MASON CONSOLIDATED SCHOOLS
Erie, Michigan

ANNUAL FINANCIAL REPORT
June 30, 2026

MASON CONSOLIDATED SCHOOLS

Table of Contents
June 30, 2026

Independent Auditor's Report 1-3

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 4-5

Management's Discussion and Analysis 6-13

Basic Financial Statements:

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

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

Notes to Financial Statements 20-43

Required Supplemental Information:

General Fund:
Budgetary Comparison Schedule 44

Technology Fund:
Budgetary Comparison Schedule 45

Schedule of School District's Proportionate Share of Net Pension Liability 46

Schedule of School District's Pension Contributions 47

Schedule of School District's Proportionate Share of Net OPEB Liability 48

Schedule of School District's OPEB Contributions 49

Notes to Required Supplemental Information 50-52

Other Supplemental Information:

General Fund:
Schedule of Revenues - Budget and Actual 53
Schedule of Expenditures - Budget and Actual 54-57

MASON CONSOLIDATED SCHOOLS

Table of Contents (Concluded)
June 30, 2026

Other Supplemental Information (Concluded):

Nonmajor Governmental Funds:
Combining Balance Sheet 58-59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 60-61

Food Service Fund:
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual 62

Student and School Activity Fund:
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual 63

Sinking Fund:
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual 64

Capital Projects Fund:
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual 65

Schedule of Athletics – Budget and Actual 66

Schedule of Expenditures of Federal Awards 67-70

Notes to Schedule of Expenditures of Federal Awards 71-72

CALKINS HEHL RAFKO
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Education
Mason Consolidated Schools
Erie, Michigan 48133

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As described in Note 19 to the financial statements, the School District adopted the provisions of Governmental Accounting Standards Board Statements No. 103, *Financial Reporting Model Improvements* and No. 104, *Disclosure of Certain Capital Assets.* Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United State 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 Mason Consolidated Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Mason Consolidated 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 Mason Consolidated Schools' ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mason Consolidated Schools' basic financial statements. The accompanying other supplementary information, as identified in the table of contents, and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2026, on our consideration of Mason Consolidated School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mason Consolidated School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mason Consolidated School's internal control over financial reporting and compliance.

Monroe, Michigan
October 27, 2026

CALKINS HEHL RAFKO
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*

To the Board of Education
Mason Consolidated Schools
Erie, Michigan 48133

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Mason Consolidated Schools' basic financial statements and have issued our report thereon dated October 27, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Monroe, Michigan
October 27, 2026

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

If you have questions about this report or require further information, contact the Business Office at 2400 Mason Eagles Drive, Erie, MI 48133.

Overview of the Financial Statements

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

- *Government wide financial statements* are designed to provide readers with a broad overview of the School District's finances, using accounting methods similar to those used by private sector businesses. The *statement of net position* presents information on all of the School District's assets, deferred outflows, liabilities, and deferred inflows, with the difference reported as net position. The *statement of activities* presents information on how net position changed during the year, with revenues and expenses reported regardless of the timing of related cash flows. Both statements report only governmental activities, as the School District does not conduct business-type activities.

- *Fund Financial Statements* are groupings of related accounts used to maintain control over resources segregated for specific purposes. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the School District's funds are governmental funds, which focus on near-term inflows and outflows of spendable resources, and are reported using the modified accrual basis of accounting. Because governmental fund information is presented on a different basis than the government-wide statements, a reconciliation is provided immediately following each governmental fund statement.

- *Notes to the financial statements* provide additional detail necessary for a full understanding of the information in the government-wide and fund financial statements. The information in the notes is as important to understanding the School District's finances as the information in the financial statements. The School District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements.

- *Required Supplemental Information* follows the notes to the financial statements. It includes budgetary comparison schedules for the General Fund and each major special revenue fund with a legally adopted annual budget, along with notes to the RSI, and schedules related to the School District's pension and other post-employment benefit (OPEB) plans.

Types of Information in the Financial Statements

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

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

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

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

Analysis of the School District's Finances

Table 1
Condensed Statement of Net Position

	June 30, 2026	June 30, 2025	$ Change	% Change
Current and other assets	$9,337,385	$8,727,435	$609,950	7.0%
Capital assets	5,338,895	5,408,675	(69,780)	-1.3%
Total Assets	14,676,280	14,136,110	540,170	3.8%
Deferred outflows of resources	3,763,472	4,564,882	(801,410)	-17.6%
Current and other liabilities	2,335,066	2,054,595	280,471	13.7%
Long-term liabilities	13,650,927	15,837,310	(2,186,383)	-13.8%
Total Liabilities	15,985,993	17,891,905	(1,905,912)	-10.7%
Deferred inflows of resources	8,149,363	8,701,495	(552,132)	-6.3%
Net Position				
Net investment in capital assets	5,091,639	5,084,820	6,819	0.1%
Restricted for technology enhancement	689,446	675,802	13,644	2.0%
Restricted for food service	241,284	274,097	(32,813)	-12.0%
Restricted for capital projects	18,446	27,724	(9,278)	-33.5%
Restricted for other post-employment benefits	3,551,784	2,451,764	1,100,020	44.9%
Unrestricted (deficit)	(15,288,203)	(16,406,615)	1,118,412	6.8%
Total Net Position	($5,695,604)	($7,892,408)	2,196,804	27.8%

Table 1 shows that as of June 30, 2026, the School District's total net position—assets and deferred outflows minus liabilities and deferred inflows—was a deficit of $5,695,604, an increase of $2.2 million or 27.8 percent compared with 2025. This increase is primarily due an increase in the net OPEB asset of $1,100,020, or 44.9 percent, and a $1,118,412 or 6.8 percent increase in unrestricted net position. Most of the increase in net position was the result of the financial performance of the governmental activities. The following sections of MD&A analyze the finances of the governmental activities and business-type activities separately.

Governmental activities

Table 2 shows that revenues continued to exceed expenses in the current year, resulting in an increase in net position. The total increase in net position of the School District's governmental activities was approximately $2.2 million.

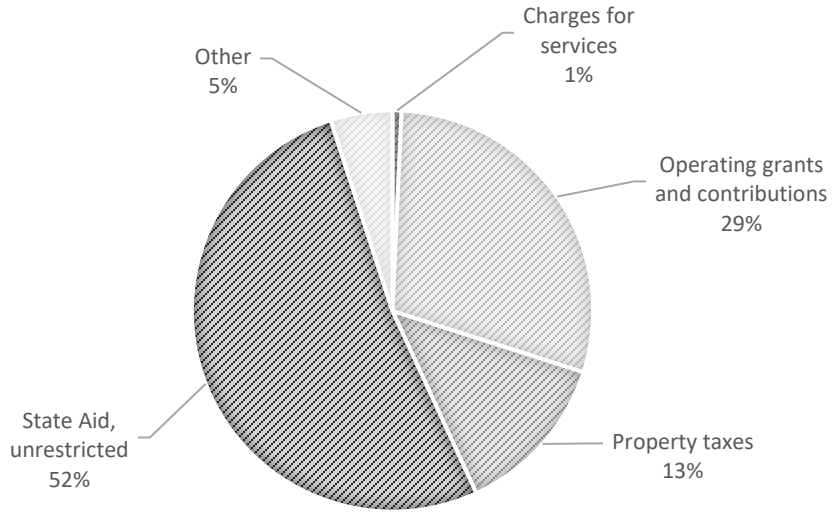
Various events contributed to this increase in net position; however, the two primary factors affecting the change in net position are as follows:

(1) Increase in property tax revenues for General Fund.
(2) Lower amounts of instruction program expenses in the General Fund.

Table 2
Condensed Changes in School District's Net Position

`	June 30, 2026	June 30, 2025	$ Change	% Change
Revenues				
Program revenues:				
Charges for services	$113,578	$123,153	($9,575)	-7.8%
Operating grants and contributions	4,509,976	4,783,600	(273,624)	-5.7%
	4,623,554	4,906,753	(283,199)	-5.8%
General revenues:				
Property taxes	2,037,003	1,959,887	77,116	3.9%
State foundation allowance	8,013,176	7,987,040	26,136	0.3%
Other general revenues	813,461	724,064	89,397	12.3%
	10,863,640	10,670,991	192,649	1.8%
Total Revenues	15,487,194	15,577,744	(90,550)	-0.6%
Functions/Program Expenses				
Instruction	6,274,377	6,316,816	(42,439)	-0.7%
Support services	5,868,244	4,901,627	966,617	19.7%
Community services	1,577	28,699	(27,122)	-94.5%
Food services	709,920	716,777	(6,857)	-1.0%
Interest on long-term debt	15,513	21,663	(6,150)	-28.4%
Depreciation	420,759	419,748	1,011	0.2%
Total Expenses	13,290,390	12,405,330	885,060	7.1%
Increase (Decrease) in Net Position	2,196,804	3,172,414	(975,610)	-30.8%
Net Position - Beginning of year	(7,892,408)	(11,064,822)	3,172,414	28.7%
Net Position - End of year	($5,695,604)	($7,892,408)	2,196,804	27.8%

Figure 3. Governmental Activities Revenues* by Source



Growth of property tax revenues

There was a notable increase in 2026 in both personal residence property and non-homestead property values in our community, property tax revenues account for 13% of overall revenues. The increase in property tax revenue was $77,116 more than in 2025. Our community is seeing an increase in both home and commercial property new builds, which will continue to support the school district in future years.

