
Warren Woods Public Schools

**Financial Report
with Supplementary Information
June 30, 2026**

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Independent Auditor's Report

To the Board of Education
Warren Woods Public Schools

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying 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 Warren Woods Public Schools as of June 30, 2026 and the respective changes in its 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for 12 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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, which 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 Warren Woods Public Schools' basic financial statements. The supplementary information, as identified in the table of contents, is presented for the purpose 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Board of Education
Warren Woods Public Schools

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2026 on our consideration of Warren Woods Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Warren Woods 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 Warren Woods Public Schools' internal control over financial reporting and compliance.

Plante & Moreau, PLLC

October 14, 2026

This section of the annual financial report for Warren Woods Public Schools (the "School District") presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2026. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Warren Woods Public Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund and the 2025 Capital Projects Fund, with all other funds presented in one column as nonmajor funds. This report is composed of the following elements:

Management's Discussion and Analysis (MD&A) (Required Supplementary Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplementary Information

Budgetary Comparison Schedule - General Fund

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

Schedule of the School District's Pension Contributions

Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)

Schedule of the School District's OPEB Contributions

Notes to Required Supplementary Information

Other Supplementary Information

Reporting the School District as a Whole - Government-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the School District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position, as reported in the statement of activities, are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, food services, enrichment, student stores, debt retirement, and internal services. Property taxes, unrestricted state aid, and state and federal grants finance most of these activities.

Reporting the School District's Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Service Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

Governmental Funds

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

Warren Woods Public Schools

Management's Discussion and Analysis (Continued)

Overall Financial Summary

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2026 and 2025:

	Governmental Activities	
	2026	2025
	(in millions)	
Assets		
Current and other assets	\$ 68.3	\$ 74.5
Capital assets	67.2	57.8
Total assets	135.5	132.3
Deferred Outflows of Resources	16.2	21.0
Liabilities		
Current liabilities	10.3	12.1
Noncurrent liabilities	66.0	71.0
Net pension liability	48.9	59.5
Total liabilities	125.2	142.6
Deferred Inflows of Resources	32.9	34.4
Net Position (Deficit)		
Net investment in capital assets	15.6	13.5
Restricted	18.8	13.2
Unrestricted	(40.8)	(50.4)
Total net position (deficit)	<u>\$ (6.4)</u>	<u>\$ (23.7)</u>

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(6.4) million at June 30, 2026. Net investment in capital assets, totaling \$15.6 million, compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. This includes \$15.6 million for other postemployment benefits (OPEB), \$0.9 million for debt service, and \$2.3 million for capital projects. The remaining amount of net position, \$(40.8) million, was unrestricted.

The \$(40.8) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact of recording the School District's share of the net pension liability and OPEB asset from the state-managed retirement system. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund and the change in the net pension liability and OPEB asset will have a significant impact on the change in unrestricted net position from year to year.

Warren Woods Public Schools

Management's Discussion and Analysis (Continued)

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2026 and 2025:

	Governmental Activities	
	2026	2025
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 1.3	\$ 1.3
Operating grants	21.3	24.6
General revenue:		
Taxes	10.8	10.4
State aid not restricted to specific purposes	31.2	28.8
Other	2.6	2.3
Total revenue	67.2	67.4
Expenses		
Instruction	22.8	24.5
Support services	16.2	19.7
Bookstores	0.1	0.1
Athletics	0.5	0.6
Food services	1.9	2.7
Child care	0.7	0.8
Community services	0.4	0.3
Debt service	2.5	1.7
Depreciation expense (unallocated)	4.8	4.5
Total expenses	49.9	54.9
Change in Net Position	17.3	12.5
Net Position (Deficit) - Beginning of year	(23.7)	(36.2)
Net Position (Deficit) - End of year	<u><u>\$ (6.4)</u></u>	<u><u>\$ (23.7)</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$49.9 million. Certain activities were partially funded from those who benefited from the programs (\$1.3 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$21.3 million). We paid for the remaining public benefit portion of our governmental activities with \$10.8 million in taxes, \$31.2 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$17.3 million. Operating grants and contributions decreased by \$3.3 million as a result of a decreased allocation of state aid categoricals and other federal and local grants. Property taxes increased by \$475,351, in part from increased taxable values. State aid not restricted increased by \$2.4 million, driven by an increase of \$442 per pupil in foundation allowance funding and an increase of 46.70 FTE pupils. Other revenue increased by \$313,660 mainly due to an increase in interest and investment earnings.

Warren Woods Public Schools

Management's Discussion and Analysis (Continued)

Total expenses decreased by approximately \$5.0 million during fiscal year 2025-2026, from \$54.9 million to \$49.9 million. The decrease was primarily attributable to favorable pension and OPEB accounting adjustments, required under GASB 68 and GASB 75, respectively. These accounting adjustments reduced reported expenses in both instructional and support service functions; support services decreased by approximately \$3.5 million, while instruction decreased by approximately \$1.7 million. These reductions were largely accounting driven and do not necessarily reflect decreases in program offerings or services provided to students. The School District continued to maintain educational programs, support services, and facility operations while investing in voter-approved capital improvements throughout the year. These decreases were partially offset by increases in debt service costs. Debt service costs rose from \$1.7 million to \$2.5 million, primarily due to interest costs associated with the School District's outstanding bond obligations, including the 2025 bond issue. Scheduled principal payments of approximately \$4.5 million reduced outstanding long-term debt during the fiscal year.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

Financial Summary of Individual Funds

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the School District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the School District's overall financial health.

As the School District completed this year, the governmental funds reported a combined fund balance of \$42.9 million, which is a decrease of \$9.7 million from last year. The primary reasons for the decrease are attributable to planned expenditures from voter-approved bond proceeds for capital improvement projects throughout the School District.

The General Fund is the School District's primary operating fund. During the fiscal year, fund balance increased by approximately \$1.8 million to \$18.8 million. The increase is due to continued fiscal discipline, conservative budgeting practices, stable state funding, and careful monitoring of expenditures.

Fund balance of our 2025 Capital Projects Fund decreased by \$8.9 million. This decrease is due to continued construction-related activities, technology upgrades, and school bus and furniture and equipment replacements.

Significant Capital Asset and Long-term Financing Activity

Capital Assets

As of June 30, 2026 and 2025, the School District had \$67.2 million and \$57.8 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This total represents a net increase (including additions, disposals, and depreciation) of approximately \$9.4 million from 2025 to 2026.

	2026	2025
Land	\$ 4,000	\$ 4,000
Construction in progress	5,979,542	4,166,786
Buildings and improvements	48,738,409	42,798,000
Furniture and equipment	6,503,759	7,239,953
Buses and other vehicles	1,037,751	928,347
Land improvements	4,982,278	2,700,779
Total capital assets - Net of accumulated depreciation	<u>\$ 67,245,739</u>	<u>\$ 57,837,865</u>

This year's additions were mainly related to the School District's 2020 and 2025 bond issues, as well as the 2023 energy bond. Projects include HVAC upgrades, roof replacements, parking lot improvements, new playground equipment, new classroom flooring, interior and exterior classroom door and door hardware replacements, new classroom furniture, and school buses. As of June 30, 2026, \$6 million of construction in progress is related to several major capital projects that will continue into the 2026-2027 fiscal year. More detailed information about the School District's capital assets is presented in the notes to the financial statements.

