

Forest Hills Public Schools
Grand Rapids, Michigan

Annual Comprehensive Financial Report
Year Ended June 30, 2026

Forest Hills Public Schools
Grand Rapids, Michigan

Annual Comprehensive Financial Report
Year Ended June 30, 2026

Prepared by:

Forest Hills Public Schools

Business Office
Julie Davis, Assistant Superintendent for Finance and Operations

Forest Hills Public Schools
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FOREST HILLS
— PUBLIC SCHOOLS —

October 9, 2026

The Board of Education
Forest Hills Public Schools
620 Forest Hill Avenue SE
Grand Rapids, Michigan 49546

Dear Board Members and Citizens of Forest Hills Public Schools:

This letter of transmittal provides an overview of the financial position of Forest Hills Public Schools (the District) from the perspective of the Superintendent and the Assistant Superintendent for Finance and Operations. It serves as an introduction to our Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2026. The ACFR is divided into three sections: introductory section, financial section, and statistical section. The introductory section includes the District's organizational chart, a list of principal officials and this letter of transmittal. The financial section contains the independent auditor's unmodified opinion letter and the Management's Discussion and Analysis report. The Management's Discussion and Analysis report provides a more detailed analysis of the financial condition of the District and should be read in conjunction with this letter. The District's government-wide financial statements, fund financial statements and supplemental information are also contained in this section. The statistical section includes selected financial, demographic, and general information, generally presented on a multi-year basis.

The District's Business Office has prepared this report with responsibility for the accuracy, fairness, and completeness of the presentation, including all disclosures, resting with the District. We believe the information is accurate in all material respects, is presented in a manner designed to fairly show the financial position and results of operations of the District, and includes all disclosures necessary to enable the reader to gain an understanding of the District's financial affairs. The report includes a statistical section containing data on numerous financial trends as well as facility information.

State law requires that every school district publish, on November 1 after the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2026.

The District

Forest Hills Public Schools is a suburban school district, located in Kent County and adjacent to the cities of Grand Rapids and East Grand Rapids. The District covers approximately 68 square miles and includes major portions of Ada, Cascade and Grand Rapids Townships, plus fractions of Cannon Township and the Cities of Kentwood and Grand Rapids. The District was formed in 1956 from a consolidation of 13 small K-6 and K-8 school districts. It is a fiscally independent school district governed by a seven-member elected Board of Education.

The District's blended enrollment for the 2025-26 school year was 8,945. Recently, the area has experienced a small decline in student population, and projections indicate a small decline in future enrollment. The projected enrollment for the 2026-27 fiscal year is 8,867. There are six K-4 elementary schools, two K-5 elementary schools, three 5-6 schools, one 6-8 middle school, two 7-8 middle schools, three 9-12 high schools, one post-secondary special education transition program and various other support buildings. The buildings range in age from 3 to 72 years.

Student Services Provided and Major Initiatives

Forest Hills Public Schools provides its students a comprehensive program of public education from the home delivery of services for early childhood students as early as age two through twelfth grade. The District has a broad-based curriculum designed to meet the individual needs of all students including regular daytime, gifted and talented, at-risk, special needs and alternative education pupils in collaboration with the Kent Intermediate School District. All students have exposure to current technology integrated across curriculum and access to comprehensive media centers. Students also have the opportunity to participate in a Spanish Immersion program from pre-school through high school, as well as a Chinese Immersion program which started in 2008. A magnet environmental education program is also available to selected fifth and sixth grade students. In addition, the District offers a dual enrollment program whereby qualifying high school students may attend local colleges and universities, receiving both high school and college credit. The District's education program includes a wide array of special education services for eligible students. There are numerous opportunities for students to participate in extracurricular activities including music, drama, fine arts, intramural and interscholastic sports, clubs and many other special interest activities.

Accounting Systems, Budgetary Control and Annual Audit

The District adheres to budgetary policies and procedures established by the Board of Education, including specific guidelines in the development and review of the budget. The Board of Education is required to adopt an initial budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. This annual budget serves as the foundation for the District's financial planning and control. The budget is prepared for the general fund and each special revenue fund. The District utilizes a line item budget developed by the Assistant Superintendent for Finance and Operations and the Superintendent, and submitted to the Board of Education for approval and adoption. The budget development process includes input from employees, parents and the community. This budget process is designed to effectively allocate resources to maximize student benefit.

