives (in years)
Land improvements	5 - 30
Buildings and improvements	20 - 45
Furniture and equipment	5 - 20
Vehicles	5 - 20
Right to use - subscription-based IT	3 - 6

Defined Benefit Plans

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

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the pension, and other postemployment benefits related items reported in the government-wide statement of net position. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Deferred Inflows

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 assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first is the deferred gain on refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the refunded or refunding debt. The second is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension benefit contributions subsequent to the measurement period. The third and fourth 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.

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance Policies (continued)

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

Subscription-based IT Arrangements (SBITA)

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

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITA.

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

The District monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability. During the current year, the District prepaid the full amount of its subscription and therefore does not record a SBITA liability.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses

Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2026, the District levied the following amounts per $1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	4.7300
Sinking fund	
PRE, Non-PRE, Commercial Personal Property	1.1486

Compensated Absences

The District's policy permits employees to accumulate earned but unused sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported and incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

Long-term Obligations

In the government-wide financial statements, 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 using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2026, the District had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2026, $37,151,318 of the District's bank balance of $37,651,318 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was $37,570,967.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business.

Interest Rate Risk

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

Investment Type	Fair Value	Weighted Average Maturity (Years)
Money Market Obligation Trust	$ 18,977,396	N/A
U.S. Government Agency Bonds	6,085,023	0.2529
MILAF MAX	47,948	N/A
Michigan CLASS Investment Pool	14,856,750	0.1323
Total fair value	$ 39,967,117	
Portfolio weighted average maturity		0.1673

One day maturity equals 0.0027, one year equals 1.00.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Type	Fair Value	Rating	Rating Agency
Money Market Obligation Trust	$ 18,977,396	AAAm	Standard & Poor's
MILAF MAX	47,948	AAAm	Standard & Poor's
Michigan CLASS Investment Pool	14,856,750	AAAm	Standard & Poor's
	$ 33,882,094		

Foreign Currency Risk

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

Fair Value Measurement

The District is required to disclose amounts within a framework established for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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

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

Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

	Level 1	Level 2	Level 3	Balance at June 30, 2026
Investments by fair value level				
U.S. Government Agency Bonds	$ 6,085,023	$ -	$ -	$ 6,085,023

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. The pooled investment funds utilized by the District are a Money Market Obligation Trust and the Michigan Investment Liquid Asset Fund (MILAF). These funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
Money Market Obligation Trust	$ 18,977,396
MILAF External Investment Pool - MAX	47,948
	$ 19,025,344

Investments in Entities that Calculate Net Asset Value per Share

The District holds shares or interests in the Michigan CLASS investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Michigan CLASS investment pool invests in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102% by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At the year ended June 30, 2026, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

Investment Type	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan CLASS Investment Pool	$ 14,856,750	$ -	No restrictions	None

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements based upon criteria disclosed in Note 1. The following summarizes the categorization of these amounts as of June 30, 2026:

Cash and cash equivalents	$ 17,844,875
Investments	14,904,698
Restricted cash and cash equivalents - capital projects	19,726,092
Restricted investments - capital projects	25,062,419
	$ 77,538,084

NOTE 3 - CAPITAL ASSETS

A summary of changes in the District's capital assets are as follows:

	Balance July 1, 2025	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2026
Capital assets not being depreciated/amortized				
Land	$ 513,275	$ -	$ -	$ 513,275
Construction in progress	21,661,157	22,566,226	6,873,630	37,353,753
Subtotal	22,174,432	22,566,226	6,873,630	37,867,028
Capital assets, being depreciated/amortized				
Land improvements	7,834,891	-	93,794	7,741,097
Buildings and improvements	104,635,856	8,557,228	4,908,933	108,284,151
Furniture and equipment	16,231,018	814,054	184,367	16,860,705
Vehicles	2,579,284	-	-	2,579,284
Right to use - subscription-based IT	692,904	169,697	-	862,601
Subtotal	131,973,953	9,540,979	5,187,094	136,327,838
Accumulated depreciation/amortization				
Land improvements	5,130,546	284,855	93,794	5,321,607
Buildings and improvements	45,453,379	2,478,561	2,815,753	45,116,187
Furniture and equipment	11,984,552	632,676	128,594	12,488,634
Vehicles	2,142,090	94,922	-	2,237,012
Right to use - subscription-based IT	244,086	174,787	-	418,873
Total accumulated depreciation/amortization	64,954,653	3,665,801	3,038,141	65,582,313
Net capital assets being depreciated/amortized	67,019,300	5,875,178	2,148,953	70,745,525
Net governmental capital assets	$ 89,193,732	$ 28,441,404	$ 9,022,583	$ 108,612,553

NOTE 3 - CAPITAL ASSETS (continued)

Depreciation/amortization for the fiscal year ended June 30, 2026 amounted to $3,665,801 which was allocated in the following manner:

Instruction	$ 2,094,608
Support services	1,222,091
Food service	174,551
Community services	174,551
	$ 3,665,801

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2026 consist of the following:

Governmental units	
State revenue	$ 5,887,483
Federal revenue	1,392,339
Intermediate and other sources	811,207
	$ 8,091,029

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

NOTE 5 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2026 are as follows:

Receivable Fund		Payable Fund	
General fund	$ 253,174	2023 building and site fund	$ 6,660
Sinking fund	212,575	Nonmajor funds	887,870
Nonmajor funds	428,781		
	$ 894,530		$ 894,530

