

Croswell-Lexington Community Schools

Financial Statements

June 30, 2025



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Croswell-Lexington Community Schools
Members of the Board of Education and Administration
June 30, 2025

Members of the Board of Education

Mike Noll – President

Dennis Gardner – Vice President

Tim Niggemeyer – Secretary

John O’Hair – Treasurer

John Maxey – Trustee

Jacob Garza – Trustee

Mike Kennealy – Trustee

Administration

Colette Moody – Superintendent

Jason Zirnig – Business Manager

Independent Auditors' Report

Management and the Board of Education
Croswell-Lexington Community Schools
Croswell, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Croswell-Lexington Community Schools, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Croswell-Lexington Community Schools' basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Adoption of New Accounting Standard

As discussed in Note 13 to the financial statements, during the year ended June 30, 2025, Croswell-Lexington Community Schools adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Prior Period Adjustment

We draw attention to Note 13 to the financial statements, which describes the restatement of the financial statements for the year ended June 30, 2025, to correct a material misstatement in the accrual of Unfunded Actuarial Accrued Liability (UAAL) and Michigan Education Special Services Association (MESSA). Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, 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), and schedule of the school district's OPEB

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Croswell-Lexington Community Schools's basic financial statements. The other 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 other supplementary information, as identified in the table of contents, other than the prior year 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, other than the prior year information, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Supplementary Information

Other auditors have previously audited, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, Croswell-Lexington Community Schools' basic financial statements as of and for the year ended June 30, 2024, which are not presented with the accompanying basic financial statements. In their report dated October 30, 2024, the other auditors expressed unmodified opinions on the respective basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise Croswell-Lexington Community Schools' basic financial statements as a whole. The 2024 information in the comparative supplementary schedules is presented for purposes of additional analysis and is not a required part of the 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 2024 basic financial statements, except for the restatement more fully described in Note 13. The other auditors reported on the 2024 financial statements before the restatement. The information has been subjected to the auditing procedures applied in the audit of those 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 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 the opinion of the other auditors, the 2024 information in the comparative supplementary schedules is fairly stated in all material respects in relation to the basic financial statements from which they have been derived except for the restatement described in Note 13. As part of our audit of the June 30, 2025 financial statements, we also audited the adjustments described in Note 13 that were applied to restate the 2024 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2024 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any form of assurance on the 2024 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2025 on our consideration of Croswell-Lexington Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Croswell-Lexington Community 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 Croswell-Lexington Community Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

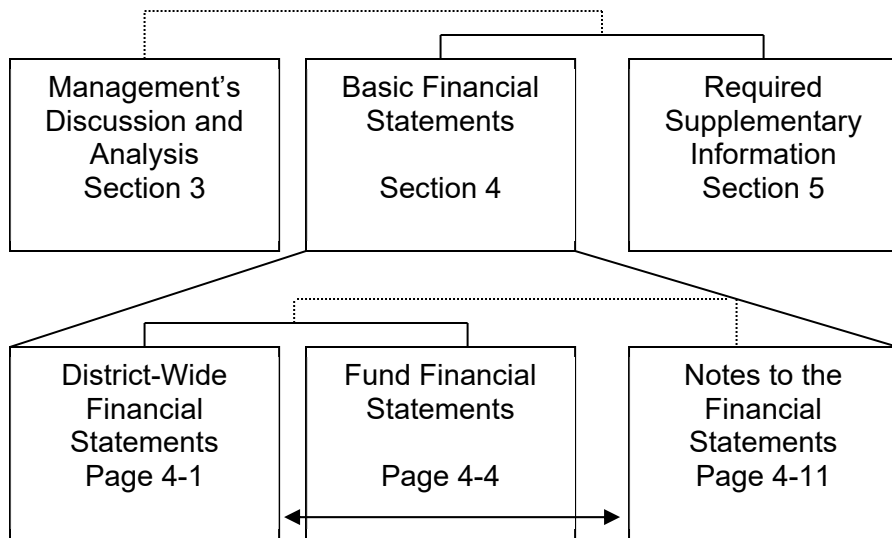
Saginaw, Michigan
October 29, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Croswell-Lexington Community Schools
Management's Discussion and Analysis
June 30, 2025**

This report is presented in the format required by the Governmental Accounting Standards Board (GASB) in their Statement Number 34 issued in June of 2000. The overall organization of this report is shown in Figure A-1.

**Figure A-1
Croswell-Lexington Community Schools
Organization of Annual Financial Report**



District – Wide Financial Statements

The district-wide statements provide a perspective of the School District as a whole. These statements use the full accrual basis of accounting similar to private sector companies. There are two district-wide statements: The Statement of Net Position and the Statement of Activities.

The Statement of Net Position (page 4 - 1) combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless of whether they are currently available or not.

Consistent with the full accrual basis method of accounting, the Statement of Activities (page 4 - 3) accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various school district services.

When analyzed together, the two statements help the reader determine whether the School District is financially stronger or weaker as a result of the year's activities.

Fund Financial Statements

The fund financial statements focus on individual parts of the school district, reporting the School District's operation in more detail than the district-wide statements. The fund level statements are reported on a *modified accrual basis*. Only those assets that are "*measurable*" and "*currently available*" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's *Public School Accounting Manual*. In the State of Michigan, the School District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds. The funds used by Croswell-Lexington Community Schools include Debt Service funds, Special Revenue funds for food service and student and school activities, and Capital Project funds.

Croswell-Lexington Community Schools
Management's Discussion and Analysis
June 30, 2025

Financial Analysis of the School District as a Whole

Summary of Net Position

	2025	2024
Assets		
Current assets	\$ 19,277,310	\$ 16,109,529
Capital assets	42,727,061	40,172,193
Less accumulated depreciation	<u>(19,485,676)</u>	<u>(18,284,065)</u>
Total assets	42,518,695	37,997,657
Deferred outflows of resources	<u>7,914,719</u>	<u>11,559,332</u>
Liabilities		
Current liabilities	3,160,400	3,578,924
Long-term liabilities	<u>34,230,884</u>	<u>43,316,485</u>
Total liabilities	37,391,284	46,895,409
Deferred inflows of resources	<u>14,393,093</u>	<u>11,001,297</u>
Net Position		
Net investment in capital assets	14,128,600	11,532,670
Restricted	9,492,885	5,226,083
Unrestricted (deficit)	<u>(24,972,448)</u>	<u>(25,098,470)</u>
Total net position	<u>\$ (1,350,963)</u>	<u>\$ (8,339,717)</u>

The *Summary of Net Position* and the *Statement of Net Position from Operating Results* on the next page show the changes in the School District's net position.

Unrestricted net position is similar but not identical to fund balance. A reconciliation of the difference between an increased net position and a decrease in fund balance is on page 4 - 6. Other assets are restricted for debt service, food service and capital project operations. A reconciliation of the difference between changes in net position and changes in fund balance is on page 4 - 9.

The net position for the School District increased by \$7,154,119 during the 2024-2025 year. The *Statement of Net Position from Operating Results* (below) shows the details of this change.