The District integrates the budget with the accounting system and internal controls. We have designed the internal controls to provide reasonable, but not absolute, assurance for the safeguarding of assets against loss from unauthorized use, and for maintaining accountability of the assets. These controls also provide assurance on the reliability of the financial records necessary for producing financial statements. We believe our budgetary and internal controls adequately safeguard District assets, and provide reasonable assurance that errors or fraud that could be material to the financial statements are prevented or would be detected within a timely period.

The District is required to have an annual audit performed of its financial statements. The financial statements are the responsibility of the management of the District, and the auditors are expressing opinions on the statements. There is no scope limitation.

Relevant Financial Policies

The District has adopted a comprehensive set of financial policies. During the current year, one of these policies was particularly relevant. The District has a policy that requires fund balance equal to 10 percent of the adopted general fund budget be maintained for the purposes of protecting the cash flow position of the District and avoiding the need to borrow against either anticipated state aid payments or local property tax revenues for school operating purposes. During the current fiscal year, the District's use of fund balance was limited to available reserves above the 10 percent threshold.

The District maintains a prudent cash management and investment program. The policy and procedures are designed to maximize interest earnings on available cash balances with minimal principal investment risk. The District's investments may include uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent and not in the District's name.

Economic Environment

Michigan voters approved the state constitutional amendment known as Proposal A in 1994. Funding of District operations shifted dramatically from local property tax revenue to State Aid as a result of this amendment. Voter approval of the District's 2018 and 2023 bond issues have provided additional funding for essential capital projects.

Certificate of Excellence

The District has earned the Association of School Business Officials (ASBO) Certificate of Excellence for the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2025. The District first received the ASBO award in 1997, and has received it every year since. This achievement is a source of pride for both the School Administration and the Board of Education, whose support is a necessity for maintaining such high standards for financial reporting.

While a Certificate of Excellence is valid for a period of only one year, the District believes its current report continues to conform to program standards, and we are submitting our report to ASBO to determine its eligibility for another certificate.

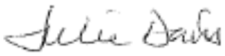
In Appreciation

We would like to express appreciation to a highly dedicated Board of Education that has adopted sound policies and programs designed to continue the District's growth and quality improvement during an era of significant changes and challenges.