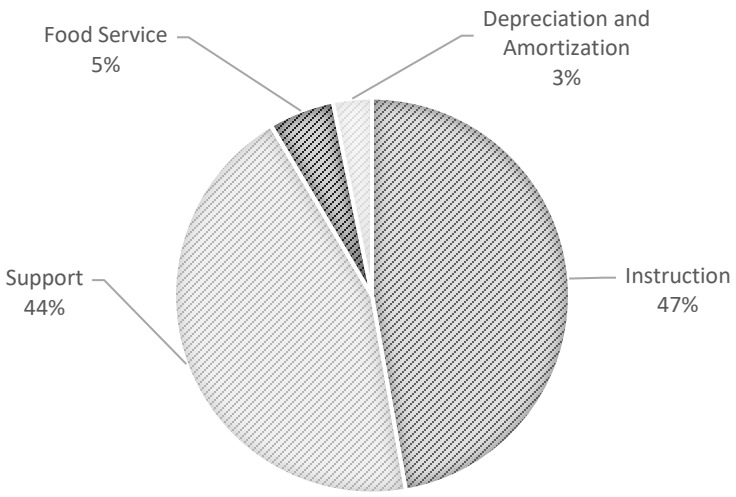
State Aid Funding

The largest single source of governmental activities revenue for the School District is the unrestricted State Aid foundation which accounts for 52% of the overall governmental activities' revenue. Despite facing declining enrollment, the increase in per pupil foundation payments for the 2026 fiscal year maintained a consistent funding amount from the previous year.

Operating Grants and Contributions

Another large source of governmental activities revenue for the School District is the federal and state grant revenues. These grants account for 29% of overall revenues; this is reduced of 5.7% of revenues in the previous fiscal year. The majority of the final rounds of COVID-19 pandemic related grant funding were expended during the previous fiscal year.

Figure 4. Governmental Activities Expenses* by Function



The slight decrease in revenue was accompanied by a more than proportionate decrease in the School District's governmental activities expenses.

Other changes in net position

Total governmental activities revenues exceeded total expenses in fiscal year 2026 by $2,196,804, which is less than the prior year's increase in net position.

Governmental funds

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

Table 5

Revenues, Expenditures, and Changes in Fund Balances

	General Fund		Technology Fund	
	2026	**2025**	**2026**	**2025**
Total Revenues	$14,049,819	$14,084,137	$495,199	$394,682
Total Expenditures	14,640,772	14,275,799	481,555	319,209
Net Change in Fund Balances	(590,953)	(191,662)	13,644	75,473
Fund Balances - Beginning of year	3,152,654	3,344,316	675,802	600,329
Fund Balances - End of year	$2,561,701	$3,152,654	$689,446	$675,802

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

General Fund

The fund balance of the School District's general fund decreased by 18.7 percent. This decrease in fund balance is attributable (1) lower revenue in state sources and federal grants, (2) higher than normal operation and maintenance expenditures (3) continued rise of expenditure costs for personnel and materials.

Technology Fund

The fund balance of the School District's technology fund increased slightly by 2.0 percent. This increase is related to higher tax revenue that was transferred from the county and restricted federal grants. These increases revenues were significantly offset by capital outlays for instruction.

Significant capital asset and long-term financing activity

The discussion thus far has only touched upon certain significant transactions and events during 2026 with respect to capital assets and long-term debt. Overall, the carrying value of capital assets—original cost minus accumulated depreciation—decreased 1.2 percent over fiscal year 2026. However, that relatively small change does not completely capture the substantial amount of capital investment activity that occurred in fiscal year 2026.

The Sinking Fund is being preserved for a roofing project if a proposed bond issue is not approved by voters. The School District had capital outlays for building improvements and machinery and equipment of $350,979. These expenditures were mostly out of the General Fund, Food Service Fund, and Sinking Fund.

At June 30, 2026, the School District had $247,256 in outstanding purchase agreements payable. Other obligations, which include accrued vacation and sick pay, were $1,984,066. More detailed information about long-term liabilities and lease commitments are presented in Notes 11 and 12 to the financial statements.

The School District is reviewing a bond proposal to be approved by the voters to make some building and capital improvements.

Budget Reductions

The School District evaluated all positions and major expenditures for the 2026/27 budget during the spring of 2026. This resulted in a reduction of $617,044 in expenditures in the General Fund initial budget. The School District's primary goal was to preserve essential classroom services for students while identifying opportunities to reduce unnecessary expenditures. At the time the budget was developed, negotiations were ongoing with all three collective bargaining units. As a result, no increases to collective bargaining agreement (CBA) pay scales were included in the budget.

Declining Enrollment

Based on historical trends, the School District continues to experience declining student enrollment. The 2026–2027 budget was developed using the student enrollment count from the previous fall. However, enrollment has continued to decline year over year, presenting ongoing challenges for budget planning and resource allocation

Adoption of the State budget

At the time the initial 2026–2027 budget was adopted in June 2026, the State of Michigan had not yet approved its 2026–2027 School Aid Fund budget. Because the School District's financial outlook is influenced by various components of the state budget, assumptions were necessary to develop a responsible and conservative spending plan. Accordingly, the initial budget did not include an increase in per-pupil foundation funding, and other state categorical funding sources were held flat, with no anticipated increases.

In early July, the State of Michigan approved its School Aid Fund budget, which included a $250 per-pupil foundation allowance increase. This increase is expected to have a positive impact on the School District's finances. Additionally, the State budget provided increases to other categorical grants and introduced new competitive grant opportunities that may offer further financial benefits to the School District

BASIC FINANCIAL STATEMENTS

DISTRICT - WIDE FINANCIAL STATEMENTS

MASON CONSOLIDATED SCHOOLS

Statement of Net Position
June 30, 2026

	Governmental Activities
Assets	
Cash and cash equivalents	$3,605,511
Accounts/taxes receivable	2,628
Due from other governmental units	2,134,566
Inventory	18,426
Deposits	4,459
Prepaid	20,011
Capital assets less accumulated depreciation and amortization	5,338,895
Net OPEB asset	3,551,784
Total Assets	14,676,280
Deferred Outflows of Resources	
Deferred amount of pension expense	3,132,478
Deferred amount of OPEB expense	630,994
Total Deferred Outflows of Resources	3,763,472
Liabilities	
Accounts payable	480,162
Salaries payable	725,206
Due to other governmental units	138,596
Other liabilities	568,695
Unearned revenue	175,151
Long-term liabilities:	
Long-term debt, due in one year	247,256
Long-term debt, due in more than one year	1,984,066
Net pension liability	11,666,861
Total Liabilities	15,985,993
Deferred Inflows of Resources	
Deferred amount of net pension liability	4,060,949
Deferred amount of State aid funding for pension	958,453
Deferred amount of net OPEB liability	3,129,961
Total Deferred Inflows of Resources	8,149,363
Net Position (Deficit)	
Net investment in capital assets	5,091,639
Restricted for technology enhancement	689,446
Restricted for food service	241,284
Restricted for capital projects	18,446
Restricted for other post-employment benefits	3,551,784
Unrestricted (deficit)	(15,288,203)
Total Net Position (Deficit)	($5,695,604)

See accompanying notes to the basic financial statements.

MASON CONSOLIDATED SCHOOLS

Statement of Activities
Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Primary government -				
Governmental activities:				
Instruction	$6,274,377	$0	$2,402,675	($3,871,702)
Support services	5,868,244	82,501	1,333,247	(4,452,496)
Community services	1,577	0	1,500	(77)
Food services	709,920	31,077	772,554	93,711
Interest on long-term debt	15,513	0	0	(15,513)
Depreciation and amortization (unallocated)	420,759	0	0	(420,759)
Total Governmental Activities	$13,290,390	$113,578	$4,509,976	(8,666,836)
General Revenues:				
Taxes:				
Property taxes, levied for general operations				1,619,279
Property taxes, levied for technology				417,724
State of Michigan aid, unrestricted				8,013,176
Interest income				44,956
Other				768,505
Total General Revenues				10,863,640
Change in Net Position				2,196,804
Net Position - Beginning of year				(7,892,408)
Net Positon - End of year				($5,695,604)

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS

MASON CONSOLIDATED SCHOOLS

Governmental Funds
Balance Sheet
Year Ended June 30, 2026

	General	Technology	Other Nonmajor Governmental Funds	Totals
Assets				
Cash and cash equivalents	$2,481,835	$717,031	$406,645	$3,605,511
Accounts/taxes receivable	2,283	345	0	2,628
Due from other governmental units	2,077,570	0	56,996	2,134,566
Inventory	0	0	18,426	18,426
Deposits	4,459	0	0	4,459
Prepaid	19,407	0	604	20,011
Total Assets	$4,585,554	$717,376	$482,671	$5,785,601
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$422,550	$27,083	$30,529	$480,162
Salaries payable	722,534	642	2,030	725,206
Other liabilities	567,841	205	649	568,695
Unearned revenue	172,332	0	2,819	175,151
Due to other governmental units	138,596	0	0	138,596
Total Liabilities	2,023,853	27,930	36,027	2,087,810
Fund Balances				
Nonspendable:				
Inventory	0	0	18,426	18,426
Prepaid	19,407	0	604	20,011
Restricted for:				
Technology enhancement	0	689,446	0	689,446
Food service	0	0	222,254	222,254
Capital projects	0		18,446	18,446
Committed to:				
Building and grounds	72,708	0	0	72,708
Student and school activity	0	0	186,914	186,914
Unassigned	2,469,586	0	0	2,469,586
Total Fund Balances	2,561,701	689,446	446,644	3,697,791
Total Liabilities and Fund Balances	$4,585,554	$717,376	$482,671	$5,785,601

See accompanying notes to the basic financial statements.