Debt

At the end of this year, the School District had \$60.6 million in bonds outstanding versus \$65.1 million in the previous year. The decrease was a result of paying down \$4.5 million of existing outstanding debt in accordance with scheduled repayments.

The School District's general obligation bond rating continues to be AA. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of \$6.7 million is significantly below this \$169.3 million statutorily imposed limit.

Other obligations include accrued vacation pay and sick leave. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Currently Known Facts, Decisions, or Conditions

Warren Woods Public Schools continues to have strong General Fund reserves; the total available fund balance is 35.25 percent of 2026 expenditures, including the Special Education Center Program Fund. The 2026-2027 fiscal year budget anticipates the use of \$1.9 million from the fund balance. Continued attention will be focused on strong expenditure controls and close monitoring of revenue changes based on state funding and student count to help reduce this deficit spending.

The following factors will affect the School District in the future and were considered in preparing the School District's budget for fiscal year 2026-2027:

At the time of adoption, the State Aid Act for 2026-2027 was not approved, so the Board of Education and administration had to make many assumptions to set the original budget for fiscal year 2026-2027. The Board of Education and administration considered the budget proposals from the governor, Senate, and House, as well as information provided from various educational organizations, such as the Michigan School Business Officials, Michigan Association of School Administrators, and the Michigan Association of School Boards to develop the assumptions included in the original budget. Those budget assumptions included an increase to the per pupil foundation allowance by \$250 per pupil, resulting in a \$10,300 per pupil foundation allowance. Also included is a total pupil count of 3,070, which reflects an assumption of no change in the overall student enrollment for the 2026-2027 school year.

Expenditures for 2026-2027 are estimated to be \$52.1 million and include adjusted teaching positions due to enrollment, caseloads, and student schedules. The increases in wages and benefits previously bargained with all four of the School District's bargaining groups are included in the original budget adoption. The district's average overall retirement contribution rate is projected to decrease to 39.73 percent of payroll, with the net cost to the district budgeted to decrease by 1.51 percent. The district is also anticipating a decrease in the pass-through unfunded actuarial accrued liability (UAAL) rate from 15.02 percent to 13.51 percent, reducing both revenue and expenditures to be reported. Additional cost pressures continue to come from increases in the required public employer contributions to medical benefit plans for its employees, increases in utility rates, and increased costs to maintain the School District's facilities. A full listing of all of the assumptions used in setting the original 2026-2027 budget can be found on the School District's website.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact:

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Statement of Net Position
June 30, 2026

	Governmental Activities
Assets	
Cash and investments (Note 4)	\$ 25,109,264
Receivables:	
Interest receivable	152,369
Accounts receivable	167,131
Due from other governments	8,503,023
Inventories	52,751
Prepaid costs and other assets	87,073
Restricted assets (Note 4)	18,599,349
Net OPEB asset (Note 10)	15,632,401
Capital assets - Net (Note 6)	67,245,739
Total assets	135,549,100
Deferred Outflows of Resources	
Deferred pension costs (Note 10)	13,245,659
Deferred OPEB costs (Note 10)	2,993,295
Total deferred outflows of resources	16,238,954
Liabilities	
Accounts payable	1,562,017
Due to other governmental units	774,417
Accrued liabilities and other	6,240,789
Unearned revenue (Note 5)	1,675,859
Noncurrent liabilities:	
Due within one year (Note 8)	5,070,569
Due in more than one year (Note 8)	60,909,203
Net pension liability (Note 10)	48,970,160
Total liabilities	125,203,014
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the report date	3,990,836
Deferred pension cost reduction (Note 10)	15,615,213
Deferred OPEB cost reduction (Note 10)	13,339,576
Total deferred inflows of resources	32,945,625
Net Position (Deficit)	
Net investment in capital assets	15,566,675
Restricted:	
Debt	920,050
Capital projects	2,271,041
Net OPEB asset	15,632,401
Unrestricted	(40,750,752)
Total net position (deficit)	\$ (6,360,585)

Warren Woods Public Schools

Statement of Activities

Year Ended June 30, 2026

	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 22,809,825	\$ 64,415	\$ 12,080,089	\$ (10,665,321)
Support services	16,160,671	-	6,504,663	(9,656,008)
Bookstores	44,147	48,292	-	4,145
Athletics	546,548	40,057	-	(506,491)
Food services	1,887,516	166,942	2,699,555	978,981
Child care	732,000	966,291	-	234,291
Community services	440,136	-	-	(440,136)
Interest	2,480,824	-	-	(2,480,824)
Other debt costs	2,121	-	-	(2,121)
Depreciation expense (unallocated)	4,806,027	-	-	(4,806,027)
Total primary government	\$ 49,909,815	\$ 1,285,997	\$ 21,284,307	(27,339,511)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				4,666,938
Property taxes, levied for debt service				6,167,158
State aid not restricted to specific purposes				31,233,041
Interest and investment earnings				1,892,493
Penalties, interest, and other taxes				11,214
Gain on sale of capital assets				26,884
Other:				
Student activity revenue				598,249
Miscellaneous income				136,378
Total general revenue				44,732,355
Change in Net Position				17,392,844
Net Position (Deficit) - Beginning of year				(23,753,429)
Net Position (Deficit) - End of year				\$ (6,360,585)

Warren Woods Public Schools

Governmental Funds Balance Sheet

June 30, 2026

	General Fund	2025 Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Assets				
Cash and investments (Note 4)	\$ 20,054,193	\$ -	\$ 5,055,071	\$ 25,109,264
Receivables:				
Interest receivable	80,893	71,476	-	152,369
Accounts receivable	15,730	-	151,401	167,131
Due from other governments	8,503,023	-	-	8,503,023
Due from other funds (Note 7)	-	-	1,648,537	1,648,537
Inventories	-	-	52,751	52,751
Prepaid costs and other assets	87,073	-	-	87,073
Restricted assets (Note 4)	-	14,745,810	3,853,539	18,599,349
Total assets	\$ 28,740,912	\$ 14,817,286	\$ 10,761,299	\$ 54,319,497
Liabilities				
Accounts payable	\$ 353,230	\$ 583,863	\$ 624,924	\$ 1,562,017
Due to other governmental units	774,359	-	58	774,417
Due to other funds (Note 7)	1,648,533	-	4	1,648,537
Accrued liabilities and other	5,766,747	-	-	5,766,747
Unearned revenue (Note 5)	1,410,337	-	265,522	1,675,859
Total liabilities	9,953,206	583,863	890,508	11,427,577
Fund Balances				
Nonspendable:				
Inventories	-	-	52,751	52,751
Prepaid costs	87,073	-	-	87,073
Restricted:				
Debt service	-	-	1,394,092	1,394,092
Capital projects (unspent bond proceeds)	-	14,233,423	1,914,603	16,148,026
Food service	-	-	2,706,776	2,706,776
Committed:				
Compensated absences	423,723	-	-	423,723
Child care	-	-	682,596	682,596
Student activities	-	-	496,184	496,184
Bookstore	-	-	26,186	26,186
Tax tribunal cases	100,000	-	-	100,000
Assigned:				
Capital replacements	-	-	2,597,603	2,597,603
Working capital	7,198,162	-	-	7,198,162
Subsequent year budget shortfall	1,878,127	-	-	1,878,127
Unassigned	9,100,621	-	-	9,100,621
Total fund balances	18,787,706	14,233,423	9,870,791	42,891,920
Total liabilities and fund balances	\$ 28,740,912	\$ 14,817,286	\$ 10,761,299	\$ 54,319,497