The outstanding balances between funds results mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligations for the District for the year ended June 30, 2026:

	General Obligation Bonds	Compensated Absences*	Total
Balance, July 1, 2025	$ 108,427,905	$ 1,188,675	$ 109,616,580
Additions	21,524,272	-	21,524,272
Deletions	(5,354,126)	(49,632)	(5,403,758)
Balance, June 30, 2026	124,598,051	1,139,043	125,737,094
Due within one year	8,550,000	174,160	8,724,160
Due in more than one year	$ 116,048,051	$ 964,883	$ 117,012,934

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

Long-term obligations at June 30, 2026 consist of the following issues:

General Obligation Bonds	
2010 Building and Site Bonds, Series A - $3,525,000, due in a single principal payment on May 1, 2027, with interest at 6.30%.	$ 3,525,000
2021 Building and Site Bonds - due in annual installments of $165,000 to $1,920,000 through November 1, 2044, with interest at 3.00% to 5.00%.	20,575,000
2023 Building and Site Bonds - due in annual installments of $990,000 to $2,245,000 through November 1, 2044, with interest at 4.00% to 5.00%.	35,510,000
2024 Refunding Bonds - due in annual installments of $3,050,000 to $3,175,000 through November 1, 2034, with interest at 5.00%.	28,060,000
2025 Building and Site Bonds - due in annual installments of $35,000 to $495,000 through November 1, 2047, with interest at 5.00%.	6,355,000
2026 Building and Site Bonds - due in annual installments of $100,000 to $1,050,000 through November 1, 2054, with interest at 5.00%.	21,080,000
Add issuance premiums	9,493,051
Total general obligation bonds	124,598,051
Compensated absences	1,139,043
Total general long-term obligations	$ 125,737,094

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The District has designated the 2010 Building and Site Bonds, Series A as "Qualified School Construction Bonds", therefore, the District expects to receive a direct payment from the U.S. Treasury to cover a portion of the interest to be paid on the bonds. For the year ended June 30, 2026, the District recognized $291,766 in interest rate subsidy from the U.S. Treasury. This figure is inclusive of $89,108 in interest subsidy receivable that was previously deemed uncollectible, but was collected during the current fiscal year.

The annual requirements to amortize long-term obligations outstanding, exclusive of compensated absences payments, as of June 30, 2026 are as follows:

Year Ending June 30,	General Obligation Bonds Principal	General Obligation Bonds Interest	Compensated Absences	Total
2027	$ 8,550,000	$ 5,131,214	$ -	$ 13,681,214
2028	4,690,000	4,665,913	-	9,355,913
2029	4,990,000	4,423,538	-	9,413,538
2030	5,220,000	4,168,088	-	9,388,088
2031	5,480,000	3,900,588	-	9,380,588
2032 - 2036	28,210,000	15,372,890	-	43,582,890
2037 - 2041	28,020,000	9,103,265	-	37,123,265
2042 - 2046	20,790,000	3,937,245	-	24,727,245
2047 - 2051	5,770,000	1,492,569		7,262,569
2052 - 2055	3,385,000	312,625	-	3,697,625
	115,105,000	52,507,935	-	167,612,935
Issuance premium	9,493,051	-	-	9,493,051
Compensated absences	-	-	1,139,043	1,139,043
	$ 124,598,051	$ 52,507,935	$ 1,139,043	$ 178,245,029

Interest expense (all funds) for the year ended June 30, 2026 was approximately $4,360,000.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the Board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Plan Description (continued)

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

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

Benefits Provided - Overall

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

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

Benefits Provided - Pension

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

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

Pension Reform 2010

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010, and who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

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

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

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

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

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

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

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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

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

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus Plan to newly hired employees as of February 1, 2018, and created a new, optional Pension Plus 2 Plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 Plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 Plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

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

Pension Reform of 2023

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

Benefits Provided - Other Postemployment Benefit (OPEB)

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, 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 health care recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members), the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members), have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

Employer Contributions

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

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

Pension and OPEB contributions made in the fiscal year ending September 30, 2025, were determined as of the September 30, 2022, actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2021, are amortized over a 14-year period beginning October 1, 2024, and ending September 30, 2038.

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

	Pension	Other Postemployment Benefit
October 1, 2025 - September 30, 2026	15.21% - 26.08%	0.00% - 3.83%
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%

The District's pension contributions for the year ended June 30, 2026 were equal to the required contribution total. Total pension contributions were approximately $11,955,000. Of the total pension contributions, approximately $11,372,000 was contributed to fund the Defined Benefit Plan and approximately $583,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2026 were equal to the required contribution total. Total OPEB contributions were approximately $824,000. Of the total OPEB contributions, approximately $495,000 was contributed to fund the Defined Benefit Plan and approximately $329,000 was contributed to fund the Defined Contribution Plan.

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

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

The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2024, and rolled-forward using generally accepted actuarial procedures.

The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers	September 30, 2025	September 30, 2024
Total pension liability	$ 97,436,103,863	$ 95,765,499,515
Plan fiduciary net position	$ 77,403,114,236	$ 71,283,482,728
Net pension liability	$ 20,032,989,627	$ 24,482,016,787
Proportionate share	0.26500%	0.24604%
Net pension liability for the District	$ 53,087,587	$ 60,236,159

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

For the year ended June 30, 2026, the District recognized pension expense of $4,186,087.