Respectfully submitted,



Benjamin Kirby
Superintendent



Julie Davis
Assistant Superintendent
for Finance and Operations

Forest Hills Public Schools
Elected Officials and Administrative Staff

2025-2026 Board of Education

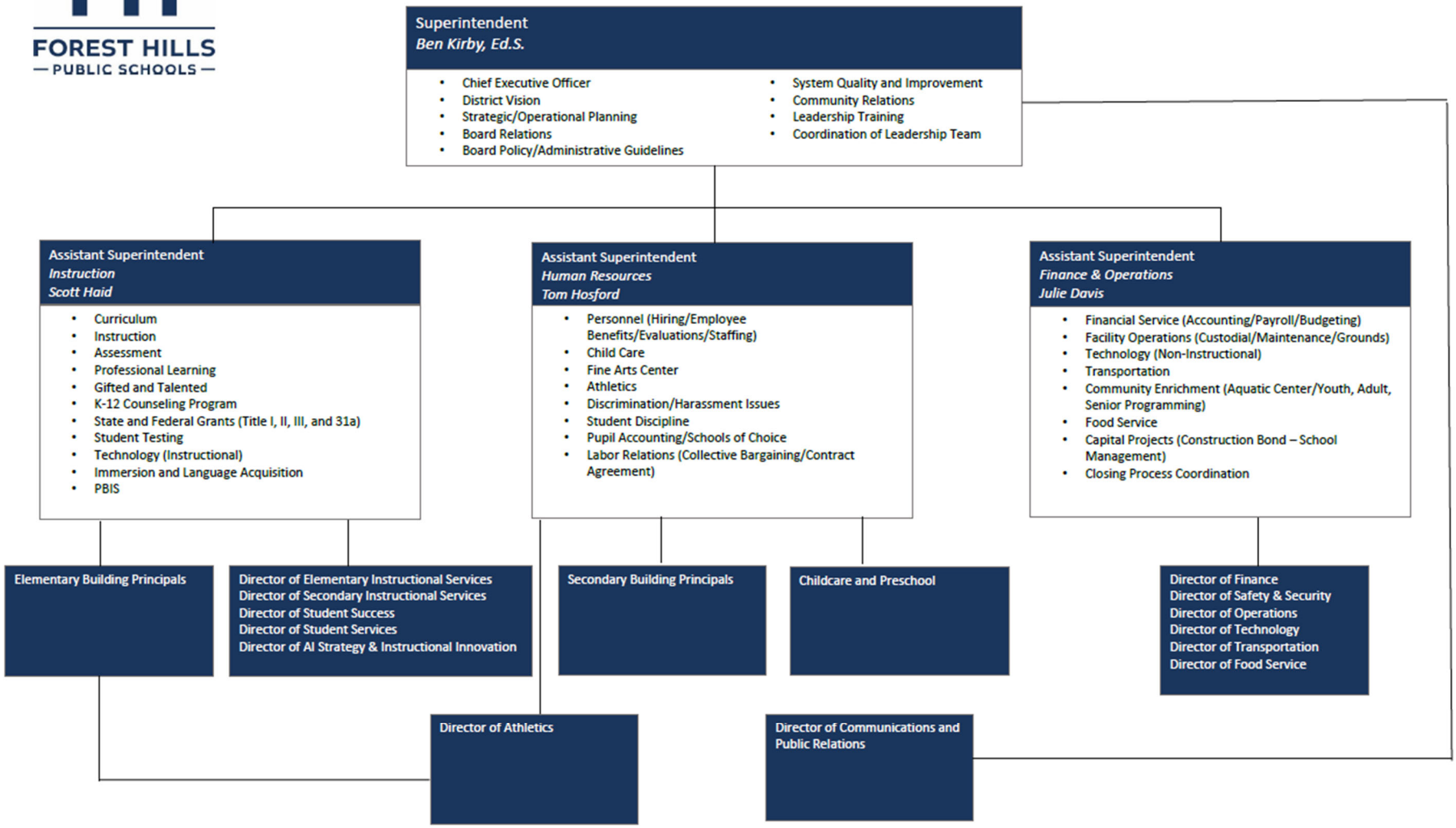
President	Kristen Fauson
Vice President	Maggie Terryn
Secretary	Malorie Ninemeier
Treasurer	CJ Michaud
Trustee	Shawn Colley
Trustee	Holly DeBoer
Trustee	Kelly Kermode

2025-2026 Administrative Staff

Superintendent	Ben Kirby
Assistant Superintendent for Finance and Operations	Julie Davis
Assistant Superintendent for Instruction	Scott Haid
Assistant Superintendent for Human Resources	Tom Hosford

FOREST HILLS
— PUBLIC SCHOOLS —

Organizational Chart and Administrative Responsibilities



In partnership with our community, Forest Hills Public Schools will provide all learners with opportunities to acquire the knowledge, skills, and experiences necessary to build meaningful and productive lives.

REV 12.2025

ASSOCIATION OF SCHOOL BUSINESS OFFICIALS INTERNATIONAL

The Certificate of Excellence in Financial Reporting is presented to

Forest Hills Public Schools

for its Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2025.

The district report meets the criteria established for ASBO International's Certificate of Excellence in Financial Reporting.

CERTIFICATE OF EXCELLENCE IN FINANCIAL REPORTING

Lynn Knight
President

James M. Rowan, CAE, SFO
CEO/Executive Director

Maner Costerisan

2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912

2851 Charlevoix Dr SE #300,
Grand Rapids, MI 49546

517.323.7500

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Forest Hills Public Schools

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2026, on our consideration of Forest Hills Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Forest Hills Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Forest Hills Public Schools' internal control over financial reporting and compliance.

Maner Costerisan PC

Lansing, Michigan
October 9, 2026

Forest Hills Public Schools
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2026

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

If you have any questions about this report or need any additional information, please contact the Assistant Superintendent for Finance and Operations, Julie Davis, Forest Hills Public Schools, Grand Rapids, Michigan.