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2026

Fund Balances Reported in Governmental Funds	\$ 42,891,920
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets are not financial resources and are not reported in the funds:	
Cost of capital assets	138,485,201
Accumulated depreciation	<u>(71,239,462)</u>
Net capital assets used in governmental activities	67,245,739
Bonds payable obligations and related premiums are not due and payable in the current period and are not reported in the funds	(65,534,231)
Accrued interest is not due and payable in the current period and is not reported in the funds	(474,042)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(423,723)
Net pension liability and related deferred inflows and outflows	(51,339,714)
Net OPEB asset and related deferred inflows and outflows	5,286,120
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	(3,990,836)
Other long-term liabilities, such as arbitrage liability, do not present a claim on current financial resources and are not reported as fund liabilities	<u>(21,818)</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (6,360,585)</u></u>

Warren Woods Public Schools

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2026

	General Fund	2025 Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
Revenue				
Local sources	\$ 5,607,143	\$ 797,590	\$ 8,353,694	\$ 14,758,427
State sources	39,540,629	-	2,723,728	42,264,357
Federal sources	2,042,910	-	2,637,054	4,679,964
Interdistrict and other sources	3,412,601	-	2,913,546	6,326,147
Other	-	-	3,001	3,001
Total revenue	50,603,283	797,590	16,631,023	68,031,896
Expenditures				
Current:				
Instruction	28,764,165	-	2,399,299	31,163,464
Support services	18,522,143	901	2,661,358	21,184,402
Bookstores	-	-	44,147	44,147
Athletics	719,819	-	-	719,819
Food services	-	-	2,321,344	2,321,344
Child care	-	-	1,035,714	1,035,714
Community services	440,136	-	-	440,136
Debt service:				
Principal	-	-	4,490,000	4,490,000
Interest	-	-	3,034,946	3,034,946
Other debt costs	-	-	2,121	2,121
Capital outlay	294,104	9,648,676	3,469,802	13,412,582
Total expenditures	48,740,367	9,649,577	19,458,731	77,848,675
Excess of Revenue Over (Under) Expenditures	1,862,916	(8,851,987)	(2,827,708)	(9,816,779)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	70,045	70,045
Transfers in	869,160	-	1,319,758	2,188,918
Transfers out	(949,274)	-	(1,239,644)	(2,188,918)
Total other financing (uses) sources	(80,114)	-	150,159	70,045
Net Change in Fund Balances	1,782,802	(8,851,987)	(2,677,549)	(9,746,734)
Fund Balances - Beginning of year	17,004,904	23,085,410	12,548,340	52,638,654
Fund Balances - End of year	\$ 18,787,706	\$ 14,233,423	\$ 9,870,791	\$ 42,891,920

Warren Woods Public Schools

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2026

Net Change in Fund Balances Reported in Governmental Funds	\$ (9,746,734)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	14,257,062
Depreciation expense	(4,806,027)
Net book value of assets disposed of	(43,161)
Revenue in support of pension contributions made subsequent to the measurement date	(756,121)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	5,029,865
Interest expense is recognized in the government-wide statements as it accrues	36,075
Some employee costs (pension, OPEB, or compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	13,443,703
Arbitrage liability that does not use current financial resources are not reported as expenditures in the governmental funds	(21,818)
Change in Net Position of Governmental Activities	<u>\$ 17,392,844</u>

June 30, 2026**Note 1 - Nature of Business**

Warren Woods Public Schools (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies***Accounting and Reporting Principles***

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue 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 statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

June 30, 2026**Note 2 - Significant Accounting Policies (Continued)*****Fund Accounting***

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into the following fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The 2025 Capital Projects Fund is used to record the 2025 bond proceeds and expenditures related to the voter-approved capital improvements.

Additionally, the School District reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.
- Capital projects funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology upgrades; remodeling and repairs; and energy conservation improvements. The funds operate until the purpose for which they were created is accomplished.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Interfund Activity

During the course of operations, the School 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, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

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

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

June 30, 2026**Note 2 - Significant Accounting Policies (Continued)**

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

Proprietary funds and fiduciary funds, as applicable, use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions**Cash and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value except for investments in external investment pools, which are valued at amortized cost.

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Inventories accounted for using the purchase method are recorded as expenditures when purchased and include all inventories of governmental funds other than commodities within the Food Service Fund. Inventories accounted for using the consumption method are recorded as expenditures when consumed rather than when purchased and include commodities within the Food Service Fund. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable.

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the bonded capital projects funds required to be set aside for construction or other allowable bond purchases
- Unspent property taxes levied held in the debt service funds required to be set aside for future bond principal and interest payments

Capital Assets

Capital assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Note 2 - Significant Accounting Policies (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings and improvements	20-50
Furniture and equipment	5-10
Buses and other vehicles	5-10
Land improvements	20

Long-term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School District reports deferred outflows related to deferred charges on refundings and deferred pension and OPEB plan costs.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan cost reductions.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

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

June 30, 2026**Note 2 - Significant Accounting Policies (Continued)****Fund Balance Flow Assumptions**

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, 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 nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the Board of Education or superintendent to assign fund balance. 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 exist only 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.

The fund balance policy prescribes the minimum fund balance as 15 percent of expenditures in the General Fund. This is deemed by the School District to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year. If the total fund balance of the General Fund falls below the goal, it shall be recovered at a rate of at least 1 percent each year.

Property Tax Revenue

Properties are assessed as of December 31, and the related property taxes become a lien on July 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Taxes are considered to be delinquent on March 1 of the following year. At this time, penalties and interest are assessed, and the total obligation is added to the county tax rolls. All property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

June 30, 2026**Note 2 - Significant Accounting Policies (Continued)****Grants and Contributions**

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as noncapital subsidies revenue. Amounts restricted to capital acquisitions are reported as other nonoperating revenue.