At June 30, 2026, the Reporting Unit 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
Changes of assumptions	$ 1,905,466	$ (2,805,807)
Net difference between projected and actual plan investments earnings	-	(12,686,796)
Differences between expected and actual experience	2,056,235	(472,847)
Changes in proportion and differences between employer contributions and proportionate share of contributions	10,448,282	(923,320)
Reporting Unit's contributions subsequent to the measurement date	10,618,204	-
	$ 25,028,187	$ (16,888,770)

$10,618,204, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ending June 30,	Amount
2027	$ 2,372,957
2028	(2,030,937)
2029	(2,066,538)
2030	(754,269)
	$ (2,478,787)

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

The net OPEB liability (asset) was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2024 and rolled-forward using generally accepted actuarial procedures.

The District's proportion of the net OPEB liability (asset) was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers	September 30, 2025	September 30, 2024
Total other postemployment benefit liability	$ 9,360,649,860	$ 9,991,545,923
Plan fiduciary net position	$ 15,439,767,833	$ 14,295,943,589
Net other postemployment benefit liability (asset)	$ (6,079,117,973)	$ (4,304,397,666)
Proportionate share	0.24778%	0.25924%
Net other postemployment benefits liability (asset) for the District	$ (15,062,625)	$ (11,158,699)

For the year ended June 30, 2026, the District recognized OPEB benefit of $5,045,326.

At June 30, 2026, the Reporting Unit 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
Changes of assumptions	$ 2,010,269	$ (159,752)
Net difference between projected and actual plan investments earnings	-	(2,116,627)
Differences between expected and actual experience	-	(10,312,587)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,211,411	(799,467)
Reporting Unit's contributions subsequent to the measurement date	438,887	-
	$ 3,660,567	$ (13,388,433)

$438,887, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

Year Ending June 30,	Amount
2027	$ (2,855,074)
2028	(2,775,926)
2029	(2,325,855)
2030	(1,464,940)
2031	(562,250)
2032	(182,708)
	$ (10,166,753)

Actuarial Assumptions

Investment Rate of Return for Pension - 6.00% a year, compounded annually net of investment and administrative expenses for the MIP, Basic, Pension Plus, and Pension Plus 2 Plan groups.

Investment Rate of Return for OPEB - 6.00% a year, compounded annually net of investment and administrative expenses.

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

Inflation - 3.0%.

Mortality Assumptions -

Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and MP-2021 adjusted for mortality improvements using projection scale from 2010.

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

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

The Long-term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan, and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.25% for year one and graded to 3.50% in year fifteen. Post 65, 6.50% for year one and graded to 3.50% in year fifteen.

Additional Assumptions for Other Postemployment Benefit Only - Applies to Individuals Hired Before September 4, 2012:

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

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

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

The target asset allocation at September 30, 2025, and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Target Allocation		
Investment Category	Pension	OPEB	Long-term Expected Real Rate of Return*
Domestic Equity Pools	21.00%	16.00%	5.8%
International Equity Pools	14.00%	11.00%	5.6%
Private Equity Pools	16.00%	16.00%	9.3%
Real Estate and Infrastructure Pools	8.00%	5.00%	7.0%
Fixed Income Pools	15.00%	26.00%	2.5%
Absolute Return Pools	13.00%	15.00%	4.4%
Real Return/Opportunistic Pools	9.00%	7.00%	7.0%
Short Term Investment Pools	4.00%	4.00%	1.3%
	100.0%	100.0%	

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Rate of Return - For fiscal year ended September 30, 2025, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 9.81% and 9.24%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	$ 83,775,140	$ 53,087,587	$ 27,528,783

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability (asset) calculated using a single discount rate of 6.00%, as well as what the Reporting Unit's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	$ (12,977,405)	$ (15,062,625)	$ (16,887,645)

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Sensitivity to the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability (asset) calculated using the healthcare cost trend rate, as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Other Postemployment Benefits		
	1% Trend Decrease	Healthcare Cost Trend Rates	1% Trend Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	$ (16,870,991)	$ (15,062,625)	$ (13,163,900)

Pension and OPEB Plan Fiduciary Net Position

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

Payable to the Pension and OPEB Plan - At year end the School District is current on all required pension and other postemployment benefit plan payments. Amounts accrued at year end for accounting purposes are separately stated in the financial statements as a liability titled accrued retirement. These amounts represent current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State Revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to cover any losses that may result from the above-described activities. No settlement has occurred in excess of coverage for the year ended June 30, 2026.

NOTE 9 - TAX ABATEMENTS

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by cities, villages, and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly.

The taxes abated for the general fund operating millage is considered by the State of Michigan when determining the District's Section 22 funding of the State School Aid Act.

NOTE 9 - TAX ABATEMENTS (continued)

The property taxes abated for all funds by municipality under these programs are as follows:

Municipality	Taxes Abated
City of Holland	$ 747,501
Holland Township	206,073
Laketown Township	6,752
Park Township	1,652
	$ 961,978

NOTE 10 - CONTINGENT LIABILITIES

Amounts received or receivable from grant agencies are subject to audit and adjustments 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 expenditures that may be disallowed by the grantor cannot be determined at this time, although the district expects such amounts, if any, to be immaterial.