Statement of Net Position from Operating Results

	2025	2024
Revenues		
Program revenue		
Charges for services	\$ 90,810	\$ 115,850
Operating grants and contributions	8,759,994	9,900,230
Capital grants and contributions	484,572	132,439
General revenue		
Property taxes	7,056,735	6,592,452
State foundation allowance	12,518,402	13,232,952
Other	<u>927,355</u>	<u>1,030,418</u>
Total revenues	29,837,868	31,004,341
Expenses		
Instruction	12,326,921	13,522,304
Support services	6,844,779	8,129,294
Food service	1,336,385	1,775,809
Community services	40,299	102,572
Student/school activities	316,298	378,765
Other transactions	<u>1,819,067</u>	<u>1,744,051</u>
Total expenses	<u>22,683,749</u>	<u>25,652,795</u>
Change in net position	<u>\$ 7,154,119</u>	<u>\$ 5,351,546</u>

The School District's Funds

As the School District completed this year, the governmental funds reported a combined fund balance of \$12,029,270 which is a decrease of \$362,575 from last year. The primary reasons for the decrease are:

- In the General Fund, our principal operating fund, the fund balance decreased by \$492,473. Scheduled curriculum

**Croswell-Lexington Community Schools
Management’s Discussion and Analysis
June 30, 2025**

replacement and transfers for debt repayment seaside accounted for most of the losses in the current year.

- In the Non-Bond Capital Improvements Fund, the fund balance decreased by \$443,910 as a result of planned capital expenditures for the playground replacement.
- In the Combined Debt Service Fund, the fund balance increased by \$555,035.
- In the Food Service Fund, the fund balance increased by \$91,878 primarily due to the implementation of a successful summer meal program.
- In the Student and School Activities Fund, the fund balance decreased by \$8,867 which is the change of fundraising net of annual expenses across the District.
- In the Capital Projects Sinking Fund, the fund balance decreased by \$64,238 as a result of a timing difference between planned expenditures for the track improvements and boiler replacements in relation to the property tax levy revenue.

Approximately 66% of the School District’s revenues are received from State sources. The Net State Foundation Grant is based on three variables:

1. The State of Michigan State Aid Act per student foundation allowance.
2. Student enrollment calculated by blending 90 percent of the current year’s fall count and 10 percent of the prior year’s winter count.
3. The amount raised by the School District’s non-homestead property tax levy.

Per Student Foundation Allowance

Annually, the State of Michigan establishes the per student foundation allowance. The Croswell-Lexington Community Schools’ foundation allowance was \$9,608 per student.

Student Enrollment

The School District’s blended student enrollment for 2024-2025 was 1,710 students. This is a decrease of 58 students from the previous year. The following summarizes blended student enrollment in the past years:

Enrollment History

School Year	Student FTE	FTE Change from Prior Year
2024/25	1,710	(58)
2023/24	1,768	(92)
2022/23	1,860	(78)
2021/22	1,938	(89)
2020/21	2,027	(29)
2019/20	2,056	(79)

Preliminary student enrollment projections for 2025-2026 indicate that enrollments will decline approximately 30 students from 2024-2025.

Property Taxes Levied for General Operations

The School District levied 18.0000 mills of property taxes for operations (General Fund) on Non-Homestead properties. Under Michigan law, the tax levy is based on the taxable valuation of properties. Annually, the taxable valuation increase in property values is capped at lesser of the rate of the prior year’s Consumer Price Index increase or 5 percent. At the time of sale, a property’s taxable valuation is readjusted to the State Equalized Value, theoretically 50 percent of the market value.

**Croswell-Lexington Community Schools
Management's Discussion and Analysis
June 30, 2025**

The following summarizes the current year local tax revenues as a percent of all general fund revenues for the past five years:

Local Property Tax History

School Year	Local Property Tax Revenue	% of General Fund Revenue
2024/25	\$ 4,742,489	15.9%
2023/24	4,444,321	14.8%
2022/23	4,147,282	13.4%
2021/22	3,949,428	14.1%
2020/21	3,868,465	14.8%

Local revenues in the table include the receipt of delinquent taxes from prior years.

Capital Assets

At June 30, 2025, the School District had \$42,727,061 invested in capital assets including land, buildings, furniture, and equipment. The increase in capital assets is in part due to building improvements, new buses and furniture and equipment.

	2025	2024
Land	\$ 1,145,786	\$ 1,145,786
Buildings and improvements	33,232,751	32,067,242
Buses and other vehicles	1,961,164	1,817,587
Furniture and equipment	6,038,296	5,141,578
Construction in progress	349,064	-
Subtotal	42,727,061	40,172,193
Less accumulated depreciation	<u>(19,485,676)</u>	<u>(18,284,065)</u>
	<u>23,241,385</u>	<u>21,888,128</u>

Long-Term Debt

The long-term debt obligations for the School District decreased from 2023-24 to 2024-25 due to making payments on existing debt. Over the 2024-2025 fiscal year, the long-term debt obligations decreased by \$1,226,298 as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance
Bonds and notes payable				
General obligation bonds	\$ 9,765,000	\$ -	\$ 1,140,000	\$ 8,625,000
Premium on bonds	622,147	-	137,664	484,483
Discount on bonds	(17,451)	-	(6,491)	(10,960)
Total bonds and notes payable	<u>\$ 10,369,696</u>	<u>\$ -</u>	<u>\$ 1,271,173</u>	<u>\$ 9,098,523</u>
Other liabilities				
Subscriptions	\$ 33,451	\$ -	\$ 16,113	\$ 17,338
Compensated absences	724,551	60,988	-	785,539
Total other liabilities	<u>\$ 758,002</u>	<u>\$ 60,988</u>	<u>\$ 16,113</u>	<u>\$ 802,877</u>

Original versus Revised Budget

The Uniform Budget Act of the State of Michigan requires that a local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. The budget for 2024-2025 was approved on June 24, 2024 and June 23, 2025.

General Fund Revenues

Total revenues revised budget	\$ 24,497,967
Total revenues original budget	<u>25,293,089</u>
	<u>\$ (795,122)</u>

The School District's actual general fund revenues were more than the revised budget by \$169,066 a variance of 0.7%. The majority of the fluctuation is the result of the Universal Services Administrative Company (USAC) funding that required an accounting adjustment to gross up proceeds and associated costs to match value of services

Croswell-Lexington Community Schools
Management's Discussion and Analysis
June 30, 2025

received. The accounting adjustment for the USAC funding is also the primary reason why expenses in the following section are overbudgeted by 0.6%.

General Fund Expenditures

Total expenditures revised budget	\$ 25,154,819
Total expenditures original budget	<u>25,551,926</u>
	<u>\$ (397,107)</u>

The School District's actual general fund expenditures were more than the revised budget by \$4,687, a variance of 0.0%.

Economic Factors and Next Year's Budget and Rates

Since most of the School District's revenue is derived from the per pupil foundation allowance, student enrollment as reported in the *blended count* is one of the key factors in forecasting revenue. Once the final student count is known in late September, State law requires the School District to amend the budget if actual revenues will vary significantly from those originally appropriated.

Actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. Similar reductions remain a possibility for 2025/26 if state revenues fall short of the projections on which the State Aid Act was based.

Requests for Information

This financial report is designed to give our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. Questions concerning this report or requests for additional information should be addressed to the Business Office, Croswell-Lexington Community Schools, 5407 E. Peck Road, Croswell, Michigan 48422.