Pension and Other Postemployment Benefit (OPEB) Plans

For the purpose of measuring the net pension liability and net OPEB asset, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave)

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for leave that is more likely than not to be used for time off in a future period or otherwise paid or settled based on historical usage and employment patterns. Vacation pay is accrued when incurred. Both of these are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

Use of Estimates

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

Adoption of New Accounting Pronouncement

During the current year, the School District adopted GASB Statement No. 103, *Financial Reporting Model Improvements*. The new accounting standard impacted the organization and disclosure requirements of management's discussion and analysis and budgetary comparison disclosures in the required supplementary information. The adoption of the new standard did not have a material impact on the School District's financial statements.

Upcoming Accounting Pronouncement

In December 2025, the Governmental Accounting Standards Board issued Statement No. 105, *Subsequent Events*, which improves financial reporting requirements for subsequent events by clarifying the subsequent events time frame and the distinction between recognized and nonrecognized events. This statement also establishes specific note disclosure requirements and requires disclosure of the date through which subsequent events have been evaluated. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2027.

June 30, 2026**Note 3 - Stewardship, Compliance, and Accountability*****Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund except that transfers in and transfers out are reported net and capital outlay expenditures are reported in other functional expenditure categories. Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for all special revenue funds except that expenditures are budgeted by object rather than functional categories. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. The required supplementary information - budgetary comparison schedules are presented on the same basis of accounting used to prepare the budget, which includes certain items having classifications that differ from the statement of revenue, expenditures, and changes in fund balances. During the year, the budget was amended in a legally permissible manner. The School District amended the General Fund budgeted amounts during the year to reflect changes in funding from the state and federal sources.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders and contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Capital Projects Fund Compliance

The 2020 and 2025 Capital Projects funds include capital project activities funded with bonds issued after May 1, 1994. For the 2025 Capital Projects Fund, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code. This fund is not yet considered substantially complete.

For the 2020 Capital Projects Fund, the projects for which the bonds were issued were considered complete during a prior period, and the School District has completed the required reporting to the Michigan Department of Treasury.

Note 4 - Deposits and Investments

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

The School District has designated four financial institutions for the deposits and investments of its funds.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost except for 1-day minimum investment period on MILAF cash management funds and a 14-day redemption limitation on MILAF MAX Class funds.

June 30, 2026

Note 4 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District had bank deposits totaling \$6,979,169 (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a policy for custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's investment policy prohibit investments in foreign currency.

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. The School District does not have any investments subject to concentration of credit risk.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices.

At year end, the credit quality ratings of investment pools are as follows:

Security and Rating Agency	Rating	Carrying Value
MILAF Investment Pool - Cash Management Class (S&P)	AAAm	\$ 4,075,209
MILAF Investment Pool - MAX Class (S&P)	AAAm	15,837,150
MILAF Investment Pool - Term Series (Fitch)	AAAF	20,000,000
Total		<u>\$ 39,912,359</u>

Investments in Entities that Calculate Net Asset Value per Share

The School District holds shares or interests in the Michigan Liquid Asset Fund (MILAF) Term Series, 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.

June 30, 2026

Note 4 - Deposits and Investments (Continued)

As of June 30, 2026, the fair value of the School District's investments in the MILAF Term Series was \$20,000,000. The investment pool had no unfunded commitments. The MILAF Term Series allows for the School District to set a specific redemption date upon initiation of the investment. Early redemptions are permitted, but an early redemption fee would apply.

The investment pool includes investments that the School District does not control. The investment pool primarily invests in high-quality money market instruments, including certificates of deposit, commercial paper, and U.S. government and agency obligations, to protect the investment principal and provide liquidity.

Note 5 - Unavailable/Unearned Revenue

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

At June 30, 2026, the School District had no unavailable revenue and \$1,675,859 of unearned revenue, primarily related to categorical aid and federal assistance payments received prior to meeting all eligibility requirements.

Note 6 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

	Balance July 1, 2025	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2026
Capital assets not being depreciated:					
Land	\$ 4,000	\$ -	\$ -	\$ -	\$ 4,000
Construction in progress	4,166,786	(4,166,786)	5,979,542	-	5,979,542
Subtotal	4,170,786	(4,166,786)	5,979,542	-	5,983,542
Capital assets being depreciated:					
Buildings and improvements	95,289,928	4,238,606	4,780,728	-	104,309,262
Furniture and equipment	16,669,699	(71,820)	618,788	(1,198,018)	16,018,649
Buses and other vehicles	2,010,896	-	310,002	(84,247)	2,236,651
Land improvements	7,369,095	-	2,568,002	-	9,937,097
Subtotal	121,339,618	4,166,786	8,277,520	(1,282,265)	132,501,659
Accumulated depreciation:					
Buildings and improvements	52,491,928	(45,510)	3,124,435	-	55,570,853
Furniture and equipment	9,429,746	45,510	1,194,491	(1,154,857)	9,514,890
Buses and other vehicles	1,082,549	-	200,598	(84,247)	1,198,900
Land improvements	4,668,316	-	286,503	-	4,954,819
Subtotal	67,672,539	-	4,806,027	(1,239,104)	71,239,462
Net capital assets being depreciated	53,667,079	4,166,786	3,471,493	(43,161)	61,262,197
Net governmental activities capital assets	\$ 57,837,865	\$ -	\$ 9,451,035	\$ (43,161)	\$ 67,245,739

Depreciation expense was not charged to activities, as the School District considers its assets to impact multiple activities, and allocation is impractical.

June 30, 2026

Note 6 - Capital Assets (Continued)

Construction Commitments

At year end, the School District has contractual commitments with contractors related to the following active construction projects:

	Remaining Commitment
Bid Pack #3 summer 2026 renovations	\$ 5,828,662
District-wide network equipment	144,453
Education Center mechanical upgrades	1,161,904
Total	<u>\$ 7,135,019</u>

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due From	Fund Due To Nonmajor Funds
General Fund	\$ 1,648,533
Nonmajor governmental funds	4
Total	<u>\$ 1,648,537</u>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor funds	\$ 949,274
Nonmajor funds	General Fund	869,160
Nonmajor funds	Nonmajor funds	370,484
Total		<u>\$ 2,188,918</u>

Transfers from the General Fund provided funding for debt service payments on nonvoted bonds. Funds from the Food Service Fund and Special Education Center Program Fund were transferred to the General Fund to cover excess costs related to operations of the funds for the purposes for which they were created. Funds were also transferred from the General Fund to the Building and Site Fund for capital improvements. Funds were transferred from the 2014 and 2015 Refunding funds to the 2015 Refunding and 2025 Issue debt service funds, respectively, to reallocate residual balances from debt service funds for which the related debt obligations had been satisfied. The transferred resources will be used for future debt service purposes.