NOTE 11 - CHANGES IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2026, the District implemented the following GASB standards:

GASB Statement No. 103, *Financial Reporting Model Improvements.* The Standard addressed the following areas:

a. Management's discussion and analysis (MD&A)
b. Unusual or infrequent items
c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements;
e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. This Statement also requires additional disclosures for capital assets held for sale.

NOTE 12 - UPCOMING ACCOUNTING PRONOUNCEMENT

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2026-2027 fiscal year.

NOTE 13 - ADJUSTMENTS TO BEGINNING FUND BALANCES

During fiscal year 2026, changes to beginning fund balances are as follows:

	Reporting Units Affected by Adjustments to Beginning	
	Sinking Fund	Nonmajor Governmental Funds
Fund balance, as previously reported	$ -	$ 16,809,338
Change from nonmajor fund to major fund	8,776,938	(8,776,938)
Fund balance, as restated	$ 8,776,938	$ 8,032,400

REQUIRED SUPPLEMENTARY INFORMATION

HOLLAND PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2026

	Original Budget	Final Budget	Variance with Original and Final Budget	Actual	Variance with Final Budget and Actual
REVENUES					
Local sources	$ 14,520,652	$ 14,894,657	$ 374,005	$ 14,771,215	$ (123,442)
State sources	33,254,932	35,018,056	1,763,124	34,745,520	(272,536)
Federal sources	2,684,947	3,164,869	479,922	2,841,950	(322,919)
Incoming transfers and other	8,954,179	9,937,964	983,785	9,921,841	(16,123)
TOTAL REVENUES	59,414,710	63,015,546	3,600,836	62,280,526	(735,020)
EXPENDITURES					
Current					
Instruction					
Basic programs	23,621,370	22,998,434	622,936	22,538,373	460,061
Added needs	12,334,482	12,246,047	88,435	11,823,873	422,174
Total instruction	35,955,852	35,244,481	711,371	34,362,246	882,235
Supporting services					
Pupil support	7,282,085	7,374,049	(91,964)	7,230,073	143,976
Instructional staff	3,062,053	3,617,901	(555,848)	3,422,333	195,568
General administration	574,632	652,804	(78,172)	624,429	28,375
School administration	2,392,600	2,849,744	(457,144)	2,825,407	24,337
Business services	862,299	920,431	(58,132)	967,165	(46,734)
Operations and maintenance	4,809,887	4,757,766	52,121	4,785,950	(28,184)
Pupil transportation	1,584,479	1,675,070	(90,591)	1,582,811	92,259
Central services	1,591,321	1,446,511	144,810	1,488,744	(42,233)
Athletics and other	1,050,623	1,135,523	(84,900)	1,130,909	4,614
Total supporting services	23,209,979	24,429,799	(1,219,820)	24,057,821	371,978
Community services	2,819,692	2,945,241	(125,549)	2,840,951	104,290
TOTAL EXPENDITURES	61,985,523	62,619,521	(633,998)	61,261,018	1,358,503
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,570,813)	396,025	2,966,838	1,019,508	623,483
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	-	1,192	1,192
NET CHANGE IN FUND BALANCE	(2,570,813)	396,025	2,966,838	1,020,700	624,675
FUND BALANCE					
Beginning of year	9,398,314	9,398,314	-	9,398,314	-
End of year	$ 6,827,501	$ 9,794,339	$ 2,966,838	$ 10,419,014	$ 624,675

HOLLAND PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Reporting Unit's proportion of net pension liability (%)	0.26500%	0.24604%	0.21110%	0.20607%	0.23346%	0.23844%	0.24443%	0.24822%	0.25817%	0.26938%
Reporting Unit's proportionate share of net pension liability	$ 53,087,587	$ 60,236,159	$ 68,324,620	$ 77,498,847	$ 55,273,297	$ 81,905,854	$ 80,947,948	$ 74,618,192	$ 66,901,596	$ 67,208,009
Reporting Unit's covered-employee payroll	$ 29,856,920	$ 27,726,062	$ 23,529,207	$ 20,004,812	$ 21,067,861	$ 20,844,356	$ 20,990,969	$ 21,303,461	$ 21,950,188	$ 22,126,619
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	177.81%	217.25%	290.38%	387.40%	262.36%	392.94%	385.63%	350.26%	304.79%	303.74%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

HOLLAND PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required pension contributions	$ 11,371,514	$ 11,694,762	$ 9,899,285	$ 9,255,425	$ 7,415,001	$ 6,864,632	$ 6,486,851	$ 6,464,832	$ 6,473,769	$ 5,068,762
Pension contributions in relation to statutorily required contributions	11,371,514	11,694,762	9,899,285	9,255,425	7,415,001	6,864,632	6,486,851	6,464,832	6,473,769	5,068,762
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll (pension)	$ 29,950,675	$ 29,868,321	$ 26,863,151	$ 23,561,169	$ 19,419,948	$ 19,366,324	$ 20,307,750	$ 21,271,715	$ 21,387,306	$ 21,716,769
Pension contributions as a percentage of covered-employee payroll	37.97%	39.15%	36.85%	39.28%	38.18%	35.45%	31.94%	30.39%	30.27%	23.34%