MASON CONSOLIDATED SCHOOLS

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

Total Fund Balances - Governmental Funds		$3,697,791
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
Cost of the capital assets	$13,257,895	
Accumulated depreciation and amortization	(7,919,000)	
		5,338,895
Deferred outflows of resources from subsequent pension expense from measurement date		2,119,540
Deferred outflows of resources from subsequent OPEB expense from measurement date		109,391
Deferred outflows of resources related to pension investment returns, changes in assumptions and changes in experience		1,012,938
Deferred outflows of resources related to OPEB investment returns, changes in assumptions and changes in experience		521,603
Deferred inflows of resources resulting from net pension liability		(5,019,402)
Deferred inflows of resources resulting from net OPEB liability		(3,129,961)
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
Net pension liability	(11,666,861)	
Net OPEB asset	3,551,784	
Notes payable	(247,256)	
Lease commitments	0	
Compensated absences	(1,984,066)	
		(10,346,399)
Total Net Position - Governmental Activities		($5,695,604)

See accompanying notes to the basic financial statements.

MASON CONSOLIDATED SCHOOLS

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

	General	Technology	Other Nonmajor Governmental Funds	Totals
Revenues				
Local sources	$1,771,076	$424,388	$169,623	$2,365,087
State sources	11,335,794	1,833	275,217	11,612,844
Federal sources	343,992	68,978	497,337	910,307
Interdistrict and other sources	598,957	0	0	598,957
Total Revenues	14,049,819	495,199	942,177	15,487,195
Expenditures				
Current:				
Instruction	8,467,475	367,459	0	8,834,934
Support services	6,061,498	114,096	137,010	6,312,604
Community service	1,577	0	0	1,577
Food service	0	0	837,753	837,753
Capital outlay	16,837	0	40	16,877
Prior period adjustments	1,273	0	0	1,273
Debt service	92,112	0	0	92,112
Total Expenditures	14,640,772	481,555	974,803	16,097,130
Net Change in Fund Balances	(590,953)	13,644	(32,626)	(609,935)
Fund Balances - Beginning of year	3,152,654	675,802	479,270	4,307,726
Fund Balances - End of year	$2,561,701	$689,446	$446,644	$3,697,791

See accompanying notes to the basic financial statements.

MASON CONSOLIDATED SCHOOLS

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

Total Net Change in Fund Balances - Governmental Funds		($609,935)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation expense:		
Depreciation and amortization expense	($420,759)	
Capital outlay	350,979	
		(69,780)
Repayments of long-term debt and borrowing of long-term debt are expenditures and other financing sources governmental funds, but the repayment reduces long-term liabilities and the borrowings increase long-term liabilities in the statement of net position. In the current year, the amounts consist of:		
Installment purchase agreement reduction		76,599
Lease commitment reduction		10,051
The statement of net position reports the net pension and OPEB liabilities and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amout recorded on the governmental funds equals actual pension contributions.		
Net change in pension liability		2,431,483
Net change in OPEB asset		1,100,020
Net change in the deferred inflow of resources related to the net pension liability		333,115
Net change in the deferred inflow of resources related to the net OPEB asset		219,017
Net change between actual pension contributions and the cost of benefits earned, net of employer contributions		(765,273)
Net change between actual OPEB contributions and the cost of benefits earned, net of employer contributions		(36,137)
Increases in the liability for compensated absences are reported as an expenditure in the statement of activities, but not in the governmental funds.		(492,356)
Change in Net Positon of Governmental Activities		$2,196,804

See accompanying notes to the basic financial statements.

Note 1 Description of the School District and Reporting Entity

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

Reporting Entity

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

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

Note 2 Summary of Significant Accounting Policies

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

Basis of Presentation

A. District-Wide and Fund Financial Statements

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

Individual major governmental funds are reported as separate columns in the fund financial statements.

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

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

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

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

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

The School District reports the following major governmental funds:

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

The Technology Fund is a special revenue fund that accounts for property taxes levied under an enhancement millage for technology purchases and related expenses.

The School District reports the following nonmajor governmental funds:

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

Economic Dependency – The School District received approximately 81% of the General Fund revenue from the State of Michigan. Due to the significance of this revenue source to the School District, the School District is considered economically dependent.

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

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

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value. Additionally, the School District's external investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice and penalty.

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, 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's deposits are in accordance with statutory authority.

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

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

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

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

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

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

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

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

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

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

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

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

Sick leave benefits are accrued as a liability using the vesting method. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's employment contracts. The entire compensated absence liability is reported on the district-wide financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

Fund Balance Non-Spendable, Restricted, Committed, Assigned, and Unassigned - The fund balance is categorized as non-spendable, restricted, committed, assigned, or unassigned based on the relative strength of the spending constraints. The School Board has the authority to place funds under the committed category. The Superintendent and his/her designee has the authority to place funds under the assigned category. Restricted resources should be used first, followed by committed funds, assigned amounts, and then unassigned amounts. The School Board desired to maintain, in stable economic times, a fund balance of at least 12% of the District General Fund annual operating expenditures.

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

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

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

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

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

1. Prior to June 30, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.

2. A public hearing is conducted during June to obtain taxpayer comments.

3. Prior to June 30, the budget is legally enacted through passage of a resolution.

4. During the year the budget is monitored, and amendments to the budget resolution are made when deemed necessary.

Lapsing of Appropriations - At the close of each year all unspent appropriations revert to the respective funds from which they were appropriated and become subject to future appropriations.

G. Restricted Assets

The cash and investments for food service, technology enhancement, and capital projects are restricted for the specific purposes. Restricted assets on the statement of net position and the governmental fund balance sheet represent the cash that can only be used for the purpose for which the revenue was received.

H. Reclassifications

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

I. Subsequent Events

The School District's management evaluated subsequent events from June 30, 2026 through October 27, 2026, the date the financial statements were available to be issued.

Note 3 **Stewardship, Accountability and Compliance**

The School District shall not incur expenditures in excess of the amount appropriated. Annual budgets are adopted on a basis that is consistent with generally accepted accounting principles and State law for the General and Special Revenue Funds. In the required supplemental information, the School District's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis, which is the adopted legal level of control.

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

During the year ended June 30, 2026, the School District incurred expenditures in certain budgetary functions which were in excess of the amounts appropriated. There were no deficit fund balances for any of the School District's funds required to be budgeted.

Note 4 **Deposits and Investments**

As of June 30, 2026, the School District's deposits and investments are all on deposit with First Merchants Bank, Flagstar Bank, and Huntington Bank.

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 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 School District's cash requirements.

Credit risk. The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the School District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the School District will do business in accordance with the School District's investment policy.

Concentration of credit risk. The School District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the School District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to the School District. The School District has $3,666,568 invested in checking accounts and money markets. The School District's deposits are insured by the FDIC in the amount of $370,002. Uninsured deposits are $3,296,566.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the Schools District's investment policy, and pre-qualifying the financial institutions, broker/dealer, intermediaries and advisors with which the School District will do business in accordance to the School District's investment policy.

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

Note 5 **Interfund Payables, Receivables, and Transfers**

There were no interfund balances at June 30, 2026. There were no interfund transfers during the 2025-2026 fiscal year.

Note 6 **Capital Assets**

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

	Balance July 1, 2025	Additions	Deletions	Balance June 30, 2026
Assets not being depreciated:				
Land	$8,484	$0	$0	$8,484
Capital assets being depreciated:				
Land improvements	1,716,733	0	0	1,716,733
Buildings and building improvements	8,926,891	172,851	0	9,099,742
Machinery and equipment	1,290,958	178,128	0	1,469,086
Buses	907,670	0	50,724	856,946
Vehicles	59,278	0	0	59,278
	12,901,530	350,979	50,724	13,201,785
Total capital assets	12,910,014	350,979	50,724	13,210,269
Less accumulated depreciation:				
Land improvements	(1,270,107)	(38,155)	0	(1,308,262)
Buildings and building improvements	(5,168,135)	(204,142)	0	(5,372,277)
Machinery and equipment	(770,012)	(90,429)	0	(860,441)
Buses	(283,265)	(73,241)	(50,724)	(305,782)
Vehicles	(19,346)	(5,266)	0	(24,612)
Total accumulated depreciation	(7,510,865)	(411,233)	(50,724)	(7,871,374)
Right-to-use leased assets - equipment				
Equipment	47,626	0	0	47,626
Less accumulated amortization	(38,100)	(9,526)	0	(47,626)
Net right-to-use leased assets	9,526	(9,526)	0	0
Net capital assets	$5,408,675	($69,780)	$0	$5,338,895

Depreciation and amortization expense were charged to governmental functions as an unallocated expense.