June 30, 2026

Note 8 - Long-term Debt

Long-term debt activity for the year ended June 30, 2026 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable - Other debt:					
General obligations	\$ 65,130,000	\$ -	\$ (4,490,000)	\$ 60,640,000	\$ 4,670,000
Unamortized bond premiums	5,538,516	-	(644,285)	4,894,231	358,197
Total bonds payable - Other debt	70,668,516	-	(5,134,285)	65,534,231	5,028,197
Compensated absences	408,690	15,033	-	423,723	42,372
Arbitrage liability	244,784	21,818	(244,784)	21,818	-
Total governmental activities long-term debt	<u>\$ 71,321,990</u>	<u>\$ 36,851</u>	<u>\$ (5,379,069)</u>	<u>\$ 65,979,772</u>	<u>\$ 5,070,569</u>

The table above discloses the net change in the compensated absence liability of the School District.

General Obligation Bonds and Contracts

The School District issues general obligation bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. All of the School District's bonds are qualified and, thus, fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2026 are as follows:

Purpose	Remaining Annual Installments	Interest Rate (Percent)	Maturing May 1	Outstanding
\$17,675,000 general obligation unlimited tax bonds (2018)	\$1,160,000 - \$1,860,000	5.00	2037	\$ 16,375,000
\$15,115,000 general obligation unlimited tax bonds (2020)	\$875,000 - \$900,000	4.00	2040	12,300,000
\$7,500,000 general obligation unlimited tax bonds (2023)	\$390,000 - \$625,000	4.00	2039	6,475,000
\$26,490,000 general obligation unlimited tax bonds (2025)	\$1,000,000 - \$2,245,000	5.00	2045	25,490,000
Total qualified bonds				<u>\$ 60,640,000</u>

Other Long-term Liabilities

Arbitrage liability attributable to the governmental activities will be liquidated from the funds when payable to the Internal Revenue Service.

June 30, 2026

Note 8 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities - Other Debt		
	Principal	Interest	Total
2027	\$ 4,670,000	\$ 2,844,250	\$ 7,514,250
2028	4,610,000	2,623,400	7,233,400
2029	3,570,000	2,405,700	5,975,700
2030	3,655,000	2,240,150	5,895,150
2031	3,815,000	2,070,550	5,885,550
2032-2036	21,265,000	7,548,100	28,813,100
2037-2041	13,785,000	2,899,500	16,684,500
2042-2045	5,270,000	659,500	5,929,500
Total	<u>\$ 60,640,000</u>	<u>\$ 23,291,150</u>	<u>\$ 83,931,150</u>

Note 9 - Risk Management

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

The SET-SEG shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

Note 10 - Michigan Public School Employees' Retirement System

Plan Description

The School District participates in the Michigan Public School Employees' Retirement System (the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain school district employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care 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 pension plan and the postemployment health care plan.

June 30, 2026**Note 10 - Michigan Public School Employees' Retirement System (Continued)**

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced by 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPSERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplementary payment in those years when investment earnings exceed actuarial assumptions.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, with the balance deducted from the monthly pension of each retiree health care recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

Contributions

Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

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

Note 10 - Michigan Public School Employees' Retirement System (Continued)

The School District's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The ranges of rates are as follows:

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

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2026 were \$11,253,752, which includes the School District's contributions required for those members with a defined contribution benefit. For the year ended June 30, 2026, the School District's required and actual pension contributions include an allocation of \$3,990,836 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2026 were \$684,134, which includes the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2026, the School District reported a liability of \$48,970,160 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2024, which used update procedures to roll forward the estimated liability to September 30, 2025. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2025 and 2024, the School District's proportion was approximately 0.24 and 0.24 percent, respectively, representing a change of 0.54 percent.

Net OPEB Asset

At June 30, 2026, the School District reported an asset of \$15,632,401 for its proportionate share of the net OPEB asset. The net OPEB asset for fiscal year 2026 was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of September 30, 2024, which used update procedures to roll forward the estimated liability to September 30, 2025. The School District's proportion of the net OPEB asset was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2025 and 2024, the School District's proportion was approximately 0.26 and 0.24 percent, respectively, representing a change of 7.10 percent.

June 30, 2026

Note 10 - Michigan Public School Employees' Retirement System (Continued)

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

For 2026, the School District recognized pension expense of \$2,660,417, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2026, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,896,755	\$ (436,173)
Changes in assumptions	1,757,679	(2,588,191)
Net difference between projected and actual earnings on pension plan investments	-	(11,702,820)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	642,550	(888,029)
The School District's contributions to the plan subsequent to the measurement date	8,948,675	-
Total	<u>\$ 13,245,659</u>	<u>\$ (15,615,213)</u>

The \$3,990,836 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2027. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2027	\$ (637,348)
2028	(5,461,769)
2029	(4,064,200)
2030	(1,154,912)
Total	<u>\$ (11,318,229)</u>

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

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

For the year ended June 30, 2026, the School District recognized OPEB recovery of \$4,952,998.

June 30, 2026

Note 10 - Michigan Public School Employees' Retirement System (Continued)

At June 30, 2026, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (10,702,682)
Changes in assumptions	2,086,311	(165,795)
Net difference between projected and actual earnings on OPEB plan investments	-	(2,196,693)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	297,401	(274,406)
Employer contributions to the plan subsequent to the measurement date	609,583	-
Total	<u>\$ 2,993,295</u>	<u>\$ (13,339,576)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will increase the net OPEB asset and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2027	\$ (2,862,368)
2028	(2,840,848)
2029	(2,690,736)
2030	(1,767,033)
2031	(610,345)
Thereafter	(184,534)
Total	<u>\$ (10,955,864)</u>

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2025 are based on the results of an actuarial valuation as of September 30, 2024 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.00%	Net of investment expenses based on the groups
Salary increases	2.75%-11.55%	Including wage inflation of 2.75 percent
Health care cost trend rate - OPEB	6.50%-7.75%	Year 1 graded to 3.5 percent in year 15
		PubT-2010 Male and Female Employee Mortality
		Tables, scaled 100 percent (retirees: 116 percent for males and 116 percent for females) and
		adjusted for mortality improvements using
Mortality basis		projection scale MP-2021 from 2010
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

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 annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension liability and OPEB liability as of September 30, 2025 are based on the results of an actuarial valuation date of September 30, 2024 and rolled forward using generally accepted actuarial procedures, including the experience study.

June 30, 2026

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Significant assumption changes since the prior measurement date, September 30, 2024, for the OPEB plans include an increase in the health care cost trend rate of 0.50 percentage points for members under 65. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2024.