BASIC FINANCIAL STATEMENTS

Croswell-Lexington Community Schools
Statement of Net Position
June 30, 2025

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 11,211,049
Due from other governmental units	3,796,660
Inventory	8,079
Prepaid items	100,900
Capital assets not being depreciated	1,494,850
Capital assets - net of accumulated depreciation	21,746,535
Net OPEB asset	<u>4,160,622</u>
Total assets	<u>42,518,695</u>
Deferred Outflows of Resources	
Deferred amount on debt refunding	33,687
Deferred amount relating to the net pension liability	6,810,902
Deferred amount relating to the net OPEB asset	<u>1,070,130</u>
Total deferred outflows of resources	<u>7,914,719</u>
Liabilities	
Accounts payable	288,601
Due to other governmental units	233,419
Payroll deductions and withholdings	96,152
Accrued expenditures	517,531
Accrued salaries payable	1,544,711
Unearned revenue	479,986
Long-term liabilities	
Net pension liability	24,329,484
Due within one year	2,330,887
Due in more than one year	<u>7,570,513</u>
Total liabilities	<u>37,391,284</u>

See Accompanying Notes to the Financial Statements

Croswell-Lexington Community Schools
Statement of Net Position
June 30, 2025

	<u>Governmental Activities</u>
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	\$ 8,824,285
Deferred amount relating to the net OPEB asset	<u>5,568,808</u>
Total deferred inflows of resources	<u>14,393,093</u>
Net Position	
Net investment in capital assets	14,128,600
Restricted for:	
Food service	176,818
Debt service	4,417,990
Capital projects	737,455
Net OPEB asset	4,160,622
Unrestricted	<u>(24,972,448)</u>
Total net position	<u>\$ (1,350,963)</u>

See Accompanying Notes to the Financial Statements

Croswell-Lexington Community Schools
Statement of Activities
For the Year Ended June 30, 2025

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Functions/Programs					
Governmental activities					
Instruction	\$ 12,295,202	\$ -	\$ 4,290,181	\$ -	\$ (8,005,021)
Supporting services	6,880,799	-	2,252,704	484,572	(4,143,523)
Food services	1,332,622	90,810	1,670,811	-	428,999
Community services	40,299	-	-	-	(40,299)
Student/school activities	315,760	-	360,887	-	45,127
Unallocated depreciation and amortization	1,440,223	-	-	-	(1,440,223)
Interest and fiscal charges on long-term debt	378,844	-	185,411	-	(193,433)
	<u>\$ 22,683,749</u>	<u>\$ 90,810</u>	<u>\$ 8,759,994</u>	<u>\$ 484,572</u>	<u>(13,348,373)</u>
General revenues					
Property taxes, levied for general purposes					4,742,489
Property taxes, levied for debt service					1,691,863
Property taxes, levied for sinking fund					622,383
State aid - unrestricted					12,518,402
Interest and investment earnings					364,890
Gain on sale of capital assets					12,421
Other					550,044
					<u>20,502,492</u>
Change in net position					<u>7,154,119</u>
Net position - beginning (deficit)					(8,339,717)
Adjustments					<u>(165,365)</u>
Net position - beginning, as restated (deficit)					<u>(8,505,082)</u>
Net position - ending (deficit)					<u>\$ (1,350,963)</u>

See Accompanying Notes to the Financial Statements

Croswell-Lexington Community Schools
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	Non-Bond Capital Improvements	Combined Debt Service Funds	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 3,994,551	\$ 1,890,143	\$ 4,150,474	\$ 1,175,881	\$ 11,211,049
Due from other funds	29,527	-	340,498	-	370,025
Due from other governmental units	3,637,822	-	-	158,838	3,796,660
Inventory	-	-	-	8,079	8,079
Prepaid items	20,900	-	-	80,000	100,900
	<u>7,682,800</u>	<u>1,890,143</u>	<u>4,490,972</u>	<u>1,422,798</u>	<u>15,486,713</u>
Total assets	<u>\$ 7,682,800</u>	<u>\$ 1,890,143</u>	<u>\$ 4,490,972</u>	<u>\$ 1,422,798</u>	<u>\$ 15,486,713</u>
Liabilities					
Accounts payable	\$ 171,597	\$ -	\$ -	\$ 117,004	\$ 288,601
Due to other funds	340,498	-	-	29,527	370,025
Due to other governmental units	233,419	-	-	-	233,419
Payroll deductions and withholdings	96,099	-	-	53	96,152
Accrued expenditures	444,549	-	-	-	444,549
Accrued salaries payable	1,544,014	-	-	697	1,544,711
Unearned revenue	465,390	-	-	14,596	479,986
	<u>3,295,566</u>	<u>-</u>	<u>-</u>	<u>161,877</u>	<u>3,457,443</u>
Total liabilities	<u>3,295,566</u>	<u>-</u>	<u>-</u>	<u>161,877</u>	<u>3,457,443</u>

See Accompanying Notes to the Financial Statements

Croswell-Lexington Community Schools
Governmental Funds
Balance Sheet
June 30, 2025

	General Fund	Non-Bond Capital Improvements	Combined Debt Service Funds	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances					
Non-spendable					
Inventory	\$ -	\$ -	\$ -	\$ 8,079	\$ 8,079
Prepaid items	20,900	-	-	80,000	100,900
Restricted for					
Food service	-	-	-	88,739	88,739
Debt service	-	-	4,490,972	-	4,490,972
Capital projects	-	-	-	737,455	737,455
Committed					
Capital improvements	-	1,890,143	-	-	1,890,143
Student/School activities	-	-	-	346,648	346,648
Assigned					
Subsequent year expenditures	843,173	-	-	-	843,173
Unassigned	3,523,161	-	-	-	3,523,161
Total fund balances	<u>4,387,234</u>	<u>1,890,143</u>	<u>4,490,972</u>	<u>1,260,921</u>	<u>12,029,270</u>
Total liabilities and fund balances	<u>\$ 7,682,800</u>	<u>\$ 1,890,143</u>	<u>\$ 4,490,972</u>	<u>\$ 1,422,798</u>	<u>\$ 15,486,713</u>

See Accompanying Notes to the Financial Statements

Croswell-Lexington Community Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2025

Total fund balances for governmental funds	\$ 12,029,270
Total net position for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	1,494,850
Capital assets - net of accumulated depreciation	21,746,535
Net OPEB asset is not recorded as an asset in the governmental funds	4,160,622
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	33,687
Deferred outflows of resources resulting from the net pension liability	6,810,902
Deferred outflows of resources resulting from the net OPEB liability (asset)	1,070,130
Deferred inflows of resources resulting from the net pension liability	(8,824,285)
Deferred inflows of resources resulting from the net OPEB liability (asset)	(5,568,808)
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(72,982)
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.	
Net pension liability	(24,329,484)
Compensated absences	(785,539)
Bonds payable	(9,098,523)
SBITA payable	<u>(17,338)</u>
Net position of governmental activities	\$ <u>(1,350,963)</u>