Overview of the Financial Statements

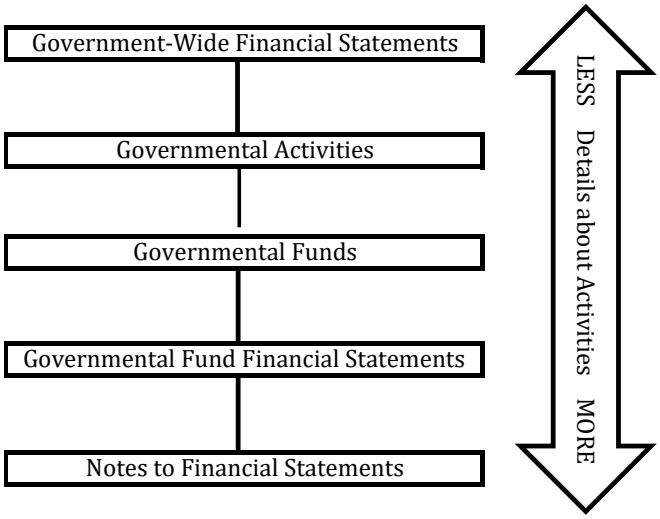
The District's financial report contains basic financial statements. Those financial statements present the District's finance at both an overall and a detailed level. The first two - the *government-wide financial statements* - cover the District's governmental activities. (See the diagram in Figure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

- *Governmental Activities* comprise the District's most basic functions, such as instruction, support services, community services, food services, student/school activities, child care, interest on long-term debt, and unallocated depreciation/amortization. Governmental activities primarily are financed by property taxes from non-personal residence exemption properties, state aid foundation, and federal grants. These statements provide both short-term and long-term information.

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

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

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



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

Types of Information in the Financial Statements

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

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

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

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

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

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

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

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

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

Analysis of the District's Finances

Table A-1	2026	2025	Dollar Change	Total Percentage Change
Assets				
Current assets	$ 200,793,207	$ 245,870,478	$ (45,077,271)	-18.3%
Net other postemployment benefits asset	39,690,854	26,235,447	13,455,407	51.3%
Capital assets	606,162,843	546,381,936	59,780,907	10.9%
Less accumulated depreciation/amortization	(275,053,239)	(261,437,156)	(13,616,083)	5.2%
Capital assets, net book value	331,109,604	284,944,780	46,164,824	16.2%
Total Assets	571,593,665	557,050,705	14,542,960	2.6%
Deferred Outflows of Resources	42,931,417	53,607,166	(10,675,749)	-19.9%
Liabilities				
Current liabilities	37,576,045	27,024,724	10,551,321	39.0%
Long-term liabilities	279,057,526	300,210,143	(21,152,617)	-7.0%
Net pension liability	123,935,164	150,840,768	(26,905,604)	-17.8%
Total Liabilities	440,568,735	478,075,635	(37,506,900)	-7.8%
Deferred Inflow of Resources	86,265,646	91,282,002	(5,016,356)	-5.5%
Net Position				
Net investment in capital assets	184,981,198	175,162,149	9,819,049	5.6%
Restricted for debt service	735,232	570,443	164,789	28.9%
Restricted for net other postemployment benefits	39,690,854	26,235,447	13,455,407	51.3%
Unrestricted	(137,716,583)	(160,667,805)	22,951,222	14.3%
Total Net Position	$ 87,690,701	$ 41,300,234	$ 46,390,467	112.3%

Table A-1 shows that as of June 30, 2026, the District's total net position - assets and deferred outflows minus liabilities and deferred inflows - was $87,690,701, an increase of $46,390,467 or 112.3% compared with 2025. This increase is primarily due to a $22,951,222 or 14.3% increase in unrestricted net position, a $9,819,049 or 5.6% increase in net investment in capital assets, a $164,789 or 28.9% increase in restricted net position for debt service, and a $13,455,407 or 51.3% increase in restricted net position for net other postemployment benefits. The following sections of MD&A analyze the finances of the governmental activities.

Governmental Activities

Table A-2 shows that revenues continued to exceed expenses in the current year, resulting in an increase in net position. The total net position of the District's governmental activities was $87,690,701, an increase of $46,390,467 or 112.3% from 2025. Various events contributed to this increase in net position; however, the primary factors affecting the change in net position are as follows:

1. Increases in investment earnings.
2. Growth in the taxable value of nonpersonal residential exempt properties.
3. Decreases in operating grants and contributions.
4. Increase in expenses for certain programs and functions.