Discount Rate

The discount rate used to measure the total pension liability and OPEB liability was 6.00 percent as of September 30, 2025. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (Pension)	Target Allocation (OPEB)	Long-term Expected Real Rate of Return
Domestic equity pools	21.00 %	16.00 %	5.80 %
Private equity pools	16.00	16.00	9.30
International equity pools	14.00	11.00	5.60
Fixed-income pools	15.00	26.00	2.50
Real estate and infrastructure pools	8.00	5.00	7.00
Absolute return pools	13.00	15.00	4.40
Real return/opportunistic pools	9.00	7.00	7.00
Short-term investment pools	4.00	4.00	1.30
Total	100.00 %	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.4 percent.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's 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:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net pension liability of the School District	\$ 77,277,614	\$ 48,970,160	\$ 25,393,675

June 30, 2026

Note 10 - Michigan Public School Employees' Retirement System (Continued)

Sensitivity of the Net OPEB Asset to Changes in the Discount Rate

The following presents the net OPEB asset of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB 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:

	1 Percentage Point Decrease (5.00%)	Current Discount Rate (6.00%)	1 Percentage Point Increase (7.00%)
Net OPEB asset of the School District	\$ (13,468,302)	\$ (15,632,401)	\$ (17,526,456)

Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB asset of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB asset would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease	Current Rate	1 Percentage Point Increase
Net OPEB asset of the School District	\$ (17,509,172)	\$ (15,632,401)	\$ (13,661,852)

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan

At June 30, 2026, the School District reported a payable of \$1,702,258 and \$120,043 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2026.

Note 11 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) and brownfield redevelopment agreements granted by cities within the boundaries of the School District. 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.

For the fiscal year ended June 30, 2026, the School District's property tax revenue was reduced by approximately \$600,000 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the school aid formula. The School District received approximately \$415,600 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from debt service millages. There are no abatements made by the School District.

Required Supplementary Information

Warren Woods Public Schools

Required Supplementary Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget - Over (Under) Final Budget	Actual	Variance with Final Budget - Over (Under) Actual Amounts
Revenue					
Local sources	\$ 5,333,570	\$ 5,599,670	\$ 266,100	\$ 5,607,143	\$ 7,473
State sources	37,175,774	39,559,196	2,383,422	39,540,629	(18,567)
Federal sources	1,915,336	2,046,676	131,340	2,042,910	(3,766)
Interdistrict and other sources	3,043,396	3,432,911	389,515	3,412,601	(20,310)
Total revenue	47,468,076	50,638,453	3,170,377	50,603,283	(35,170)
Expenditures					
Current:					
Instruction:					
Basic programs	21,746,454	21,831,947	85,493	21,686,898	(145,049)
Added needs	6,639,611	6,923,211	283,600	6,864,038	(59,173)
Adult and continuing education	403,522	396,757	(6,765)	378,762	(17,995)
Total instruction	28,789,587	29,151,915	362,328	28,929,698	(222,217)
Support services:					
Pupil	4,601,081	4,685,283	84,202	4,624,979	(60,304)
Instructional staff	2,737,149	2,755,574	18,425	2,748,157	(7,417)
General administration	607,160	589,976	(17,184)	577,190	(12,786)
School administration	2,587,055	2,526,025	(61,030)	2,491,471	(34,554)
Business services	688,684	671,520	(17,164)	646,002	(25,518)
Operations and maintenance	5,126,080	5,453,988	327,908	5,274,614	(179,374)
Transportation	961,823	1,002,862	41,039	976,700	(26,162)
Central support services	1,391,635	1,344,899	(46,736)	1,311,601	(33,298)
Total support services	18,700,667	19,030,127	329,460	18,650,714	(379,413)
Athletics	796,683	721,330	(75,353)	719,819	(1,511)
Community services	410,418	458,410	47,992	440,136	(18,274)
Total expenditures	48,697,355	49,361,782	664,427	48,740,367	(621,415)
Excess of Revenue (Under) Over Expenditures	(1,229,279)	1,276,671	2,505,950	1,862,916	586,245
Other Financing Sources (Uses) -					
Transfers in (out) - Net	52,927	(76,415)	(129,342)	(80,114)	(3,699)
Net Change in Fund Balance	(1,176,352)	1,200,256	2,376,608	1,782,802	582,546
Fund Balance - Beginning of year	17,004,904	17,004,904	-	17,004,904	-
Fund Balance - End of year	<u>\$ 15,828,552</u>	<u>\$ 18,205,160</u>	<u>\$ 2,376,608</u>	<u>\$ 18,787,706</u>	<u>\$ 582,546</u>

Warren Woods Public Schools

Required Supplementary Information Schedule of the School District's Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System

	Last Ten Plan Years									
	Plan Years Ended September 30									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
School District's proportion of the net pension liability	0.24445 %	0.24313 %	0.24759 %	0.24620 %	0.23847 %	0.23804 %	0.23761 %	0.23681 %	0.23615 %	0.23436 %
School District's proportionate share of the net pension liability	\$ 48,970,160	\$ 59,522,217	\$ 80,133,587	\$ 92,594,231	\$ 56,458,536	\$ 81,770,192	\$ 78,687,811	\$ 71,190,104	\$ 61,196,766	\$ 58,471,626
School District's covered payroll	\$ 27,011,252	\$ 25,309,634	\$ 24,552,617	\$ 24,200,021	\$ 21,715,637	\$ 21,127,349	\$ 20,900,984	\$ 20,167,109	\$ 19,956,386	\$ 19,589,242
School District's proportionate share of the net pension liability as a percentage of its covered payroll	181.30 %	235.18 %	326.37 %	382.62 %	259.99 %	387.03 %	376.48 %	353.00 %	306.65 %	298.49 %
Plan fiduciary net position as a percentage of total pension liability	79.44 %	74.44 %	65.91 %	60.77 %	72.32 %	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %

Warren Woods Public Schools

Required Supplementary Information Schedule of the School District's Pension Contributions Michigan Public School Employees' Retirement System

	Last Ten Fiscal Years Years Ended June 30									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contribution	\$ 10,916,779	\$ 10,677,509	\$ 10,386,697	\$ 11,633,783	\$ 8,352,636	\$ 7,267,591	\$ 6,642,991	\$ 6,262,975	\$ 5,920,103	\$ 5,724,529
Contributions in relation to the statutorily required contribution	10,916,779	10,677,509	10,386,697	11,633,783	8,352,636	7,267,591	6,642,991	6,262,975	5,920,103	5,724,529
Contribution Excess (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 28,295,142	\$ 26,519,230	\$ 25,072,560	\$ 24,338,982	\$ 22,969,725	\$ 21,369,242	\$ 21,158,048	\$ 20,715,730	\$ 20,214,242	\$ 20,713,745
Contributions as a Percentage of Covered Payroll	38.58 %	40.26 %	41.43 %	47.80 %	36.36 %	34.01 %	31.40 %	30.23 %	29.29 %	27.64 %

Warren Woods Public Schools

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)