See Accompanying Notes to the Financial Statements

Croswell-Lexington Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	General Fund	Non-Bond Capital Improvements	Combined Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local sources	\$ 5,176,951	\$ -	\$ 1,844,739	\$ 1,126,874	\$ 8,148,564
State sources	18,371,903	-	-	666,387	19,038,290
Federal sources	830,956	-	185,411	1,347,424	2,363,791
Interdistrict sources	269,083	-	-	-	269,083
	<u>24,648,893</u>	<u>-</u>	<u>2,030,150</u>	<u>3,140,685</u>	<u>29,819,728</u>
Total revenues					
Expenditures					
Current					
Education					
Instruction	15,480,857	-	-	-	15,480,857
Supporting services	8,662,606	-	-	-	8,662,606
Food services	-	-	-	1,710,581	1,710,581
Community services	40,299	-	-	-	40,299
Intergovernmental payments	-	-	-	-	-
Student/school activities	-	-	-	369,754	369,754
Capital outlay	788,713	443,910	-	1,041,577	2,274,200
Debt service					
Principal	16,113	-	1,140,000	-	1,156,113
Interest and other expenditures	918	-	505,115	-	506,033
	<u>24,989,506</u>	<u>443,910</u>	<u>1,645,115</u>	<u>3,121,912</u>	<u>30,200,443</u>
Total expenditures					
Excess (deficiency) of revenues over expenditures	<u>(340,613)</u>	<u>(443,910)</u>	<u>385,035</u>	<u>18,773</u>	<u>(380,715)</u>

See Accompanying Notes to the Financial Statements

Croswell-Lexington Community Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	General Fund	Non-Bond Capital Improvements	Combined Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
Insurance recoveries	\$ 5,719	\$ -	\$ -	\$ -	\$ 5,719
Proceeds from sale of capital assets	12,421	-	-	-	12,421
Transfers in	-	-	170,000	-	170,000
Transfers out	<u>(170,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170,000)</u>
Total other financing sources (uses)	<u>(151,860)</u>	<u>-</u>	<u>170,000</u>	<u>-</u>	<u>18,140</u>
Net change in fund balances	<u>(492,473)</u>	<u>(443,910)</u>	<u>555,035</u>	<u>18,773</u>	<u>(362,575)</u>
Fund balances - beginning	4,530,014	2,334,053	3,935,937	1,242,148	12,042,152
Adjustments	<u>349,693</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>349,693</u>
Fund balances - beginning, as restated	<u>4,879,707</u>	<u>2,334,053</u>	<u>3,935,937</u>	<u>1,242,148</u>	<u>12,391,845</u>
Fund balances - ending	<u>\$ 4,387,234</u>	<u>\$ 1,890,143</u>	<u>\$ 4,490,972</u>	<u>\$ 1,260,921</u>	<u>\$ 12,029,270</u>

See Accompanying Notes to the Financial Statements

Croswell-Lexington Community Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Net change in fund balances - Total governmental funds \$ (362,575)

Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation and amortization expense	(1,440,223)
Capital outlay	2,793,480

Expenses are recorded when incurred in the statement of activities.

Interest	10,018
Compensated absences	(60,988)

The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.

Net change in net pension liability	3,238,435
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The statement of net position reports the net OPEB liability (asset) and deferred outflows of resources and deferred inflows related to the net OPEB liability (asset) and OPEB expense changes. However, the amount recorded on the governmental funds equals actual OPEB contributions.

Net change in net OPEB liability (asset)	1,702,688
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Croswell-Lexington Community Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Bond and note proceeds and leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are recorded as liabilities and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.

Repayments of long-term debt	1,156,113
Amortization of premiums	137,664
Amortization of deferred amount on debt refunding	(14,002)
Amortization of bond discount	<u>(6,491)</u>
Change in net position of governmental activities	<u>\$ 7,154,119</u>

Croswell-Lexington Community Schools
Notes to the Financial Statements
June 30, 2025

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Croswell-Lexington Community Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all nonfiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain

intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

Fund Financial Statements

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

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

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of

Croswell-Lexington Community Schools
Notes to the Financial Statements
June 30, 2025

the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

The School District reports the following major governmental funds:

General Fund - The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Non-Bond Capital Improvements Fund – The Non-Bond Capital Improvements Fund is used to record financial resources that are committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Combined Debt Service Funds – The Combined Debt Service Funds are used to account for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, the School District reports the following fund types:

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District’s Special Revenue Funds include the Food Service Fund and Student/School Activity Fund.

Capital Projects Fund – The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for acquiring new school sites, construction, or repair of school buildings.

Assets, Liabilities and Net Position or Equity

Cash - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Receivables and Payables - Generally, outstanding amounts owed between funds are classified as “due from/to other funds.” These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2025, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence exemption	18.00000
Commercial personal property	6.00000
Debt Service Funds	2.40000
Sinking Fund	0.88950

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District’s boundaries. Approximately 87% of the School District’s tax roll lies within the County of Sanilac.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Sanilac and St. Clair and remitted to the School District by May 15.

Investments - Investments are stated at fair value. Certificates of deposit are stated at cost which approximates fair value.

Croswell-Lexington Community Schools
Notes to the Financial Statements
June 30, 2025

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid items in both district-wide and fund financial statements.

Capital Assets - Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Land improvements	15 - 20 years
Building and improvements	20 - 50 years
Technology and computers	5 - 20 years
Right to use - leased equipment	3 years
Machinery and equipment	5 - 20 years
Transportation Equipment	5 - 10 years
Right to use - subscription-based IT agreements	2 - 3 years

Deferred Outflows of Resources - A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense.

Changes in assumptions relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities (assets) in the following year.

Compensated Absences – The School District permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for these amounts is reported in governmental funds when the associated time off has been earned. The liability has been calculated using historical averages of time that is more likely to be used or paid out in accordance with the School District’s time off policies and bargaining unit agreements.

Long-term Obligations - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District’s fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

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

Croswell-Lexington Community Schools
Notes to the Financial Statements
June 30, 2025

accordance with the benefit terms. Investments are reported at fair value.

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

Deferred Inflows of Resources - A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period. Deferred inflow for leases is related to leases receivable and is being amortized to recognize lease revenue in a systematic and rational manner over the term of the lease. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities (assets) are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance - In the fund financial statements, governmental funds report fund balances in the following categories:

Non-spendable - amounts that are not available in a spendable form.

Restricted - amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed - amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned - amounts intended to be used for specific purposes, as determined by the board of education. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned - all other resources; the remaining fund balances after non-spendable, restrictions, commitments, and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

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, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported

Croswell-Lexington Community Schools
Notes to the Financial Statements
June 30, 2025

amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

Adoption of New Accounting Standards

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Statement No. 102, *Certain Risk Disclosures*, requires organizations to provide users of the financial statements with essential information about risks related to the organization’s vulnerabilities due to certain concentration or constraints.

Upcoming Accounting and Reporting Changes

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing an organization’s accountability while also addressing certain application issues. This statement includes changes to management’s discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statements of revenues, expenses, and changes in fund net position, major component unit information and budgetary comparison information. This statement is effective for the year ended June 30, 2026.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-of-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosure. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately for capital assets held for sale. This statement is effective for the year ending June 30, 2026.