Note 7 Defined Benefit Pension Plans and Postemployment Benefits

Plan Description - The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employers, 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, and Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

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

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

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

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2022 valuation will be amortized over a 14-year period beginning October 1, 2024 and ending September 30, 2038.

Note 7 **Defined Benefit Pension Plans and Postemployment Benefits (Continued)**

Contributions (Concluded) - The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2025:

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

Required contributions to the pension plan from the School District were $2,425,639 for the year ended September 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2026, the School District reported a liability of $11,666,861 for its proportionate share of the MPSERS 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 2024. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2025, the School District's proportion was 0.05823824 percent, which was an increase of 0.00065171 percent from its proportion measured as of September 30, 2024.

For the year ended June 30, 2026, the School District recognized pension expense of $306,432. At June 30, 2026, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between actual and expected experience	$451,891	($103,916)
Changes of assumptions	418,757	(616,622)
Net differences between projected and actual earnings on pension plan investments	0	(2,788,130)
Changes in proportion and differences between school district contributions and proportionate share of contributions	142,290	(552,281)
School district's contributions subsequent to the measurement date	2,119,540	0
	$3,132,478	($4,060,949)

Note 7 **Defined Benefit Pension Plans and Postemployment Benefits (Continued)**

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Concluded) - Deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date of $2,119,540 will be recognized as a reduction of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

	Amount
2026	($377,798)
2027	(1,416,722)
2028	(987,594)
2029	(265,897)
	($3,048,011)

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2024
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
- MIP and Basic Plans	6.00%, net of investment expenses
- Pension Plus Plan	6.00%, net of investment expenses
- Pension Plus 2 Plan	6.00%, net of investment expenses
Projected Salary Increases:	2.75 –11.55%, including wage inflation at 2.75%
Cost-of-Living Pension Adjustments:	3% Annual Non-Compounded for MIP Members

Note 7 **Defined Benefit Pension Plans and Postemployment Benefits (Continued)**
Actuarial Assumptions (Concluded)

Mortality:

- Retirees — PubT-2010 Male and Female Healthy Annuitant Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
- Active Members — PubT-2010 Male and Female Employee Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Notes:

- Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2023 valuation. The total pension liability as of September 30, 2025, is based on the results of an actuarial valuation date of September 30, 2024 and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 4.4524.
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2025 MPSERS Annual Comprehensive Financial Report found on the ORS website at michigan.gov/orsschools.

The long-term expected rate of return on plan assets - The long-term rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2025, are summarized in the following table:

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

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

Note 7 **Defined Benefit Pension Plans and Postemployment Benefits (Concluded)**

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

Discount rate - A discount rate of 6.0% was used to measure the total pension liability (6.0% for Pension Plus plan, 6.00% for the Pension Plus 2 plan, hybrid plans provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.0% (6.0% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate - The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.0% (6.0% for 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 point higher:

1% Decrease (5.0%)	Current Single Discount Rate Assumption (6.0%)	1% Increase (7.0%)
$18,410,949	$11,666,861	$6,049,898

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

Payable to the Pension Plan – At June 30, 2026, the School District owned $357,855 related to required pension plan payments. Amounts accrued at year end for accounting purposes are reported in the financial statements as accrued expenses. These amounts represent current payments for June paid in July, accruals for summary pay (primarily for teacher), and contributions due funded from state aid revenue section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL) Stabilization rate contributions.

Note 8 **Postemployment Benefits Other Than Pensions (OPEB)**

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

Note 8 **Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

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

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

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

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

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

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.

Note 8 **Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

Contributions (Concluded) – Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

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

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

OPEB Contribution Rates

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

Required contributions to the OPEB plan from School District were $54,948 for the year ended September 30, 2025.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2026, the School District reported an asset of $3,551,784 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2025, and the total OPEB (asset)/liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2024. The School District's proportion of the net OPEB asset was determined by dividing each employers' statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2025, the School District's proportion was 0.05842597 percent, which was a decrease of 0.00113041 percent from its proportion measured as of October 1, 2024.

Note 8 **Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Concluded) - For the year ending June 30, 2026, the School District recognized OPEB income of $1,156,904**.** At June 30, 2026, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between actual and expected experience	$0	($2,431,719)
Changes of assumptions	474,024	(37,670)
Net differences between projected and actual earnings on OPEB plan investments	0	(499,103)
Changes in proportion and differences between school district contributions and proportionate share of contributions	47,579	(161,469)
School district's contributions subsequent to the measurement date	109,391	0
	$630,994	($3,129,961)

Deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date of $109,391 will be recognized as a reduction of the net OPEB liability 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:

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

	Amount
2026	($713,221)
2027	(671,265)
2028	(630,137)
2029	(411,622)
2030	(139,768)
Thereafter	(42,345)
	($2,608,358)

Note 8 **Postemployment Benefits Other Than Pensions (OPEB) (Continued)**

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2024
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.00%, net of investment expenses
Projected Salary Increases:	2.75 – 11.55%, including wage inflation at 2.75%
Health Cost Trend Rate:	Pre-65: 7.75% Year 1 graded to 3.5% Year 15 Post-65: 6.50% Year 1 graded to 3.5% Year 15
Mortality:	
- Retirees	PubT-2010 Male and Female Healthy Annuitant Mortality Tables, scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
- Active Members	PubT-2010 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Other Assumptions:	
Opt Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement	Of those not opting out, 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Note 8 **Postemployment Benefits Other Than Pensions (OPEB) (Continued)**
Actuarial Assumptions (Concluded)
Summary of Actuarial Assumptions (Concluded)

Notes:

- Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2023 valuation. The total OPEB liability as of September 30, 2025, is based on the results of an actuarial valuation date of September 30, 2024, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: 6.4654
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2025 MPSERS Annual Comprehensive Financial Report found on the ORS website at michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets - The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2025, are summarized in the following table:

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

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

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

Note 8 **Postemployment Benefits Other Than Pensions (OPEB) (Concluded)**

Discount Rate - A discount rate of 6.0% 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 6.0%. 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 to changes in the discount rate - The following presents the School District's proportionate share of the net OPEB liability calculated using the discount rate of 6.0%, as well as what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease 5.0%	Current Discount Rate 6.0%	1% Increase 7.0%
($3,060,086)	($3,551,784)	($3,982,125)

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
($3,978,198)	($3,551,784)	($3,104,062)

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

Payable to the OPEB Plan – At June 30, 2026, the School District owed $10,370 related to required OPEB plan payments. Amounts accrued at year end for accounting purposes are reported in the financial statements as accrued expenses. These amounts represent current payments for June paid in July and accruals for summer pay (primarily for teachers).

Note 9 Enhancement Millage for Technology

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

Note 10 Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned. At June 30, 2026, the various components of unearned revenue are as follows:

	Unearned Revenue
General Fund:	
31aa Mental Health	$5,818
23(g)2 MI Kids Back on Track	55,620
61v CTE Program Expansion	100,013
Perkins Apprenticeship	2,474
35(a)5 Early Literacy	7,441
Building Healthy Communities	966
Food Service Fund:	
Prepaid student balances	2,819
	$175,151

Note 11 Long-Term Debt

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

	Balance July 1, 2025	Additions	Payments	Balance June 30, 2026	Amounts Due in One Year
Direct Borrowings and Direct Placements:					
Installment Purchase Agreements:					
Tax Exempt Leasing Corp A	$323,855	$0	$76,599	$247,256	$247,256
Total Direct Borrowings and Direct Placements:	323,855	0	76,599	247,256	247,256
Other Liabilities:					
Compensated absences	1,491,710	492,356	0	1,984,066	0
Total Long-Term Debt	$1,815,565	$492,356	$76,599	$2,231,322	$247,256

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

The School District entered into an installment purchase agreement on July 15, 2021 with Tax Exempt Leasing Corp. for the use of seven general education buses and one special education bus. The lease term is six years, ending July 15, 2027, with payments of $92,112 for the five years, and a balloon payment of $259,100 in the sixth year, with an interest rate of 4.79%. This agreement contains a provision that in the event of failure by the School District to pay any of the obligation for 15 days after the principal and interest are due, the lender may, at its option, to obtain a judgment in an amount not less than the sum of all contract payments due, or require the School District to redeliver any or all of the equipment to a location specified by the lender.