HOLLAND PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net other postemployment benefits liability (asset) (%)	0.24778%	0.25924%	0.23323%	0.20294%	0.23315%	0.23450%	0.24048%	0.23524%	0.25886%
Reporting Unit's proportionate share of net other post-employment benefits liability (asset)	$ (15,062,625)	$ (11,158,699)	$ (1,319,367)	$ 4,298,435	$ 3,558,702	$ 12,563,040	$ 17,287,046	$ 18,698,784	$ 22,923,658
Reporting Unit's covered-employee payroll	$ 29,856,920	$ 27,726,062	$ 23,529,207	$ 20,004,812	$ 21,067,861	$ 20,844,356	$ 20,990,969	$ 21,303,461	$ 21,950,188
Reporting Unit's proportionate share of net other post-employment benefits liability/ asset as a percentage of its covered-employee payroll	50.45%	40.25%	5.61%	21.49%	16.89%	60.27%	82.35%	87.77%	104.43%
Plan fiduciary net position as a percentage of total other post-employment benefits liability (Non-university employers)	164.94%	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

HOLLAND PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN
LAST TEN FISCAL YEARS (DETERMINED AS OF THE PLAN YEAR ENDED JUNE 30)

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required other postemployment benefits contributions	$ 494,642	$ 150,877	$ 2,165,722	$ 1,833,244	$ 1,835,666	$ 1,809,429	$ 1,791,375	$ 1,765,988	$ 1,750,248
Other postemployment benefits contributions in relation to statutorily required contributions	494,642	150,877	2,165,722	1,833,244	1,835,666	1,809,429	1,791,375	1,765,988	1,750,248
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll (OPEB)	$ 29,950,675	$ 29,868,321	$ 26,863,151	$ 23,561,169	$ 19,419,948	$ 19,366,324	$ 20,307,750	$ 21,271,715	$ 21,387,306
Other postemployment benefits contributions as a percentage of covered-employee payroll	1.65%	0.51%	8.06%	7.78%	9.45%	9.34%	8.82%	8.30%	8.18%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, the District presents information for those years for which information is available.

HOLLAND PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2026

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general fund and special revenue funds. Other funds do not have appropriated budgets.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). The District does not utilize encumbrance accounting.

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

a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.

b. Public hearings are conducted to obtain taxpayer comments.

c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the budgetary comparison schedule.

d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.

e. The final budget was approved prior to June 30, 2026 year-end.

NOTE 2 - BUDGETARY COMPARISON

Significant Variances Between Original and Final Budget

	Variance	Explanation
REVENUES		
Local sources	$ 374,005	Interest income rose more than anticipated from a focus on intensely managing cash flows and keeping funds accumulating interest if not immediately needed. City of Holland tax receipts were adjusted mid fiscal year with better estimates of what a 2026 tax year valuation would look like closer to the end of 2025.

NOTE 2 - BUDGETARY COMPARISON (continued)

Significant Variances Between Original and Final Budget (continued)

	Variance	Explanation
REVENUES (continued)		
State sources	$ 1,763,124	Several categorical funding sources were not known and/or anticipated when original budgets were compiled, such as 27l, 35m, 35j, and GSRP carryover and start up funds.
Federal sources	479,922	GSRP Headstart blended enrollment was not anticipated when compiling original budgets, planning/acceptance proceeded after original budget adoption. Filter First and additional Title I funds were not anticipated until after original budgets were adopted.
Incoming transfers and other	983,785	Medicaid reimbursement capture was made a priority during FY26 to ensure that this revenue stream was maximized and work continues in FY27. Act 18 funds were considerably higher in FY25, and this reflects the adjustment to the reimbursement received in FY26 per the funding formula.
EXPENDITURES		
Instruction - Basic programs	622,936	Considerable effort has been made to reduce labor costs for the district but combining positions and offering part time only positions, as well as reducing health insurance coverage to single subscriber only. Half of the plan year savings from Jan 1, 2026 are reflected here. Further efforts were made to reduce other non-compensation costs that were not anticipated at the time of original budgets.
Supporting services - Instructional staff	(555,848)	English Curriculum and training was perused in FY26 that was not anticipated when compiling original budgets. LTRS training was a new requirement that was not anticipated, and there is additional staffing cost to achieve that standard.
Supporting services - School administration	(457,144)	Additional expenditures incurred from 27l payments, additionally GSRP administration support, and an Assistant Principal for an elementary that was not anticipated in original budgets.

NOTE 2 - BUDGETARY COMPARISON (continued)

Significant Variances Between Final Budget and Actual

	Variance	Explanation
EXPENDITURES		
Instruction - Basic programs	$ 460,061	Considerable effort has been made to reduce labor costs for the district, and other funding sources were utilized to the extent possible for GSRP programming. Other labor costs were reduced over time including leaving positions vacant if possible, and the full effect was not anticipated at the time of final budgeting.
Instruction - Added needs	422,174	Considerable effort has been made to reduce labor costs for the district. Overall health insurance cost savings was not fully anticipated at the time of final budgets. Title I spending was less than anticipated on staffing.

NOTE 3 - PENSION INFORMATION

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of benefit assumptions for each of the reported plan years ended September 30 except for the following:

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

NOTE 4 - OPEB INFORMATION

Benefit Changes

There were no changes of benefit terms for each of the reported plan years ended September 30.

Changes in Assumptions

There were no significant changes of benefit assumptions for each of the reported plan years ended September 30 except for the following:

- 2025 - The health care cost trend rate used in the September 30, 2024, actuarial valuation increased by 0.50 percentage points for members under 65. This increased the plan's total OPEB liability by $267 million in 2025.

- 2024 - The health care cost trend rate used in the September 30, 2023, actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage points for members over 65.