Michigan Public School Employees' Retirement System

	Last Nine Plan Years								
	Plan Years Ended September 30								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB (asset) liability	0.25715 %	0.24011 %	0.24558 %	0.24889 %	0.23890 %	0.23811 %	0.23917 %	0.23682 %	0.23596 %
School District's proportionate share of the net OPEB (asset) liability	\$ (15,632,401)	\$ (10,335,140)	\$ (1,389,220)	\$ 5,271,566	\$ 3,660,260	\$ 12,756,446	\$ 17,167,273	\$ 18,824,608	\$ 20,895,606
School District's covered payroll	\$ 27,011,252	\$ 25,309,634	\$ 24,552,617	\$ 24,200,021	\$ 21,715,637	\$ 21,127,349	\$ 20,900,984	\$ 20,167,109	\$ 19,956,386
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	(57.87)%	(40.83)%	(5.66)%	21.78 %	16.86 %	60.38 %	82.14 %	93.34 %	104.71 %
Plan fiduciary net position as a percentage of total OPEB liability	164.94 %	143.08 %	105.04 %	83.09 %	88.87 %	59.76 %	48.67 %	43.10 %	36.53 %

Warren Woods Public Schools

Required Supplementary Information Schedule of the School District's OPEB Contributions Michigan Public School Employees' Retirement System

	Last Nine Fiscal Years Years Ended June 30								
	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 675,900	\$ 789,610	\$ 2,059,817	\$ 1,959,093	\$ 1,871,849	\$ 1,778,295	\$ 1,700,176	\$ 1,620,985	\$ 1,449,484
Contributions in relation to the statutorily required contribution	675,900	789,610	2,059,817	1,959,093	1,871,849	1,778,295	1,700,176	1,620,985	1,449,484
Contribution Excess (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 28,295,142	\$ 26,519,230	\$ 25,072,560	\$ 24,338,982	\$ 22,969,725	\$ 21,369,242	\$ 21,158,048	\$ 20,715,730	\$ 20,214,242
Contributions as a Percentage of Covered Payroll	2.39 %	2.98 %	8.22 %	8.05 %	8.15 %	8.32 %	8.43 %	7.82 %	7.17 %

June 30, 2026

Budgetary Information

Significant variances between original and amended budget - The School District had a significant variance between the original and amended budget related to state-sourced revenue. The change in state revenue from the original budget to the final budget was attributable to the State of Michigan not passing a 2025-2026 fiscal year budget until October 2025. When the board adopted its original budget in June 2025, the budget assumed an increase in the foundation allowance of \$392 per pupil, and the actual was an increase of \$442 per pupil. In addition, the original budget was based on a decrease of 21.61 FTE pupils, and the final enrollment numbers were actually an increase of 46.70 FTE pupils. There was a significant increase in categoricals as part of the new state budget, including an increase in at-risk funding, new Sec. 35M literacy support funds, an increase in Sec. 147c UAAL payments, CTE added cost funding and new Sec. 27 educator compensation funds, and MPSERS OPEB offset funding. Part of those increases were offset by the elimination of the MPSERS 147a(1) MPSERS offset funding, which was eliminated in the 2025-2026 state budget.

Significant variances between final budget and actual amounts - The School District did not have significant variances between the amended budget and actual results.

Pension Information

Benefit Changes

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

Changes in Assumptions

There were no significant changes of 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 used in the September 30, 2022 actuarial valuation decreased by 0.80 percentage points.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

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

Changes in Assumptions

There were no significant changes of 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, 2025 actuarial valuation increased by 0.50 percentage points for members under 65.

June 30, 2026

- 2024 - The health care cost trend rate used in the September 30, 2024 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, 2023 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, 2022 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$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 a 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 a lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Other Supplementary Information

Warren Woods Public Schools

	Special Revenue Funds					Debt Service Funds	
	Bookstore Activities	Food Service	Child Care Program	Student Activities	Special Education Center Program	2018 Issue	2020 Issue
Assets							
Cash and investments	\$ 24,362	\$ 1,856,842	\$ -	\$ 496,184	\$ -	\$ -	\$ -
Receivables - Accounts receivable	-	8,346	143,055	-	-	-	-
Due from other funds	1,824	850,862	651,851	-	144,000	-	-
Inventories	1,842	50,909	-	-	-	-	-
Restricted assets	-	-	-	-	-	264,960	255,235
Total assets	<u>\$ 28,028</u>	<u>\$ 2,766,959</u>	<u>\$ 794,906</u>	<u>\$ 496,184</u>	<u>\$ 144,000</u>	<u>\$ 264,960</u>	<u>\$ 255,235</u>
Liabilities							
Accounts payable:							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-	-	-	-
Due to other governmental units	-	58	-	-	-	-	-
Due to other funds	-	4	-	-	-	-	-
Unearned revenue	-	9,212	112,310	-	144,000	-	-
Total liabilities	-	9,274	112,310	-	144,000	-	-
Fund Balances							
Nonspendable	1,842	50,909	-	-	-	-	-
Restricted:							
Debt service	-	-	-	-	-	264,960	255,235
Capital projects (unspent bond proceeds)	-	-	-	-	-	-	-
Food service	-	2,706,776	-	-	-	-	-
Committed:							
Child care	-	-	682,596	-	-	-	-
Student activities	-	-	-	496,184	-	-	-
Bookstore	26,186	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Total fund balances	<u>28,028</u>	<u>2,757,685</u>	<u>682,596</u>	<u>496,184</u>	<u>-</u>	<u>264,960</u>	<u>255,235</u>
Total liabilities and fund balances	<u>\$ 28,028</u>	<u>\$ 2,766,959</u>	<u>\$ 794,906</u>	<u>\$ 496,184</u>	<u>\$ 144,000</u>	<u>\$ 264,960</u>	<u>\$ 255,235</u>

Other Supplementary Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2026

Debt Service Funds		Capital Project Funds			
2023 Issue	2025 Issue	Building and Site	2020 Capital Projects	2023 Energy Bond	Total
\$ 100	\$ -	\$ 2,677,583	\$ -	\$ -	\$ 5,055,071
-	-	-	-	-	151,401
-	-	-	-	-	1,648,537
-	-	-	-	-	52,751
-	873,797	-	347,285	2,112,262	3,853,539
\$ 100	\$ 873,797	\$ 2,677,583	\$ 347,285	\$ 2,112,262	\$ 10,761,299
\$ -	\$ -	\$ -	\$ 14,240	\$ -	\$ 14,240
-	-	79,980	-	530,704	610,684
-	-	-	-	-	58
-	-	-	-	-	4
-	-	-	-	-	265,522
-	-	79,980	14,240	530,704	890,508
-	-	-	-	-	52,751
100	873,797	-	-	-	1,394,092
-	-	-	333,045	1,581,558	1,914,603
-	-	-	-	-	2,706,776
-	-	-	-	-	682,596
-	-	-	-	-	496,184
-	-	-	-	-	26,186
-	-	2,597,603	-	-	2,597,603
100	873,797	2,597,603	333,045	1,581,558	9,870,791
\$ 100	\$ 873,797	\$ 2,677,583	\$ 347,285	\$ 2,112,262	\$ 10,761,299