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

	2021 Tax-Exempt Leasing Corp A		
	Principal	Interest	Total
Fiscal Year			
2027	$247,256	$11,844	$259,100

Compensated absences payable represents vested benefits for unused vacation and sick pay under formulas and conditions specified in various employment contracts. The amount in the “additions” or “payments” columns represent the net change during the year.

Note 12 **Lease Commitments**

The following is a summary of changes in lease commitments:

	Balance July 1, 2025	Additions	Payments	Balance June 30, 2026	Amounts Due in One Year
MT Business Technologies	$10,051	$0	$10,051	$0	$0

The School District entered into a lease agreement with MT Business Technologies for the use a copy machine. The lease term is sixty months, ending July 12, 2026, with payments of $851 per month. For purposes of discounting the future payments of the lease, the School District used an interest rate of 2.85%. The leased equipment and the related accumulated amortization of the right-to-use assets are outlined in Note 5.

Note 13 **Property Taxes**

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

Note 13 **Property Taxes (Concluded)**

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

	Taxable Value	Mills Levied	Taxes Levied
General Fund:			
Non-Homestead	$90,605,999	18.0000	$1,630,908
Commercial Personal Property	1,749,977	6.0000	10,500
			$1,641,408

Note 14 **Cafeteria Contract**

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

Note 15 **Contingencies**

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2026.

B. Litigation

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

Note 16 **Risk Management and Insurance Pool**

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

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

Note 17 Sinking Fund

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

Note 18 Prior Period Adjustments

During the current fiscal year, the School District had prior period adjustments in the General Fund totaling $55,482 related to grant funding spent in prior years, but not reclassified out of unearned revenue. This caused an understatement of net position and fund balance by $55,482 for the year ended June 30, 2025.

Note 19 Accounting Pronouncements

In April 2024, the Governmental Accounting Standards Board issued GASB Statement Number 103, *Financial Reporting Model Improvements*. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. The School District implemented this standard effective July 1, 2025.

In September 2024, the Governmental Accounting Standards Board issued GASB Statement Number 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement Number 34. Leased assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-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 disclosures. 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 by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The School District implemented this standard effective July 1, 2025.

REQUIRED SUPPLEMENTAL INFORMATION

MASON CONSOLIDATED SCHOOLS

General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2026

	Budgeted Amounts		Variance with Original Budget Over (Under)		Variance with Final Budget Positive
	Original	Final	Final Budget	Actual	(Negative)
Revenues					
Local sources	$1,826,251	$1,859,576	$33,325	$1,771,076	($88,500)
State sources	10,324,743	11,580,115	1,255,372	11,335,794	(244,321)
Federal sources	385,538	450,148	64,610	343,992	(106,156)
Interdistrict and other sources	373,000	542,706	169,706	598,957	56,251
Total Revenues	12,909,532	14,432,545	1,523,013	14,049,819	(382,726)
Expenditures					
Instruction:					
Basic programs	6,353,555	6,768,024	414,469	6,693,953	74,071
Added needs	1,591,707	1,978,291	386,584	1,773,522	204,769
Support services:					
Pupil	848,748	872,192	23,444	857,913	14,279
Instructional staff	140,264	112,449	(27,815)	49,857	62,592
General administration	438,560	526,705	88,145	520,293	6,412
School administration	883,707	939,672	55,965	945,225	(5,553)
Business administration	320,346	302,814	(17,532)	288,890	13,924
Operation and maintenance	1,925,665	2,444,456	518,791	2,309,075	135,381
Pupil transportation	630,762	647,849	17,087	588,311	59,538
Athletics	437,895	495,302	57,407	382,591	112,711
Central services	158,688	124,181	(34,507)	114,175	10,006
Other support services	0	5,169	5,169	5,168	1
Community service:					
Community services	3,502	1,000	(2,502)	0	1,000
Community recreation	0	2	2	2	0
Non-public school pupils	8,235	1,868	(6,367)	1,575	293
Facilities improvements	6,150	18,410	12,260	16,837	1,573
Prior period adjustments	0	0	0	1,273	(1,273)
Debt service	95,612	92,112	(3,500)	92,112	0
Total Expenditures	13,843,396	15,330,496	1,487,100	14,640,772	689,724
Net Change in Fund Balances	(933,864)	(897,951)	35,913	(590,953)	306,998
Fund Balances - Beginning of year	2,819,551	3,152,654	333,103	3,152,654	0
Fund Balances - End of year	$1,885,687	$2,254,703	$369,016	$2,561,701	$306,998

MASON CONSOLIDATED SCHOOLS

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

	Original Budget	Final Budget	Variance with Original Budget Over (Under) Final Budget	Actual	Positive (Negative) Budget
Revenues					
Local sources:					
Property taxes	$365,000	$407,390	$42,390	$417,724	$10,334
Interest income	6,500	7,000	500	6,584	(416)
Other revenue	0	60	60	80	20
	371,500	414,450	42,950	424,388	9,938
State sources:					
Restricted grants:					
MPSERS UAAL	0	1,835	1,835	1,833	(2)
Federal Sources:					
Restricted grants	0	68,978	68,978	68,978	0
Total Revenues	371,500	485,263	113,763	495,199	9,936
Expenditures					
Instruction:					
Purchased services	44,200	129,779	85,579	114,848	14,931
Supplies and materials	6,635	6,235	(400)	2,584	3,651
Capital outlay	37,100	250,600	213,500	250,027	573
	87,935	386,614	298,679	367,459	19,155
Support services:					
Salaries	129,600	13,223	(116,377)	12,837	386
Employee benefits	57,965	11,614	(46,351)	11,060	554
Purchased services	41,050	31,460	(9,590)	24,864	6,596
Supplies and materials	5,120	4,270	(850)	229	4,041
Capital outlay	44,610	7,685	(36,925)	2,476	5,209
Other expenses	6,000	72,403	66,403	62,630	9,773
	284,345	140,655	(143,690)	114,096	26,559
Total Expenditures	372,280	527,269	154,989	481,555	45,714
Net Change in Fund Balances	(780)	(42,006)	(41,226)	13,644	55,650
Fund Balance - Beginning of year	648,841	675,802	26,961	675,802	0
Fund Balance - End of year	$648,061	$633,796	($14,265)	$689,446	$55,650

MASON CONSOLIDATED SCHOOLS

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
A. School District's proportion of net pension liability (%)	0.05824%	0.05759%	0.05992%	0.06106%	0.06118%	0.06202%	0.06155%	0.06273%	0.06266%	0.06207%
B. School District's proportion proporitionate share of net pension liability	$11,666,861	$14,098,344	$19,393,728	$22,973,128	$14,483,990	$21,304,912	$20,383,830	$18,858,612	$16,238,349	$15,485,431
C. School District's covered-employee payroll	$6,495,402	$6,025,199	$5,813,897	$5,914,347	$5,363,537	$5,546,564	$5,275,927	$5,324,533	$5,241,982	$5,277,599
D. School District's proportionate share of net pension liability as a percentage of its covered-employee payroll (%)	55.67%	42.74%	29.98%	25.74%	37.03%	26.03%	25.88%	28.23%	32.28%	34.08%
E. Plan fiduciary net position as a percentage of total pension liability	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

MASON CONSOLIDATED SCHOOLS

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. Statutorily required contributions	$2,425,639	$2,407,608	$2,159,581	$2,079,066	$1,836,925	$1,704,420	$1,635,143	$1,708,228	$1,469,753	$1,393,767
B. Contributions in relation to statutorily required contributions*	$2,425,639	$2,407,608	$2,159,581	$2,079,066	$1,836,925	$1,704,420	$1,635,143	$1,708,228	$1,469,753	$1,393,767
C. Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
D. School District's covered-employee payroll	$6,477,959	$6,495,081	$5,900,677	$5,551,202	$5,789,849	$5,337,911	$5,493,307	$5,416,862	$5,304,596	$5,187,202
E. Contributions as a percentage of covered-employee payroll	37.44%	37.07%	36.60%	37.45%	31.73%	31.93%	29.77%	31.54%	27.71%	26.87%

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

MASON CONSOLIDATED SCHOOLS

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
A. School District's proportion of net OPEB (asset)/liability (%)	0.05843%	0.05696%	0.05836%	0.06115%	0.05956%	0.06264%	0.06044%	0.06257%	0.06253%
B. School District's proportion proporitionate share of net OPEB (asset)/liability	($3,551,784)	($2,451,764)	($330,151)	$1,295,184	$909,055	$3,356,027	$4,338,120	$4,973,527	$5,537,462
C. School District's covered-employee payroll	$6,495,402	$6,025,199	$5,813,897	$5,914,347	$5,363,537	$5,546,564	$5,275,927	$5,324,533	$5,241,982
D. School District's proportionate share of net OPEB (asset)/liability as a percentage of its covered-employee payroll (%)	-182.88%	-245.75%	-1760.98%	456.64%	590.01%	165.27%	121.62%	107.06%	94.66%
E. Plan fiduciary net position as a percentage of total OPEB (asset)/liability	164.94%	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