- 2023 - The health care cost trend rate used in the September 30, 2022, actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

- 2022 - The discount rate and investment rate of return used in the September 30, 2021, actuarial valuation decreased by 0.95 percentage point. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional $1.1 billion in 2022.

- 2021 - The health care cost trend rate used in the September 30, 2020, actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.3 billion in 2021.

- 2020 - The health care cost trend rate used in the September 30, 2019, actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by $1.8 billion in 2020.

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

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

ADDITIONAL SUPPLEMENTARY INFORMATION

HOLLAND PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2026

	Special Revenue		Debt Service						Capital Projects	
	Food Service	Student/School Activities	2010 Building and Site Bond	2014 Refunding Bond	2021 Building and Site Bond	2023 Building and Site Bond	2024 Refunding Bond	2025 Building and Site Bond	Property Sales	Totals
ASSETS										
Cash and cash equivalents	$ 19,091	$ 644,444	$ 3,315,488	$ 840,272	$ 941,015	$ 842,707	$ 514,412	$ 857,897	$ -	$ 7,975,326
Investments	-	284,282	-	-	-	-	-	-	1,910,424	2,194,706
Receivables										
Intergovernmental	154,522	-	-	-	-	-	-	-	-	154,522
Due from other funds	-	51,059	207,841	-	34,412	50,756	57,015	27,698	-	428,781
Inventories	4,451	-	-	-	-	-	-	-	-	4,451
TOTAL ASSETS	$ 178,064	$ 979,785	$ 3,523,329	$ 840,272	$ 975,427	$ 893,463	$ 571,427	$ 885,595	$ 1,910,424	$ 10,757,786
LIABILITIES AND FUND BALANCES										
LIABILITIES										
Accounts payable	$ 27,003	$ 17,265	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 44,268
Accrued salaries and related items	7,821	-	-	-	-	-	-	-	-	7,821
Accrued retirement	3,044	-	-	-	-	-	-	-	-	3,044
Unearned revenue	8,977	-	-	-	-	-	-	-	-	8,977
Due to other funds	47,598	-	-	840,272	-	-	-	-	-	887,870
TOTAL LIABILITIES	94,443	17,265	-	840,272	-	-	-	-	-	951,980
FUND BALANCES										
Nonspendable										
Inventories	4,451	-	-	-	-	-	-	-	-	4,451
Restricted for:										
Food service	79,170	-	-	-	-	-	-	-	-	79,170
Debt service	-	-	3,523,329	-	975,427	893,463	571,427	885,595	-	6,849,241
Committed										
Student/school activities	-	962,520	-	-	-	-	-	-	-	962,520
Assigned for:										
Capital projects	-	-	-	-	-	-	-	-	1,910,424	1,910,424
TOTAL FUND BALANCES	83,621	962,520	3,523,329	-	975,427	893,463	571,427	885,595	1,910,424	9,805,806
TOTAL LIABILITIES AND FUND BALANCES	$ 178,064	$ 979,785	$ 3,523,329	$ 840,272	$ 975,427	$ 893,463	$ 571,427	$ 885,595	$ 1,910,424	$ 10,757,786

HOLLAND PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2026

	Special Revenue		Debt Service						Capital Projects		
	Food Service	Student/School Activities	2010 Building and Site Bond	2014 Refunding Bond	2021 Building and Site Bond	2023 Building and Site Bond	2024 Refunding Bond	2025 Building and Site Bond	Formerly Nonmajor Sinking Fund	Property Sales	Total
REVENUES											
Local sources											
Property taxes	$ -	$ -	$ 628,128	$ -	$ 911,798	$ 2,208,579	$ 3,870,079	$ 1,965,433	$ -	$ -	$ 9,584,017
Food sales	235,123	-	-	-	-	-	-	-	-	-	235,123
Student/school activities	-	335,938	-	-	-	-	-	-	-	-	335,938
Investment earnings	2,698	24,645	102,440	-	35,357	53,476	47,815	30,006	-	74,635	371,072
Other	-	24,500	-	-	-	-	-	-	-	-	24,500
Total local sources	237,821	385,083	730,568	-	947,155	2,262,055	3,917,894	1,995,439	-	74,635	10,550,650
State sources	332,085	-	73,164	-	44,331	107,379	188,160	95,558	-	-	840,677
Federal sources	2,246,037	-	291,766	-	-	-	-	-	-	-	2,537,803
TOTAL REVENUES	2,815,943	385,083	1,095,498	-	991,486	2,369,434	4,106,054	2,090,997	-	74,635	13,929,130
EXPENDITURES											
Current											
Food service activities	2,797,873	-	-	-	-	-	-	-	-	-	2,797,873
Student/school activities	-	345,147	-	-	-	-	-	-	-	-	345,147
Debt service											
Principal repayment	-	-	-	-	-	675,000	3,100,000	875,000	-	-	4,650,000
Interest	-	-	222,075	-	647,550	1,680,025	1,480,500	329,902	-	-	4,360,052
Other	-	-	651	-	501	500	500	500	-	-	2,652
TOTAL EXPENDITURES	2,797,873	345,147	222,726	-	648,051	2,355,525	4,581,000	1,205,402	-	-	12,155,724
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	18,070	39,936	872,772	-	343,435	13,909	(474,946)	885,595	-	74,635	1,773,406
FUND BALANCES											
Beginning of year, as previously stated	65,551	922,584	2,650,557	-	631,992	879,554	1,046,373	-	8,776,938	1,835,789	16,809,338
Adjustments to beginning fund balance	-	-	-	-	-	-	-	-	(8,776,938)	-	(8,776,938)
Beginning of year, as restated	65,551	922,584	2,650,557	-	631,992	879,554	1,046,373	-	-	1,835,789	8,032,400
End of year	$ 83,621	$ 962,520	$ 3,523,329	$ -	$ 975,427	$ 893,463	$ 571,427	$ 885,595	$ -	$ 1,910,424	$ 9,805,806