The School District is evaluating the impact that the above pronouncements will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Croswell-Lexington Community Schools
Notes to the Financial Statements
June 30, 2025

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

Excess of Expenditures over Appropriations

The School District incurred expenditures in certain budgetary funds which were in excess of the amounts reported as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Added needs	\$ 3,038,500	\$ 3,160,972	\$ 122,472
Instructional staff	495,917	588,809	92,892
Community services	32,472	40,299	7,827
Capital outlay	635,051	788,713	153,662
Food Service Fund	1,695,509	1,710,581	15,072

Compliance - Sinking Funds

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

Note 3 - Deposits and Investments

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 6,903,277
Investments in securities, mutual funds, and similar vehicles	4,306,557
Petty cash and cash on hand	<u>1,215</u>
 Total	 <u><u>\$ 11,211,049</u></u>

As of year end, the School District had the following investments:

Investment	Carrying Value	Maturities	Rating	Rating Organization
External investment pools:				
Michigan Liquid Asset Fund (MILAF):				
MILAF + Portfolio				
Cash Management Class	\$ 3,190	N/A	AAAm	Standard & Poor's
MAX Class	<u>4,303,367</u>	N/A	AAAm	Standard & Poor's
	<u>\$4,306,557</u>			

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is discussed below.

As of June 30, 2025, the net asset value of the School District's investment in MILAF + Portfolio was \$4,306,557. Participation in the investment pool has not resulted in any unfunded commitments. Shares are available to be redeemed upon proper notice without restrictions under normal operating conditions. There are no limits to the number of redemptions that can be made provided the District has sufficient shares to meet the redemption request. In the event of an emergency that would make the determination of net asset value not reasonably practical, the Trust's Board of Trustee's may suspend the right of withdrawal or postpone the date of payment. The net asset value ("NAV") per share of the MILAF+ Portfolio is calculated as of the close of business each business day by dividing the net position of that Portfolio by the number of its outstanding shares. It is the MILAF+ Portfolio's objective to maintain a NAV of \$1.00 per share, however, there is no assurance that this objective will be achieved. The exact price for share transactions will be determined based on the NAV next calculated after receipt of a properly executed order. The number of shares purchased or redeemed will be determined by the NAV.

Interest rate risk - In accordance with its investment policy, the School District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby

Croswell-Lexington Community Schools
Notes to the Financial Statements
June 30, 2025

avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements.

Credit risk - 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 an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District has no investment policy that would further limit its investment choices.

Concentration of credit risk - The School District has no investment policy that would limit the amount that may be invested with any one issuer. The District has 100% of investments in the Michigan Liquid Asset Fund (MILAF+) and any of its affiliated programs.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$7,404,207 of the School District's bank balance of \$7,904,207 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk - investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, none of the School District's investments were exposed to custodial credit risk.

Note 4 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,145,786	\$ -	\$ -	\$ 1,145,786
Construction-in-progress	-	349,064	-	349,064
Total capital assets not being depreciated	<u>1,145,786</u>	<u>349,064</u>	<u>-</u>	<u>1,494,850</u>
Capital assets being depreciated				
Land improvements	2,530,933	-	-	2,530,933
Building and improvements	29,536,309	1,165,509	-	30,701,818
Technology and computers	1,575,739	348,286	40,408	1,883,617
Machinery and equipment	3,188,947	28,489	71,696	3,145,740
Transportation equipment	1,817,587	270,085	126,508	1,961,164
Right to use asset - leased equipment	34,382	-	-	34,382
Right to use asset - subscription arrangements	342,510	632,047	-	974,557
Total capital assets being depreciated	<u>39,026,407</u>	<u>2,444,416</u>	<u>238,612</u>	<u>41,232,211</u>
Less accumulated depreciation for				
Land improvements	1,681,668	109,457	-	1,791,125
Building and improvements	12,760,338	655,063	-	13,415,401
Technology and computers	1,154,729	155,088	40,408	1,269,409
Machinery and equipment	1,137,694	185,949	71,696	1,251,947
Transportation equipment	1,360,840	155,388	126,508	1,389,720
Right to use asset - leased equipment	34,382	-	-	34,382
Right to use asset - subscription arrangements	154,414	179,278	-	333,692
Total accumulated depreciation	<u>18,284,065</u>	<u>1,440,223</u>	<u>238,612</u>	<u>19,485,676</u>
Net capital assets being depreciated	<u>20,742,342</u>	<u>1,004,193</u>	<u>-</u>	<u>21,746,535</u>
Net capital assets	<u>\$21,888,128</u>	<u>\$1,353,257</u>	<u>\$ -</u>	<u>\$23,241,385</u>

Depreciation expense of capital assets and amortization expense of right to use assets amount to \$1,440,223. The School District determined that it was impractical to allocate depreciation and amortization to the various governmental activities as the assets serve multiple functions.

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Note 5 - Interfund Receivables, Payables, and Transfers

Individual interfund receivable and payable balances at year end were:

Payable Fund	Receivable Fund	Amount
General Fund	Combined Debt Service Funds	\$ 340,498
Nonmajor Governmental Funds	General Fund	<u>29,527</u>
		<u>\$ 370,025</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers were made during the year, between the General Fund and the Combined Debt Funds totaling \$170,000. These transfers were made to cover current year debt payments.

Note 6 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

Grant and categorical aid payments received prior to meeting all eligibility requirements	\$ 465,390
Student meals	<u>14,596</u>
Total	<u>\$ 479,986</u>

Note 7 - Subscription Based Information Technology

Subscription Arrangements

The School District has entered into subscription-based information technology arrangements (SBITAs) involving:

- Various desktop and server software subscriptions
- Electronic workflows software
- Information technology security software
- Cloud backup services software

The total costs of the School District's subscription assets are recorded as \$974,557, and accumulated amortization of \$333,692.

During the year, the School District paid an annual payment of \$16,220 for the K-12 learning management software subscription liability.

The future subscription payments under SBITA agreements are as follows:

Year ending June 30,	Principal	Interest
2026	<u>\$ 17,338</u>	<u>\$ 544</u>

Note 8 - Long-Term Debt

The School District issues 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 are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. Other long-term obligations include compensated absences.

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Long-term obligation activity is summarized as follows:

	Restated Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and notes payable					
General obligation bonds	\$ 9,765,000	\$ -	\$ 1,140,000	\$ 8,625,000	\$1,695,000
Premium on bonds	622,147	-	137,664	484,483	-
Discount on bonds	(17,451)	-	(6,491)	(10,960)	-
Total bonds payable	<u>10,369,696</u>	<u>-</u>	<u>1,271,173</u>	<u>9,098,523</u>	<u>1,695,000</u>
Other liabilities					
Subscriptions	33,451	-	16,113	17,338	17,338
Compensated absences	724,551	60,988	-	785,539	618,549
Total other liabilities	<u>758,002</u>	<u>60,988</u>	<u>16,113</u>	<u>802,877</u>	<u>635,887</u>
Total	<u>\$ 11,127,698</u>	<u>\$ 60,988</u>	<u>\$ 1,287,286</u>	<u>\$ 9,901,400</u>	<u>\$ 2,330,887</u>

General obligation bonds payable at year end, consist of the following:

\$4,570,000 serial bond due in annual installments of \$110,000 through May 1, 2026, interest at 4.20%	\$ 110,000
\$9,850,000 serial bond due in annual installments of \$1,085,000 to \$1,145,000 through May 1, 2029, interest at 5.00%	4,515,000
\$4,000,000 serial bond due in annual installments of \$500,000 to \$3,500,000 through May 1, 2027, interest at 5.30% to 5.45%	<u>4,000,000</u>
Total general obligation bonded debt	<u>\$ 8,625,000</u>

Future principal and interest requirements for bonded debt are as follows:

Year Ending June 30,	Bonds	
	Principal	Interest
2026	\$ 1,695,000	\$ 447,620
2027	4,645,000	362,250
2028	1,145,000	114,250
2029	<u>1,140,000</u>	<u>57,000</u>
Total	<u>\$ 8,625,000</u>	<u>\$ 981,120</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the fund had a balance of \$4,490,972 to pay this debt. Future debt and interest will be payable from future tax levies.