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

MASON CONSOLIDATED SCHOOLS

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018
A. Statutorily required contributions	$54,948	$473,451	$454,635	$465,796	$442,114	$442,598	$414,975	$406,129	$486,834
B. Contributions in relation to statutorily required contributions*	$54,948	$473,451	$454,635	$465,796	$442,114	$442,598	$414,975	$406,129	$486,834
C. Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0
D. School District's covered-employee payroll	$6,477,959	$6,495,081	$5,900,677	$5,551,202	$5,789,849	$5,337,911	$5,493,307	$5,416,862	$5,304,596
E. Contributions as a percentage of covered-employee payroll	0.85%	7.29%	7.70%	8.39%	7.64%	8.29%	7.55%	7.50%	9.18%

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

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

Note A Budgetary Comparison Schedules

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

	Budgeted Amounts		Variance with Original Budget Over (Under)		Variance with Final Budget Positive
	Original	Final	Final Budget	Actual	(Negative)
General Fund					
Revenues					
State sources	$10,324,743	$11,580,115	$1,255,372	$11,335,794	($244,321)
Federal sources	385,538	450,148	64,610	343,992	(106,156)
Interdistrict and other sources	373,000	542,706	169,706	598,957	56,251
Expenditures					
Instruction	7,945,262	8,746,315	801,053	8,467,475	278,840
Support services	5,784,635	6,470,789	686,154	6,061,498	409,291
Technology Fund					
Revenues					
Local sources	371,500	414,450	42,950	424,388	9,938
Federal Sources:	0	68,978	68,978	68,978	0
Expenditures					
Instruction	87,935	386,614	298,679	367,459	19,155
Support services	284,345	140,655	(143,690)	114,096	26,559

Explanation of Significant Variances – Original Budget to Final Budget

General Fund State Source Revenues – At the time the original 2025–2026 budget was prepared, the State of Michigan had not yet finalized its budget. As a result, the School District used conservative assumptions when estimating state funding revenues.

General Fund Federal Source Revenues – The variance between original budget and final budget revenue is due to actual grant allocations. Additional grant funding for the Filter First program was allocated to the School District after the original budget was prepared. As a result, this funding was not included in the original budget.

General Fund Interdistrict and Other Source Revenues – The variance is due to increased reimbursements from the ISD for special education costs. These reimbursements are based on actual expenditures, which were not known at the time the original budget was prepared.

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

Explanation of Significant Variances – Original Budget to Final Budget (Concluded)

Technology Fund Federal Source Revenues – The variance is due to E-Rate technology funding received during the fiscal year that was not included in the original budget. The variance is also attributable to increased property tax values, which resulted in additional revenue from the Technology Enhancement Millage.

General Fund Instruction Expenditures - The variance is attributable to changes in instructional salary and benefit costs between the original and final budgets, reflecting adjustments to staffing levels, employee assignments, and anticipated benefit expenditures.

General Fund Support Services Expenditures – The variances between the original and final budgets are primarily attributable to increases in building maintenance, heating, natural gas, and fuel costs, as well as higher legal, audit, and anticipated benefit expenditures.

Technology Expenditures –The variance is due to costs associated with replacing student-used technology devices, offset in part by reduced technology staffing expenses resulting from the transition to shared technology services through the ISD, which were both unknown factors when the original budget was adopted.

Explanation of Significant Variances – Final Budget to Actual Results

General Fund State Source Revenues – The variance between budgeted and actual revenue is due to state grants that follow the state fiscal year. A portion of the revenue is deferred to cover eligible expenses incurred during the July 1 through September 30 period.

General Fund Federal Source Revenues – The variance between budgeted and actual revenue is due to federal grants that follow the 10/1-9/30 fiscal year. A portion of the revenue is deferred to cover eligible expenses incurred during the July 1 through September 30 period.

Technology Fund Local Source Revenues –The variance is attributable to increased property tax values.

General Fund Instruction Expenditures – The variance between budgeted and actual expenditures is due to lower-than-anticipated costs resulting from staff vacancies and actual employee benefit expenses coming in below budgeted estimates.

General Fund Support Services Expenditures - The variances between budgeted and actual expenditures are primarily attributable to lower-than-anticipated costs for building maintenance, heating, natural gas, and athletics. These savings were partially offset by higher-than-budgeted transportation and fuel costs.

Technology Expenditures – The most significant variances were attributable to actual expenditures coming in below budgeted estimates for purchased services, supplies and materials, and shared technology services provided through the ISD.

Note B Pension and Other Post-Employment Benefit Information

A. Pension Information

Benefit Changes

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

Assumption Changes

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

B. OPEB Information

Benefit Changes

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

Assumption Changes

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

OTHER SUPPLEMENTAL INFORMATION

MASON CONSOLIDATED SCHOOLS

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

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Local Sources				
Property taxes	$1,671,751	$1,663,186	$1,619,279	($43,907)
Athletics	84,400	89,189	82,501	(6,688)
Interest income	50,000	50,001	36,403	(13,598)
Reimbursements and donations	15,000	19,200	4,697	(14,503)
Other revenue	5,100	38,000	28,196	(9,804)
Total Local Sources	1,826,251	1,859,576	1,771,076	(88,500)
State Sources				
Unrestricted grants:				
State school aid	7,336,469	8,012,070	8,013,176	1,106
Restricted grants:				
Special education-Headlee obligation	458,501	528,685	528,685	0
Early literacy	9,491	125,663	118,222	(7,441)
At Risk	664,922	614,605	613,623	(982)
Great Start Readiness Preschool	200,500	251,822	177,989	(73,833)
Mental health	90,128	174,095	168,277	(5,818)
District transportation costs	114,380	100,035	100,035	0
Headlee obligation for data collection	29,500	28,153	27,949	(204)
MPERS rate offset/UAAL/reform	1,282,518	1,337,975	1,357,043	19,068
Other state grants	138,334	407,012	230,795	(176,217)
Total State Sources	10,324,743	11,580,115	11,335,794	(244,321)
Federal Sources				
Title I	295,833	305,178	253,428	(51,750)
Title II	65,933	67,212	22,381	(44,831)
Title III	0	353	348	
Title IV	16,272	27,625	21,734	(5,891)
Grow your Own (ARPA)	0	50	50	0
Filter First	0	33,280	32,076	(1,204)
Perkins - Apprenticeship	0	3,500	1,026	(2,474)
Transfer from intermediate school district:				
Medicaid outreach	7,500	12,950	12,949	(1)
Total Federal Sources	385,538	450,148	343,992	(106,151)
Interdistrict and Other Sources				
Transfer from intermediate school district:				
County special education tax	363,000	475,431	475,431	0
Insurance reimbursements	0	50,000	50,000	0
Other revenue	10,000	17,275	16,771	(504)
Prior period adjustment	0	0	56,755	56,755
Total Interdistrict and Other Sources	373,000	542,706	598,957	56,251
Total Revenues	$12,909,532	$14,432,545	$14,049,819	($382,721)

MASON CONSOLIDATED SCHOOLS

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

	Salaries	Employee Benefits	Purchased Services
Instruction			
Basic Programs:			
Elementary	$1,527,849	$1,173,522	$65,965
Middle School	767,108	576,698	26,077
High School	1,019,214	720,846	130,814
Pre-School	84,432	49,716	523
Summer School	39,100	14,766	0
	3,437,703	2,535,548	223,379
Added Needs:			
Special education	541,561	352,671	3,422
Compensatory education	397,675	296,549	2,912
Career and technical education	90,905	71,936	1,874
	1,030,141	721,156	8,208
Total Instruction	4,467,844	3,256,704	231,587
Support Services			
Pupil:			
Truancy	45,309	24,893	0
Guidance	67,134	50,169	0
Speech	77,623	63,788	0
Social work services	77,622	49,563	39,000
Teacher Consultant	7,682	4,968	0
Other pupil services	192,322	136,368	6,372
	467,692	329,749	45,372
Instructional Staff:			
Improvement of instruction	863	381	21,953
Educational media services	11,364	10,573	0
Technology assisted instruction	0	0	4,670
	12,227	10,954	26,623
General Administration:			
Board of education	0	0	143,171
Executive administration	213,835	152,439	1,233
	213,835	152,439	144,404
School Administration:			
Office of the principal	550,860	380,919	1,609
Other school administration	0	0	1,770
	550,860	380,919	3,379
Business Administration:			
Fiscal services	62,538	48,592	12,216
Internal services	0	0	252
Other business services	0	0	10,933
	62,538	48,592	23,401