Warren Woods Public Schools

	Special Revenue Funds					Debt Service Funds	
	Bookstore Activities	Food Service	Child Care Program	Student Activities	Special Education Center Program	2014 Refunding	2015 Refunding
Revenue							
Local sources	\$ 48,942	\$ 231,570	\$ 966,291	\$ 598,249	\$ -	\$ 291	\$ 1,626,089
State sources	-	210,085	107,381	-	2,282,476	-	32,093
Federal sources	-	2,637,054	-	-	-	-	-
Interdistrict and other sources	-	-	-	-	2,913,546	-	-
Other	-	3,001	-	-	-	-	-
Total revenue	48,942	3,081,710	1,073,672	598,249	5,196,022	291	1,658,182
Expenditures							
Current:							
Instruction - Added needs	-	-	-	-	2,399,299	-	-
Support services:							
Pupil	-	-	-	-	1,686,220	-	-
Instructional staff	-	-	-	-	368,009	-	-
Business services	-	-	-	-	-	-	-
Transportation	-	-	-	580,009	18,334	-	-
Central support services	-	8,400	-	-	-	-	-
Bookstores	44,147	-	-	-	-	-	-
Food services	-	2,321,344	-	-	-	-	-
Child care	-	-	1,035,714	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	2,385,000
Interest	-	-	-	-	-	-	119,250
Other debt costs	-	-	-	-	-	-	121
Capital outlay	-	490,288	-	-	-	-	-
Total expenditures	44,147	2,820,032	1,035,714	580,009	4,471,862	-	2,504,371
Excess of Revenue Over (Under) Expenditures	4,795	261,678	37,958	18,240	724,160	291	(846,189)
Other Financing Sources (Uses)							
Proceeds from sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	154,886
Transfers out	-	(115,000)	(30,000)	-	(724,160)	(154,886)	(215,598)
Total other financing (uses) sources	-	(115,000)	(30,000)	-	(724,160)	(154,886)	(60,712)
Net Change in Fund Balances	4,795	146,678	7,958	18,240	-	(154,595)	(906,901)
Fund Balances - Beginning of year	23,233	2,611,007	674,638	477,944	-	154,595	906,901
Fund Balances - End of year	<u>\$ 28,028</u>	<u>\$ 2,757,685</u>	<u>\$ 682,596</u>	<u>\$ 496,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Other Supplementary Information
Combining Statement of Revenue, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2026

Debt Service Funds				Capital Project Funds			
2018 Issue	2020 Issue	2023 Issue	2025 Issue	Building and Site	2020 Capital Projects	2023 Energy Bond	Total
\$ 1,082,470	\$ 723,013	\$ 268	\$ 2,900,748	\$ 275	\$ 22,622	\$ 152,866	\$ 8,353,694
21,242	13,754	-	56,697	-	-	-	2,723,728
-	-	-	-	-	-	-	2,637,054
-	-	-	-	-	-	-	2,913,546
-	-	-	-	-	-	-	3,001
1,103,712	736,767	268	2,957,445	275	22,622	152,866	16,631,023
-	-	-	-	-	-	-	2,399,299
-	-	-	-	-	-	-	1,686,220
-	-	-	-	-	-	-	368,009
-	-	-	-	-	-	386	386
-	-	-	-	-	-	-	598,343
-	-	-	-	-	-	-	8,400
-	-	-	-	-	-	-	44,147
-	-	-	-	-	-	-	2,321,344
-	-	-	-	-	-	-	1,035,714
300,000	430,000	375,000	1,000,000	-	-	-	4,490,000
833,750	509,200	274,000	1,298,746	-	-	-	3,034,946
500	500	500	500	-	-	-	2,121
-	-	-	-	13,802	629,896	2,335,816	3,469,802
1,134,250	939,700	649,500	2,299,246	13,802	629,896	2,336,202	19,458,731
(30,538)	(202,933)	(649,232)	658,199	(13,527)	(607,274)	(2,183,336)	(2,827,708)
-	-	-	-	70,045	-	-	70,045
-	-	649,274	215,598	300,000	-	-	1,319,758
-	-	-	-	-	-	-	(1,239,644)
-	-	649,274	215,598	370,045	-	-	150,159
(30,538)	(202,933)	42	873,797	356,518	(607,274)	(2,183,336)	(2,677,549)
295,498	458,168	58	-	2,241,085	940,319	3,764,894	12,548,340
\$ 264,960	\$ 255,235	\$ 100	\$ 873,797	\$ 2,597,603	\$ 333,045	\$ 1,581,558	\$ 9,870,791

Warren Woods Public Schools

Other Supplementary Information Schedule of Bonded Indebtedness

June 30, 2026

Years Ending June 30	2018 Capital Projects (Voted) Principal	2020 Capital Projects (Voted) Principal	2023 Capital Projects (Nonvoted) Principal	2025 Capital Projects (Voted) Principal	Total
2027	\$ 1,160,000	\$ 875,000	\$ 390,000	\$ 2,245,000	\$ 4,670,000
2028	1,215,000	875,000	405,000	2,115,000	4,610,000
2029	1,275,000	875,000	420,000	1,000,000	3,570,000
2030	1,340,000	875,000	440,000	1,000,000	3,655,000
2031	1,405,000	875,000	455,000	1,080,000	3,815,000
2032	1,475,000	875,000	475,000	1,135,000	3,960,000
2033	1,545,000	875,000	495,000	1,190,000	4,105,000
2034	1,620,000	875,000	510,000	1,250,000	4,255,000
2035	1,700,000	875,000	530,000	1,315,000	4,420,000
2036	1,780,000	875,000	555,000	1,315,000	4,525,000
2037	1,860,000	875,000	575,000	1,315,000	4,625,000
2038	-	875,000	600,000	1,315,000	2,790,000
2039	-	900,000	625,000	1,315,000	2,840,000
2040	-	900,000	-	1,315,000	2,215,000
2041	-	-	-	1,315,000	1,315,000
2042	-	-	-	1,315,000	1,315,000
2043	-	-	-	1,315,000	1,315,000
2044	-	-	-	1,315,000	1,315,000
2045	-	-	-	1,325,000	1,325,000
Total remaining payments	<u><u>\$ 16,375,000</u></u>	<u><u>\$ 12,300,000</u></u>	<u><u>\$ 6,475,000</u></u>	<u><u>\$ 25,490,000</u></u>	<u><u>\$ 60,640,000</u></u>
Interest rate	3.00%-5.00%	4.00%	4.00%	5.00%	
Original issue	<u><u>\$ 17,675,000</u></u>	<u><u>\$ 15,115,000</u></u>	<u><u>\$ 7,500,000</u></u>	<u><u>\$ 26,490,000</u></u>	

Principal payments for the bond issues are due on May 1 of each year.

Interest payments for the bond issues are due on May 1 and November 1 of each year.

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*

Independent Auditor's Report

To Management and the Board of Education
Warren Woods Public Schools

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Warren Woods Public Schools (the "School District") as of and for the year ended June 30, 2026 and the related notes to the financial statements, which collectively comprise School District's basic financial statements and have issued our report thereon dated October 14, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

To Management and the Board of Education
Warren Woods Public Schools

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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moren, PLLC

October 14, 2026