HOLLAND PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2026

2010 Building and Site Bonds - Series A

Principal Due May 1	Interest Due May 1	Interest Due November 1	Debt Service Requirement for Fiscal Year June 30,	Debt Service Requirement for Fiscal Year Amount
$ 3,525,000	$ 111,038	$ 111,038	2027	$ 3,747,076

The above bonds were issued May 4, 2010, for the purpose of erecting, furnishing, and equipping additions to and remodeling, refurnishing, and re-equipping, including HVAC controls and boilers, two former elementary buildings for new educational purposes, and remodeling, refurnishing, and re-equipping K-7 buildings; acquiring and installing educational technology system improvements; and developing and improving sites. The bonds carry an interest rate of 6.30%. The amount of the original issue was $15,000,000.

HOLLAND PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2026

2021 Building and Site Bonds

Principal Due November 1	Interest Due May 1	Interest Due November 1	Debt Service Requirement for Fiscal Year June 30,	Debt Service Requirement for Fiscal Year Amount
$ 165,000	$ 319,650	$ 323,775	2027	$ 808,425
270,000	312,900	319,650	2028	902,550
270,000	306,150	312,900	2029	889,050
270,000	299,400	306,150	2030	875,550
270,000	292,650	299,400	2031	862,050
270,000	285,900	292,650	2032	848,550
270,000	281,850	285,900	2033	837,750
270,000	277,800	281,850	2034	829,650
270,000	273,750	277,800	2035	821,550
1,920,000	244,950	273,750	2036	2,438,700
1,920,000	216,150	244,950	2037	2,381,100
1,920,000	187,350	216,150	2038	2,323,500
1,915,000	158,625	187,350	2039	2,260,975
1,915,000	129,900	158,625	2040	2,203,525
1,915,000	101,175	129,900	2041	2,146,075
1,915,000	72,450	101,175	2042	2,088,625
1,915,000	43,725	72,450	2043	2,031,175
1,915,000	15,000	43,725	2044	1,973,725
1,000,000	-	15,000	2045	1,015,000
$ 20,575,000	$ 3,819,375	$ 4,143,150		$ 28,537,525

The above bonds were issued June 30, 2021, for the purpose of erecting additions to school buildings; remodeling, including security improvements to, furnishing and refurnishing and equipping, and re-equipping school buildings; erecting school support buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; purchasing school buses; equipping, developing and improving playgrounds, play fields, athletic fields and facilities, driveways, parking areas and sites. The bonds carry an interest rate of 3.00% to 5.00%. The amount of the original issue was $23,355,000 and was the first series of the 2021 bond authorization not to exceed $74,650,000.

HOLLAND PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2026

2023 Building and Site Bonds

Principal Due November 1	Interest Due May 1	Interest Due November 1	Debt Service Requirement for Fiscal Year June 30,	Debt Service Requirement for Fiscal Year Amount
$ 1,190,000	$ 801,825	$ 831,575	2027	$ 2,823,400
1,180,000	772,325	801,825	2028	2,754,150
1,350,000	738,575	772,325	2029	2,860,900
1,680,000	696,575	738,575	2030	3,115,150
1,895,000	649,200	696,575	2031	3,240,775
1,790,000	604,450	649,200	2032	3,043,650
2,000,000	554,450	604,450	2033	3,158,900
2,115,000	501,575	554,450	2034	3,171,025
2,145,000	447,950	501,575	2035	3,094,525
2,225,000	392,325	447,950	2036	3,065,275
2,245,000	336,200	392,325	2037	2,973,525
2,235,000	280,325	336,200	2038	2,851,525
2,225,000	224,700	280,325	2039	2,730,025
2,195,000	180,800	224,700	2040	2,600,500
2,155,000	137,700	180,800	2041	2,473,500
2,115,000	95,400	137,700	2042	2,348,100
2,080,000	53,800	95,400	2043	2,229,200
1,700,000	19,800	53,800	2044	1,773,600
990,000	-	19,800	2045	1,009,800
$ 35,510,000	$ 7,487,975	$ 8,319,550		$ 51,317,525

The above bonds were issued May 4, 2023, for the purpose of erecting additions to school buildings; remodeling, including security improvements to, furnishing and refurnishing and equipping and re-equipping school buildings; erecting school support buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; purchasing school buses; equipping, developing and improving playgrounds, play fields, athletic fields and facilities, driveways, parking areas and sites; and paying the cost of issuing the Bonds. The bonds carry an interest rate of 4.00% to 5.00%. The amount of the original issue was $36,885,000 and was the second series of the 2021 bond authorization not to exceed $74,650,000.