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
$232,636	$289	$0	$3,000,261	$3,029,183	$28,922
7,068	204	591	1,377,746	1,386,282	8,536
39,426	0	210,333	2,120,633	2,117,640	(2,993)
6,776	0	0	141,447	181,053	39,606
0	0	0	53,866	53,866	0
285,906	493	210,924	6,693,953	6,768,024	74,071
3,957	495	0	902,106	965,080	62,974
5,900	0	0	703,036	740,274	37,238
3,665	0	0	168,380	272,937	104,557
13,522	495	0	1,773,522	1,978,291	204,769
299,428	988	210,924	8,467,475	8,746,315	278,840
0	0	0	70,202	69,901	(301)
20	0	0	117,323	117,660	337
562	0	0	141,973	143,011	1,038
0	0	6,211	172,396	172,546	150
0	0	0	12,650	15,034	2,384
8,307	0	0	343,369	354,040	10,671
8,889	0	6,211	857,913	872,192	14,279
0	0	0	23,197	82,307	59,110
53	0	0	21,990	24,467	2,477
0	0	0	4,670	5,675	1,005
53	0	0	49,857	112,449	62,592
390	0	5,062	148,623	153,850	5,227
233	160	3,770	371,670	372,855	1,185
623	160	8,832	520,293	526,705	6,412
2,579	100	3,467	939,534	933,702	(5,832)
3,921	0	0	5,691	5,970	279
6,500	100	3,467	945,225	939,672	(5,553)
931	0	129,918	254,195	264,126	9,931
0	0	0	252	255	3
0	0	23,510	34,443	38,433	3,990
931	0	153,428	288,890	302,814	13,924

MASON CONSOLIDATED SCHOOLS

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

	Salaries	Employee Benefits	Purchased Services
(Concluded)			
Support Services			
Operation and Maintenance:			
Buildings and grounds	$249,847	$139,577	$1,119,875
Security services	0	0	120,768
	249,847	139,577	1,240,643
Pupil Transportation	282,228	158,551	45,605
Athletics	89,926	58,179	196,167
Central Services:			
Communication services	31,199	26,308	552
Staff services	0	0	24,895
Technology	0	0	11,968
Pupil accounting	0	0	2,555
	31,199	26,308	39,970
Other Support Services:			
Other student/school activity	3,000	1,031	0
Total Support Services	1,963,352	1,306,299	1,765,564
Community Service			
Community services	0	0	0
Community recreation	0	2	0
Non-public school pupils	0	75	0
Total Community Service	0	77	0
Facilities Improvements	0	0	0
Prior Period Adjustments	0	0	0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Total Debt Service	0	0	0
Total Expenditures	6,431,196	4,563,080	1,997,151
Other Financing Uses			
Indirect Costs	0	0	0
Total Expenditures	$6,431,196	$4,563,080	$1,997,151

Supplies and Materials	Capital Outlay	Other Expenses	Totals	Final Budget	Positive (Negative) Budget
$458,183	$86,071	$2,859	$2,056,412	$2,175,568	$119,156
8,368	123,527	0	252,663	268,888	16,225
466,551	209,598	2,859	2,309,075	2,444,456	135,381
98,012	1,014	2,901	588,311	647,849	59,538
19,996	1,738	16,585	382,591	495,302	112,711
0	0	0	58,059	56,712	(1,347)
245	0	215	25,355	33,020	7,665
217	320	15,701	28,206	31,894	3,688
0	0	0	2,555	2,555	0
462	320	15,916	114,175	124,181	10,006
1,137	0	0	5,168	5,169	1
603,154	212,930	210,199	6,061,498	6,470,789	409,291
0	0	0	0	1,000	1,000
0	0	0	2	2	0
1,500	0	0	1,575	1,868	293
1,500	0	0	1,577	2,870	1,293
2,958	13,879	0	16,837	18,410	1,573
0	0	1,273	1,273	0	(1,273)
0	0	76,599	76,599	76,599	0
0	0	15,513	15,513	15,513	0
0	0	92,112	92,112	92,112	0
907,040	227,797	514,508	14,640,772	15,330,496	689,724
0	0	0	0	110,523	110,523
$907,040	$227,797	$514,508	$14,640,773	$15,441,019	$689,723

MASON CONSOLIDATED SCHOOLS

Nonmajor Governmental Funds
Combining Balance Sheet
Year Ended June 30, 2026

	Special Revenue Funds		Capital Projects Funds
	Food Service	Student and School Activity	Sinking
Assets			
Cash and cash equivalents	$200,840	$187,359	$12,926
Due from other governmental units	56,996	0	0
Inventory	18,426	0	0
Prepaid	604	0	0
Total Assets	$276,866	$187,359	$12,926
Liabilities			
Accounts payable	$30,084	$445	$0
Salaries payable	2,030	0	0
Other liabilities	649	0	0
Unearned revenue	2,819	0	0
Total Liabilities	35,582	445	0
Fund Balances			
Nonspendable:			
Inventory	18,426	0	0
Prepaid	604	0	0
Restricted for:			
Food service	222,254	0	0
Capital projects	0	0	12,926
Committed to:			
Student and school activity	0	186,914	0
Total Fund Balances	241,284	186,914	12,926
Total Liabilities and Fund Balances	$276,866	$187,359	$12,926

Capital Projects	Total Nonmajor Governmental Funds
$5,520	$406,645
0	56,996
0	18,426
0	604
$5,520	$482,671
$0	$30,529
0	2,030
0	649
0	2,819
0	36,027
0	18,426
0	604
0	222,254
5,520	18,446
0	186,914
5,520	446,644
$5,520	$482,671

MASON CONSOLIDATED SCHOOLS

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

	Special Revenue Funds		Capital Projects Funds
	Food Service	Student and School Activity	Sinking
Revenues			
Local sources	$32,386	$136,577	$619
State sources	275,217	0	0
Federal sources	497,337	0	0
Total Revenues	804,940	136,577	619
Expenditures			
Support services	0	127,112	9,898
Food service	837,753	0	0
Capital outlay	0	0	0
Total Expenditures	837,753	127,112	9,898
Net Change in Fund Balances	(32,813)	9,465	(9,279)
Fund Balances - Beginning of year	274,097	177,449	22,205
Fund Balances - End of year	$241,284	$186,914	$12,926

Capital Projects	Total Nonmajor Governmental Funds
$41	$169,623
0	275,217
0	497,337
41	942,177
0	137,010
0	837,753
40	40
40	974,803
1	(32,626)
5,519	479,270
$5,520	$446,644

MASON CONSOLIDATED SCHOOLS

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

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Food sales	$30,550	$33,305	$31,077	($2,228)
Interest income	1,500	1,500	1,309	(191)
	32,050	34,805	32,386	(2,419)
State Sources:				
Restricted grants	226,722	264,639	275,217	10,578
Federal Sources:				
Restricted grants	449,700	588,950	457,147	(131,803)
Commodities	38,000	38,000	40,190	2,190
	487,700	626,950	497,337	(129,613)
Total Revenues	746,472	926,394	804,940	(121,454)
Expenditures				
Operating building services:				
Purchased services	0	24,000	23,954	46
Food service:				
Salaries	176,400	189,243	169,266	19,977
Employee benefits	74,580	106,561	100,874	5,687
Purchased services	138,385	142,693	144,945	(2,252)
Supplies and materials	346,353	387,318	341,474	45,844
Capital outlay	42,500	55,503	54,237	1,266
Other	6,200	2,391	3,003	(612)
	784,418	883,709	813,799	69,910
Total Expenditures	784,418	907,709	837,753	69,956
Net Change in Fund Balances	(37,946)	18,685	(32,813)	(51,498)
Fund Balance - Beginning of year	285,143	274,097	274,097	0
Fund Balance - End of year	$247,197	$292,782	$241,284	($51,498)

MASON CONSOLIDATED SCHOOLS

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Local Sources:				
Student and school activities	$300,000	$300,000	$136,577	($163,423)
Expenditures				
Student and School Activities:				
Student and school activities	300,000	300,000	$127,112	172,888
Net Change in Fund Balance	0	0	9,465	9,465
Fund Balance - Beginning of year	186,507	177,449	177,449	0
Fund Balance - End of year	$186,507	$177,449	$186,914	$9,465

MASON CONSOLIDATED SCHOOLS

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

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Interest income	$1,000	$1,000	$619	($381)
Expenditures				
Support services:				
Operating building services				
Purchased services	0	18	18	0
Capital outlay	0	9,880	9,880	0
Total Expenditures	0	9,898	9,898	0
Net Change in Fund Balances	1,000	(8,898)	(9,279)	(381)
Fund Balance - Beginning of year	22,192	22,705	22,205	(500)
Fund Balance - End of year	$23,192	$13,807	$12,926	($881)

MASON CONSOLIDATED SCHOOLS

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

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Interest income	$50	$50	$41	($9)
Expenditures				
Facilities acquistion, construction, and improvements:				
Building improvement services				
Other expenses	0	40	40	0
Net Change in Fund Balances	50	10	1	(9)
Fund Balance - Beginning of year	5,497	5,519	5,519	0
Fund Balance - End of year	$5,547	$5,529	$5,520	($9)