Compensated Absences

Accrued compensated absences at year end, consist of \$785,539 of accrued vacation sick leave, and retirement benefits that is earned as of June 30, 2025, and more likely than not to be used or paid in future years. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year. Compensated absences additions and deductions are reported net.

Defeased Debt

In prior years, the School District has defeased various bonds issued by creating separate irrevocable trust funds. New debt has been issued and the net proceeds of each refunding were placed in separate special escrow accounts and invested in securities of the U.S. Government and its agencies. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the refunded bonds are considered to be defeased. Accordingly, the trust account assets and liability for the defeased bonds are not included in the School District's financial statements.

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The final payment date for Series 2009 is May 1, 2029. The final payment date for Series 2001 is May 1, 2026. As of year end, the amount of defeased debt outstanding but removed from the School District's financial statements is as follows:

2009 School building and site bonds issued refunded	\$ 4,750,000
2001 School building and site bonds issued refunded	<u>105,000</u>
 Total	 <u>\$ 4,855,000</u>

Note 9 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

The School District participates in a public entity risk pool through an association of educational institutions within the State of Michigan for self-insuring worker's disability compensation. The School District pays annual premiums to the association for its workers' disability compensation coverage. In the event the association's total claims and expenses for the policy year exceed the total annual premiums for said years, all members of the policy year may be subject to a special assessment to make up the difference. The association maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The School District has not been informed of any special assessments being required. This program is recorded in the General Fund.

Note 10 - Pension Plan

Plan Description

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

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

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

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

Benefits Provided

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

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System also provides disability and survivor benefits to DB plan members.

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

Contributions

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

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

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

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

Required contributions to the pension plan from the School District were \$4,154,804 for the year ending September 30, 2024.

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

At June 30, 2025, the School District reported a liability of \$24,329,484 for its proportionate share of the MPERS net pension liability. The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2023. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2024, the School District's proportion was 0.0994%, which was a decrease of 0.0017% from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized pension expense of \$1,533,059 for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total pension contribution expense of \$3,690,721.

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At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 660,076	\$ (264,343)	\$ 395,733
Changes of assumptions	2,536,493	(1,782,582)	753,911
Net difference between projected and actual earnings on pension plan investments	-	(4,643,097)	(4,643,097)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>1,329</u>	<u>(1,088,696)</u>	<u>(1,087,367)</u>
Total to be recognized in future	3,197,898	(7,778,718)	(4,580,820)
School District contributions subsequent to the measurement date	<u>3,613,004</u>	<u>(1,045,567)</u>	<u>2,567,437</u>
Total	<u>\$ 6,810,902</u>	<u>\$ (8,824,285)</u>	<u>\$ (2,013,383)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. The District will offset the contribution expense in the year ended June 30, 2026 with the 147c supplemental income received subsequent to the measurement date which is included in the deferred inflows of resources.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2025	\$(1,212,910)
2026	(198,546)
2027	(1,908,334)
2028	<u>(1,261,030)</u>
	<u><u>\$(4,580,820)</u></u>

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2023
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return:
 - MIP and Basic Plans: 6.00% net of investment expenses
 - Pension Plus Plan: 6.00% net of investment expenses
 - Pension Plus 2 Plan: 6.00% net of investment expenses
- Projected Salary Increases: 2.75 - 11.55%, including wage inflation at 2.75%

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- Cost-of-Living Pension Adjustments: 3% Annual Non-Compounded for MIP Members
- Mortality:
 - Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
 - Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

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

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

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

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

allocation as of September 30, 2024, are summarized in the following table:

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

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

Rate of Return

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

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.00% (6.00% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between

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actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.00% (6.00% for the Pension plus plan, 6.0% for the Pension Plus 2 plan), as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.00%	Current Single Discount Rate Assumption 6.00%	1% Increase 7.00%
\$ 35,667,285	\$ 24,329,484	\$ 14,888,583

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

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

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

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

Note 11 - Postemployment Benefits Other Than Pensions (OPEB) Plan Description

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

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

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

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

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning with fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who

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first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

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

Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and

retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

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

The schedule below summarizes OPEB contribution rates in effect for plan year 2024.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	8.31%
Personal Healthcare Fund (PHF)	0.0%	7.06%

Required contributions to the OPEB plan from the School District were \$803,442 for the year ended September 30, 2024.

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

At June 30, 2025, the School District reported an asset of \$4,160,622 its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2024 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2023. The School District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the

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measurement period. At September 30, 2024 the School District's proportion was 0.0967%, which was a decrease of 0.0044% from its proportion measured as of September 30, 2023.

For the plan year ending September 30, 2024, the School District recognized OPEB expense of (\$1,575,543) for the measurement period. For the reporting period ending June 30, 2025, the School District recognized total OPEB contribution expense of \$117,556.

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$(4,408,988)	\$(4,408,988)
Changes of assumptions	908,740	(104,452)	804,288
Net difference between projected and actual earnings on OPEB plan investments	-	(787,653)	(787,653)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>76,325</u>	<u>(267,715)</u>	<u>(191,390)</u>
Total to be recognized in future	985,065	(5,568,808)	(4,583,743)
School District contributions subsequent to the measurement date	<u>85,065</u>	<u>-</u>	<u>85,065</u>
Total	<u>\$ 1,070,130</u>	<u>\$(5,568,808)</u>	<u>\$(4,498,678)</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as an addition to the net OPEB asset in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows during the following plan years:

Deferred (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2025	\$(1,470,438)
2026	(921,530)
2027	(898,669)
2028	(782,344)
2029	(427,825)
Thereafter	<u>(82,937)</u>
	<u>\$(4,583,743)</u>

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2023
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.95% net of investment expenses

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- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 2.75%
- Healthcare Cost Trend Rate: Pre-65: 7.25% Year 1 graded to 3.5% Year 15; Post-65: 6.50% Year 1 graded to 3.5% Year 15;
- Mortality:
 - Retirees: PubT-2010 Male and Female Retiree Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
 - Active: PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other Assumptions:

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

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

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

Recognition period for assets in years is 5.0000.