HOLLAND PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2026

2024 Refunding Bonds

Principal Due November 1	Interest Due May 1	Interest Due November 1	Debt Service Requirement for Fiscal Year June 30,	Debt Service Requirement for Fiscal Year Amount
$ 3,100,000	$ 624,000	$ 701,500	2027	$ 4,425,500
3,105,000	546,375	624,000	2028	4,275,375
3,140,000	467,875	546,375	2029	4,154,250
3,050,000	391,625	467,875	2030	3,909,500
3,095,000	314,250	391,625	2031	3,800,875
3,175,000	234,875	314,250	2032	3,724,125
3,160,000	155,875	234,875	2033	3,550,750
3,160,000	76,875	155,875	2034	3,392,750
3,075,000	-	76,875	2035	3,151,875
$ 28,060,000	$ 2,811,750	$ 3,513,250		$ 34,385,000

The above bonds were issued March 27, 2024, for the purpose of refunding the 2014 Refunding Bonds. The bonds carry an interest rate of 5.00%. The amount of the original issue was $34,580,000.

HOLLAND PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2026

2025 Building and Site Bonds

Principal Due November 1	Interest Due May 1	Interest Due November 1	Debt Service Requirement for Fiscal Year June 30,	Debt Service Requirement for Fiscal Year Amount
$ 35,000	$ 132,569	$ 133,619	2027	$ 301,188
35,000	131,519	132,569	2028	299,088
40,000	130,319	131,519	2029	301,838
40,000	129,319	130,319	2030	299,638
40,000	128,319	129,319	2031	297,638
40,000	127,319	128,319	2032	295,638
45,000	126,194	127,319	2033	298,513
45,000	125,069	126,194	2034	296,263
45,000	123,944	125,069	2035	294,013
495,000	111,569	123,944	2036	730,513
490,000	101,769	111,569	2037	703,338
480,000	92,169	101,769	2038	673,938
475,000	82,669	92,169	2039	649,838
470,000	73,269	82,669	2040	625,938
460,000	64,069	73,269	2041	597,338
455,000	54,969	64,069	2042	574,038
445,000	46,069	54,969	2043	546,038
435,000	37,369	46,069	2044	518,438
425,000	28,603	37,369	2045	490,972
475,000	18,806	28,603	2046	522,409
470,000	8,819	18,806	2047	497,625
415,000	-	8,819	2048	423,819
$ 6,355,000	$ 1,874,720	$ 2,008,339		$ 10,238,059

The above bonds were issued March 20, 2025 for the purpose of erecting additions to school buildings; remodeling, including security improvements to, furnishing and refurnishing and equipping and re-equipping school buildings; erecting school support buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; purchasing school buses; equipping, developing and improving playgrounds, play fields, athletic fields and facilities, driveways, parking areas and sites; and paying the cost of issuing the Bonds. The bonds carry an interest rate of 4.00% to 6.00%. The amount of the original issue was $7,230,000 and was the third and final series of the 2021 bond authorization not to exceed $74,650,000.

HOLLAND PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2026

2026 Building and Site Bonds

Principal Due November 1	Interest Due May 1	Interest Due November 1	Debt Service Requirement for Fiscal Year June 30,	Debt Service Requirement for Fiscal Year Amount
$ 535,000	$ 513,625	$ 527,000	2027	$ 1,575,625
100,000	511,125	513,625	2028	1,124,750
190,000	506,375	511,125	2029	1,207,500
180,000	501,875	506,375	2030	1,188,250
180,000	497,375	501,875	2031	1,179,250
175,000	493,000	497,375	2032	1,165,375
175,000	488,625	493,000	2033	1,156,625
175,000	484,250	488,625	2034	1,147,875
175,000	479,875	484,250	2035	1,139,125
995,000	455,000	479,875	2036	1,929,875
1,000,000	430,000	455,000	2037	1,885,000
1,005,000	404,875	430,000	2038	1,839,875
1,005,000	379,750	404,875	2039	1,789,625
1,000,000	354,750	379,750	2040	1,734,500
995,000	329,875	354,750	2041	1,679,625
995,000	305,000	329,875	2042	1,629,875
990,000	280,250	305,000	2043	1,575,250
980,000	255,750	280,250	2044	1,516,000
980,000	231,250	255,750	2045	1,467,000
980,000	206,750	231,250	2046	1,418,000
980,000	182,250	206,750	2047	1,369,000
980,000	157,750	182,250	2048	1,320,000
975,000	133,375	157,750	2049	1,266,125
975,000	109,000	133,375	2050	1,217,375
975,000	84,625	109,000	2051	1,168,625
975,000	60,250	84,625	2052	1,119,875
975,000	35,875	60,250	2053	1,071,125
720,000	17,875	35,875	2054	773,750
715,000	-	17,875	2055	732,875
$ 21,080,000	$ 8,890,375	$ 9,417,375		$ 39,387,750

The above bonds were issued March 26, 2026 for the purpose of erecting additions to school buildings; remodeling, including security improvements to, furnishing and refurnishing and equipping and re-equipping school buildings; erecting school support buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; purchasing school buses; equipping, developing and improving playgrounds, play fields, athletic fields and facilities, driveways, parking areas and sites; and paying the cost of issuing the Bonds. The bonds carry an interest rate of 5.00%. The amount of the original issue was $21,080,000 and was the first of the 2025 bond authorization not to exceed $49,225,000.

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

To the Board of Education
Holland Public Schools

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 Holland Public Schools, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Holland Public Schools' basic financial statements, and have issued our report thereon dated October 8, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Maner Costerisan PC

Lansing, Michigan
October 8, 2026