MASON CONSOLIDATED SCHOOLS

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

	Original Budget	Final Budget	Actual	Positive (Negative) Budget
Revenues				
Local Sources:				
Admissions	$53,650	$54,549	$48,772	($5,777)
Participation fees	30,750	34,640	29,765	(4,875)
Interest income	0	1	0	(1)
Other revenue	100	3,000	3,964	964
Total local sources	84,500	92,190	82,501	(9,689)
State Sources:				
Restricted grants	334	21,385	21,384	(1)
Total Revenues	$84,834	$113,575	$103,885	($9,690)
Expenditures				
Pupil Transportation:				
Salaries	$27,000	$31,500	$29,985	$1,515
Employee benefits	10,291	17,027	16,300	727
Staff Services:				
Purchased services	3,100	3,100	1,897	1,203
Athletics:				
Salaries	103,458	107,968	89,926	18,042
Employee benefits	67,446	84,332	58,179	26,153
Purchased services	222,106	240,970	196,167	44,803
Supplies and materials	33,171	39,025	19,996	19,029
Capital outlay	500	1,900	1,738	162
Other expenses	11,213	18,006	16,585	1,421
Prior period adjustment	0	0	1,184	(1,184)
Total Expenditures	$478,285	$543,828	$431,957	$111,871

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

MASON CONSOLIDATED SCHOOLS

Schedule of Expenditures of Federal Awards
Year ended June 30, 2026

Federal Grantor Pass Through Grantor Program Title	Grant Number	Federal AL Number	Approved Grant Award Amount
U.S. Department of Education			
Passed Through State of Michigan Department of Education:			
Title I, Part A - Improving Basic Programs	241530-2324	84.010	215,508
Title I, Part A - Improving Basic Programs	251530-2425	84.010	301,936
Title I, Part A - Improving Basic Programs	261530-2526	84.010	217,381
			734,825
Title II, Part A - Supporting Effective Instruction	230520-2223	84.367	55,171
Title II, Part A - Supporting Effective Instruction	250520-2425	84.367	65,933
Title II, Part A - Supporting Effective Instruction	260520-2526	84.367	64,895
			185,999
Title IV, Part A - SSAE	250750-2425	84.424	16,272
Title IV, Part A - SSAE	260750-2526	84.424	27,510
			43,782
Education Stabilization Program:			
COVID 19 - ESSER Formula II Funds	213712-20-21	84.425D	445,232
Total Passed Through State of Michigan Department of Education			1,409,838
Passed Through Monroe Public Schools			
Title III, Part A - English Language Acquisition State Grant	260580-2526	84.365	348
Passed Through Eaton RESA			
Perkins - Apprenticeship		84.048	3,500
Total U.S. Department of Education			1,413,686
U.S. Department of Treasury			
Passed Through State of Michigan Department of Education:			
COVID 19 -ARP Grow Your Own	232423-20231	21.027	84,274
Filter First/Healthy Hydration	242426-FFHH24	21.027	33,280
Total Passed Through State of Michigan Department of Education			117,554

The accompanying notes are an intregal part of this schedule.

Accrued (Deferred) Revenue July 1, 2025	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Adjustments and Transfers	Federal Funds/ Payments In-kind (Cash Basis)	Accrued (Deferred) Revenue June 30, 2026
0	8,301	0	0	(103,658)	103,658
214,140	214,140	87,796	0	301,936	0
0	0	165,632	0	124,369	41,263
214,140	222,441	253,428	0	322,647	144,921
(30,763)	0	0	0	(30,763)	0
13,733	13,733	2,317	0	16,050	0
0	0	20,064	0	20,012	52
(17,030)	13,733	22,381	0	5,299	52
4,350	4,350	115	0	4,465	0
0	0	21,619	0	7,869	13,750
4,350	4,350	21,734	0	12,334	13,750
(5,624)	453,461	0	0	0	(5,624)
195,836	693,985	297,543	0	340,280	153,099
0	0	348	0	348	0
0	0	1,026	0	3,500	(2,474)
195,836	693,985	298,917	0	344,128	150,625
1,635	1,635	50	0	1,685	0
1,204	1,204	32,076	0	33,280	0
2,839	2,839	32,126	0	34,965	0

MASON CONSOLIDATED SCHOOLS

Schedule of Expenditures of Federal Awards
Year ended June 30, 2026

Federal Grantor Pass Through Grantor Program Title Grant Number		Federal AL Number	Approved Grant Award Amount
U.S. Department of Health and Human Services			
Passed Through Monroe County Intermediate School District:			
Medicaid Cluster:			
Medical Assistance Program		93.778	$12,949
U.S. Department of Agriculture			
Passed Through State of Michigan Department of Education:			
Child Nutrition Cluster:			
Cash Assistance:			
School Breakfast Program:			
School Breakfast Program	251970	10.553	134,648
School Breakfast Program	261970	10.553	110,100
			244,748
National School Lunch Program (NSLP):			
National School Lunch Program	251960	10.555	349,733
National School Lunch Program	261960	10.555	283,214
			632,947
Summer Food Service Program for Children:			
Summer Food Service Program Operation	260900	10.559	8,868
Total Cash Assistance			886,563
Noncash Assistance:			
National School Lunch Program:			
Entitlement Commodities		10.555	40,190
Total Child Nutrition Cluster			926,753
Child and Adult Care Food Program:			
Child and Adult Care Food Program Meals	261920	10.558	461
Total Passed Through State of Michigan Department of Education			927,214
Total U.S. Department of Agriculture			927,214
Total Federal Financial Assistance			$2,471,403

The accompanying notes are an intregal part of this schedule.

Accrued (Deferred) Revenue July 1, 2025	Prior Year Expenditures (Memo Only)	Current Year Expenditures	Adjustments and Transfers	Federal Funds/ Payments In-kind (Cash Basis)	Accrued (Deferred) Revenue June 30, 2026
$0	$7,506	$12,949	$0	$12,949	$0
36,583	119,113	15,535	0	52,118	0
0	0	110,100	0	107,520	2,580
36,583	119,113	125,635	0	159,638	2,580
92,626	310,764	38,969	0	131,595	0
0	0	283,214	0	279,333	3,881
92,626	310,764	322,183	0	410,928	3,881
0	0	8,868	0	0	8,868
129,209	429,877	456,686	0	570,566	15,329
0	0	40,190	0	40,190	0
129,209	429,877	496,876	0	610,756	15,329
0	0	461	0	461	0
129,209	429,877	497,337	0	611,217	15,329
129,209	429,877	497,337	0	611,217	15,329
$327,884	$1,134,207	$841,329	$0	$1,003,259	$165,954

MASON CONSOLIDATED SCHOOLS

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2026

1. The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Mason Consolidated Schools under programs of the federal government for the year ended June 30, 2026. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Mason Consolidated Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows of Mason Consolidated Schools.

2. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as a reimbursement. Cash received is recorded on a cash basis. Revenues are recognized when qualifying expenditures have been incurred and all grant requirements have been met.

3. Mason Consolidated Schools has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Management has utilized the Michigan Department of Education NexSys Grant Auditor Report (GAR) in preparing the schedule of expenditures of federal awards ("SEFA"). The following shows a reconciliation of current year receipts per the SEFA to current payments per the GAR:

Agency total current payments per Michigan Department of Education Grant Auditor Report - (GAR) NexSys	$817,063
Items on prior year NexSys report received in current year:	
School Breakfast Program	36,583
National School Lunch Program	92,626
Additonal items not on NexSys report:	
Non-cash assistance USDA Commodities - Entitlement	40,190
Passed through Eaton RESA:	
Perkins - Apprenticeship	3,500
Passed through Monroe Public Schools	
Title III, Part A - English Language Acquisition State Grant	348
Passed through Monroe County Intermediate School District:	
Medicaid Outreach	12,949
Total current year receipts (cash basis) per the schedule of expenditures of federal awards (SEFA)	$1,003,259

5. The amounts reported on the Recipient Entitlement Balance Report, or PAL Report, agree with this schedule for USDA donated food commodities and are reported in the cash receipts column.

6. There were no federal awards expended for loan or loan guarantee programs.

7. Mason Consolidated Schools does not have any subrecipients.

8. Revenues from federal sources are reported in the School District's financial statements as follows:

General Fund	$343,992
Technology Fund	$68,978
Food Service Fund	497,337
Total Federal Revenues	910,307
Federal sources received not subject to the Uniform Guidance:	
E-Rate Funding (FCC)	(68,978)
Schedule of Expenditure of Federal Awards	$841,329

CALKINS HEHL RAFKO
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Education
Mason Consolidated Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Consolidated Schools for the year ended June 30, 2026, and have issued our report thereon dated October 27, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated October 26, 2026, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

We have provided our findings regarding material weaknesses and other matters noted during our audit in a separate letter to you dated October 27, 2026.

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

Significant Risks Identified

We have identified the following significant risks:

- Cash disbursements
- Cash receipts
- Improper revenue recognition
- Management override of controls
- Federal grant compliance

Qualitative Aspects of Mason Consolidated Schools' Significant Accounting Practices

Significant Accounting Policies

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

Significant Accounting Estimates and Related Disclosures

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

The most sensitive accounting estimates affecting the financial statements are:

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

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

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

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

The disclosure of pension and OPEB information in Notes 7 and 8, respectively, to the financial statements because of assumptions used in the calculations of these liabilities.

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

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

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

Disagreements with Management

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

Representations Requested from Management

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

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

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

Carlin Hehl Rayes

October 27, 2026