Full actuarial assumptions are available in the 2024 MPSERS Annual Comprehensive Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

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

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

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

Croswell-Lexington Community Schools
Notes to the Financial Statements
June 30, 2025

Rate of Return

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

Discount Rate

A discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

The following presents the School District's proportionate share of the net OPEB liability or asset calculated using the discount rate of 6.95%, as well as what the School District's proportionate share of the net OPEB liability or asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage higher:

1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
\$ (3,215,363)	\$ (4,160,622)	\$ (44,977,898)

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

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
\$ (4,977,907)	\$ (4,160,622)	\$ (3,284,088)

OPEB Plan Fiduciary Net Position

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

Payables to the OPEB Plan

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.
 OR add as necessary see below

Note 12 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time, although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2025.

Croswell-Lexington Community Schools
Notes to the Financial Statements
June 30, 2025

Note 13 - Change in Accounting Principle and Correction of an Error

The School District restated beginning net position as a result of adopting GASB Statement No. 101, *Compensated Absences*, and a prior period adjustment was necessary to correct the accrual for UAAL and MESSA in the General Fund.

The implementation of GASB 101 and the prior period adjustment had the following effect on fund balance and net position as reported June 30, 2025:

	<u>June 30, 2024 As Previously Reported</u>	<u>Change in Accounting Principle</u>	<u>Error Correction</u>	<u>June 30, 2024 As Restated</u>
District-Wide				
Governmental Activities - Net position	\$ <u>(8,339,717)</u>	\$ <u>(515,058)</u>	\$ <u>349,693</u>	\$ <u>(8,505,082)</u>
Governmental Funds				
Major Funds:				
General Fund - Fund balance	\$ <u>4,530,014</u>	\$ <u>-</u>	\$ <u>349,693</u>	\$ <u>4,879,707</u>

Croswell-Lexington Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts			Over (Under) Budget
	Original	Final	Actual	
Revenues				
Local sources	\$ 4,864,627	\$ 5,163,150	\$ 5,176,951	13,801
State sources	18,505,982	18,183,050	18,371,903	188,853
Federal sources	599,930	803,636	830,956	27,320
Interdistrict sources	547,550	348,131	269,083	(79,048)
Total revenues	24,518,089	24,497,967	24,648,893	150,926
Expenditures				
Instruction				
Basic programs	11,893,706	12,458,582	12,319,885	(138,697)
Added needs	3,343,803	3,038,500	3,160,972	122,472
Supporting services				
Pupil	971,672	915,860	851,142	(64,718)
Instructional staff	556,250	495,917	588,809	92,892
General administration	739,766	724,771	721,283	(3,488)
School administration	1,610,844	1,471,497	1,438,375	(33,122)
Business	533,731	416,282	410,208	(6,074)
Operations and maintenance	2,483,810	2,455,142	2,448,971	(6,171)
Pupil transportation services	1,170,486	1,156,081	1,108,447	(47,634)
Central	498,779	480,626	477,072	(3,554)
Athletic activities	600,907	625,998	618,299	(7,699)
Community services	119,174	32,472	40,299	7,827
Capital outlay	736,753	635,051	788,713	153,662

Croswell-Lexington Community Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Over (Under) Budget
	Original	Final		
Debt service				
Principal	\$ 23,573	\$ 48,040	\$ 16,113	\$ (31,927)
Interest and fiscal charges	-	-	918	918
	<u>25,283,254</u>	<u>24,954,819</u>	<u>24,989,506</u>	<u>34,687</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	<u>(765,165)</u>	<u>(456,852)</u>	<u>(340,613)</u>	<u>116,239</u>
Other Financing Sources (Uses)				
Insurance recoveries	-	-	5,719	5,719
Proceeds from sale of capital assets	-	-	12,421	12,421
Transfers in	775,000	-	-	-
Transfers out	<u>(268,672)</u>	<u>(200,000)</u>	<u>(170,000)</u>	<u>30,000</u>
Total other financing sources (uses)	<u>506,328</u>	<u>(200,000)</u>	<u>(151,860)</u>	<u>48,140</u>
Net change in fund balances	<u>(258,837)</u>	<u>(656,852)</u>	<u>(492,473)</u>	<u>164,379</u>
Fund balance - beginning	4,530,014	4,530,014	4,530,014	-
Adjustments	<u>349,693</u>	<u>349,693</u>	<u>349,693</u>	<u>-</u>
Fund balance - beginning, as restated	<u>4,879,707</u>	<u>4,879,707</u>	<u>4,879,707</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,620,870</u>	<u>\$ 4,222,855</u>	<u>\$ 4,387,234</u>	<u>\$ 164,379</u>

Croswell-Lexington Community Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of the net pension liability (%)	0.0994%	0.1010%	0.1034%	0.1060%	0.1061%	0.1060%	0.1072%	0.1075%	0.1101%	11.2160%
B. School District's proportionate share of the net pension liability	\$ 24,329,484	\$ 32,703,845	\$ 38,896,476	\$ 25,089,692	\$ 36,433,306	\$ 35,117,750	\$ 32,234,817	\$ 27,852,217	\$ 27,456,477	\$ 27,394,560
C. School District's covered payroll	\$ 10,027,262	\$ 10,251,820	\$ 10,210,714	\$ 9,792,045	\$ 9,448,388	\$ 9,299,828	\$ 9,030,508	\$ 9,032,468	\$ 9,188,836	\$ 9,330,872
D. School District's proportionate share of the net pension liability as a percentage of its covered payroll	242.63%	319.01%	380.94%	256.23%	385.60%	377.62%	356.95%	308.36%	298.80%	293.59%
E. Plan fiduciary net position as a percentage of total pension liability	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2024.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

Croswell-Lexington Community Schools
Required Supplementary Information
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2025	2023	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 3,690,721	\$ 4,105,579	\$ 4,630,151	\$ 3,524,578	\$ 3,150,056	\$ 2,923,840	\$ 2,811,061	\$ 2,714,716	\$ 2,471,221	\$ 2,582,882
B. Contributions in relation to statutorily required contributions	<u>3,690,721</u>	<u>4,105,579</u>	<u>4,630,151</u>	<u>3,524,578</u>	<u>3,150,056</u>	<u>2,923,840</u>	<u>2,811,061</u>	<u>2,714,716</u>	<u>2,471,221</u>	<u>2,582,882</u>
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
D. School District's covered payroll	\$ 10,007,365	\$ 10,224,664	\$ 9,840,837	\$ 9,610,870	\$ 9,362,725	\$ 9,029,553	\$ 9,081,075	\$ 8,899,829	\$ 8,892,324	\$ 9,233,070
E. Contributions as a percentage of covered payroll	36.88%	40.15%	47.05%	36.67%	33.64%	32.38%	30.96%	30.50%	27.79%	27.97%

Croswell-Lexington Community Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th, of Each June Fiscal Year)

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of the net OPEB liability (asset) (%)	0.0967%	0.1010%	0.1001%	0.1049%	0.1057%	0.1044%	0.1069%	0.1074%		
B. School District's proportionate share of the net OPEB liability (asset)	\$ (4,160,622)	\$ (571,543)	\$ 2,119,121	\$ 1,601,227	\$ 5,661,216	\$ 7,490,204	\$ 8,498,024	\$ 9,506,930		
C. School District's covered payroll	\$ 10,027,262	\$ 10,251,820	\$ 10,210,714	\$ 9,792,045	\$ 9,448,388	\$ 9,299,828	\$ 9,030,508	\$ 9,032,468		
D. School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-41.49%	-5.58%	20.75%	16.35%	59.92%	80.54%	94.10%	105.25%		
E. Plan fiduciary net position as a percentage of total OPEB liability (asset)	143.08%	105.04%	83.09%	87.33%	59.44%	36.39%	42.95%	36.39%		

Note Disclosures

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2024.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2024.

Croswell-Lexington Community Schools
Required Supplementary Information
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. Statutorily required contributions	\$ 117,556	\$ 796,990	\$ 787,367	\$ 779,474	\$ 762,616	\$ 740,262	\$ 712,163	\$ 656,189		
B. Contributions in relation to statutorily required contributions	<u>117,556</u>	<u>796,990</u>	<u>787,367</u>	<u>779,474</u>	<u>762,616</u>	<u>740,262</u>	<u>712,163</u>	<u>656,189</u>		
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
D. School District's covered payroll	\$ 10,007,365	\$ 10,224,664	\$ 9,840,837	\$ 9,610,870	\$ 9,362,725	\$ 9,029,553	\$ 9,081,075	\$ 8,899,829		
E. Contributions as a percentage of covered payroll	1.17%	7.79%	8.00%	8.11%	8.15%	8.20%	7.84%	7.37%		

Croswell-Lexington Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2025

	<u>Special Revenue Funds</u>		<u>Capital Projects</u>	Total Nonmajor Governmental Funds
	<u>Food Service</u>	<u>Student/School Activities</u>	<u>Sinking Fund</u>	
Assets				
Cash and cash equivalents	\$ 41,361	\$ 375,354	\$ 759,166	\$ 1,175,881
Due from other governmental units	148,888	-	9,950	158,838
Inventory	8,079	-	-	8,079
Prepaid items	80,000	-	-	80,000
	<u>80,000</u>	<u>-</u>	<u>-</u>	<u>80,000</u>
Total assets	<u>\$ 278,328</u>	<u>\$ 375,354</u>	<u>\$ 769,116</u>	<u>\$ 1,422,798</u>
Liabilities				
Accounts payable	\$ 85,343	\$ -	\$ 31,661	\$ 117,004
Due to other funds	821	28,706	-	29,527
Payroll deductions and withholdings	53	-	-	53
Accrued salaries payable	697	-	-	697
Unearned revenue	14,596	-	-	14,596
	<u>14,596</u>	<u>-</u>	<u>-</u>	<u>14,596</u>
Total liabilities	<u>101,510</u>	<u>28,706</u>	<u>31,661</u>	<u>161,877</u>

Croswell-Lexington Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2025

	<u>Special Revenue Funds</u>		<u>Capital Projects</u>	Total Nonmajor Governmental Funds
	<u>Food Service</u>	<u>Student/School Activities</u>	<u>Sinking Fund</u>	
Fund Balances				
Non-spendable				
Inventory	\$ 8,079	\$ -	\$ -	\$ 8,079
Prepaid items	80,000	-	-	80,000
Restricted for				
Food service	88,739	-	-	88,739
Capital projects	-	-	737,455	737,455
Committed	<u>-</u>	<u>346,648</u>	<u>-</u>	<u>346,648</u>
 Total fund balances	 <u>176,818</u>	 <u>346,648</u>	 <u>737,455</u>	 <u>1,260,921</u>
 Total liabilities and fund balances	 <u>\$ 278,328</u>	 <u>\$ 375,354</u>	 <u>\$ 769,116</u>	 <u>\$ 1,422,798</u>

Croswell-Lexington Community Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	<u>Special Revenue Funds</u>		<u>Capital Projects</u>	Total Nonmajor Governmental Funds
	<u>Food Service</u>	<u>Student/School Activities</u>	<u>Sinking Fund</u>	
Revenues				
Local sources	\$ 131,648	\$ 360,887	\$ 634,339	\$ 1,126,874
State sources	323,387	-	343,000	666,387
Federal sources	1,347,424	-	-	1,347,424
	<u>1,802,459</u>	<u>360,887</u>	<u>977,339</u>	<u>3,140,685</u>
Total revenues				
Expenditures				
Current				
Education				
Food services	1,710,581	-	-	1,710,581
Other expenses	-	369,754	-	369,754
Capital outlay	-	-	1,041,577	1,041,577
	<u>1,710,581</u>	<u>369,754</u>	<u>1,041,577</u>	<u>3,121,912</u>
Total expenditures				
Excess (deficiency) of revenues over expenditures	91,878	(8,867)	(64,238)	18,773
Fund balances - beginning	<u>84,940</u>	<u>355,515</u>	<u>801,693</u>	<u>1,242,148</u>
Fund balances - ending	<u>\$ 176,818</u>	<u>\$ 346,648</u>	<u>\$ 737,455</u>	<u>\$ 1,260,921</u>

Croswell-Lexington Community Schools
Other Supplementary Information
General Fund
Comparative Balance Sheet
June 30, 2025

	<u>2025</u>	<u>Restated 2024</u>
Assets		
Cash and cash equivalents	\$ 3,994,551	\$ 3,042,900
Accounts receivable	-	20,916
Due from other funds	29,527	28,058
Due from other governmental units	3,637,822	4,785,780
Prepaid items	<u>20,900</u>	<u>214,085</u>
Total assets	<u>\$ 7,682,800</u>	<u>\$ 8,091,739</u>
Liabilities		
Accounts payable	\$ 171,597	\$ 112,034
Due to other funds	340,498	170,498
Due to other governmental units	233,419	336,924
Payroll deductions and withholdings	96,099	103,831
Accrued expenditures	444,549	583,450
Accrued salaries payable	1,544,014	1,408,450
Unearned revenue	<u>465,390</u>	<u>496,845</u>
Total liabilities	<u>3,295,566</u>	<u>3,212,032</u>

Croswell-Lexington Community Schools
Other Supplementary Information
General Fund
Comparative Balance Sheet
June 30, 2025

	<u>2025</u>	<u>Restated 2024</u>
Fund Balances		
Non-spendable		
Prepaid items	\$ 20,900	\$ 214,085
Assigned		
Subsequent year expenditures	843,173	258,837
Unassigned	<u>3,523,161</u>	<u>4,406,785</u>
Total fund balances	<u>4,387,234</u>	<u>4,879,707</u>
Total liabilities and fund balances	<u>\$ 7,682,800</u>	<u>\$ 8,091,739</u>

Croswell-Lexington Community Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2025

Year Ending June 30,	2010 Refunding Bonds	2019 Refunding Bonds	2010 Building & Site Bonds	Total
2026	\$ 110,000	\$ 1,085,000	\$ 500,000	\$ 1,695,000
2027	-	1,145,000	3,500,000	4,645,000
2028	-	1,145,000	-	1,145,000
2029	-	1,140,000	-	1,140,000
Total	<u>\$ 110,000</u>	<u>\$ 4,515,000</u>	<u>\$ 4,000,000</u>	<u>\$ 8,625,000</u>
Principal payments due the first day of	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	
Interest rate	4.20%	5.00%	5.30% - 5.45%	
Original issue	<u>\$ 4,570,000</u>	<u>\$ 9,850,000</u>	<u>\$ 4,000,000</u>	