Table A-2	2026	2025	Dollar Change	Total Percentage Change
General Revenues				
Property taxes levied for general purposes	$ 24,753,431	$ 23,178,365	$ 1,575,066	6.8%
Property taxes levied for debt service	29,972,063	28,335,951	1,636,112	5.8%
Property taxes levied for recreation	4,893,991	4,655,966	238,025	5.1%
Local revenue in lieu of taxes	95,025	80,601	14,424	17.9%
State of Michigan aid, unrestricted	64,039,611	61,087,848	2,951,763	4.8%
Investment earnings	10,573,683	2,994,309	7,579,374	253.1%
Intermediate sources	11,882,386	11,805,711	76,675	0.6%
Miscellaneous	578,042	815,076	(237,034)	-29.1%
Total general revenues	146,788,232	132,953,827	13,834,405	10.4%
Program Revenues				
Charges for services	3,418,417	3,024,587	393,830	13.0%
Operating grants and contributions	37,234,732	44,565,568	(7,330,836)	-16.4%
Total program revenues	40,653,149	47,590,155	(6,937,006)	-14.6%
Total Revenues	187,441,381	180,543,982	6,897,399	3.8%
Expenses				
Instruction	57,811,777	60,266,908	(2,455,131)	-4.1%
Support services	44,950,931	35,040,011	9,910,920	28.3%
Community services	1,519,115	1,481,704	37,411	2.5%
Food service	4,499,567	4,481,972	17,595	0.4%
Student/school activities	2,770,793	2,651,481	119,312	4.5%
Child care	1,177,713	931,184	246,529	26.5%
Interest on long-term debt	13,008,972	6,604,827	6,404,145	97.0%
Unallocated depreciation/amortization	15,312,046	14,588,971	723,075	5.0%
Total Expenses	141,050,914	126,047,058	15,003,856	11.9%
Increase in Net Position	46,390,467	54,496,924	(8,106,457)	-14.9%
Net Position, beginning of year	41,300,234	(13,196,690)	54,496,924	413.0%
Net Position, end of year	$ 87,690,701	$ 41,300,234	$ 46,390,467	112.3%

Increase in Investment Earnings

Investment earnings increased in the current year compared to the prior year, which accounts for 6% of overall revenues. The increase in investment earnings is attributable to the proceeds from the April 2, 2025 bond issuance being invested for an entire year in 2026 compared to only 2 months in 2025.

Growth in Taxable Values

Property tax revenues increased in the current year compared to the prior year, which accounts for 31.8% of overall revenues. Property tax revenues are a product of the taxable values of nonpersonal residential exempt properties. The taxable values across all of the District's taxing authorities grew approximately 6% in the current year, resulting in the overall increase in property tax revenues.

Decline in Operating Grants and Contributions

Operating grants and contributions decreased during fiscal year 2026 despite an increase in restricted state categorical revenues. The decrease was driven primarily by changes in the liability associated with Section 147c deferred inflows. In fiscal year 2025, the District recognized a $4,055,792 decrease in the liability, which resulted in an increase to operating grants and contributions, while in fiscal year 2026 the District recorded a $1,908,543 increase in the liability, which resulted in a decrease to operating grants and contributions. As a result, the impact of these accounting adjustments outweighed the increase in current-year categorical funding, leading to an overall decrease in operating grants and contributions.

Increase in Expenses

Fund-level expenses increased by approximately $35.1 million compared to 2025, however, government-wide expenses increased only $15.0 million. The increase in fund-level expenses was offset by approximately $36.7 million in additional positive adjustments related to pension and OPEB items. Additionally, there was approximately $18 million in additional debt principal payments at the fund level. However, because debt principal payments are reported as reduction of liabilities rather than expenses at the government-wide level, these payments do not increase government-wide expenses. Lastly, the District made approximately $13.4 million of interest payments on outstanding debt at the fund level in fiscal year 2026 compared to $6.6 million in fiscal year 2025 contributing to the current year overall increase in expenses.

Governmental Funds

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

	General Fund		Debt Service Fund		Combined Major Capital Projects Funds	
Table A-3	2026	2025	2026	2025	2026	2025
Revenues	$ 139,243,285	$ 136,326,497	$ 31,056,045	$ 29,531,758	$ 6,554,327	$ 2,738,102
Expenditures	140,586,249	133,558,867	31,263,937	29,104,397	63,933,805	37,996,857
Excess (deficiency) of revenues over expenditures	(1,342,964)	2,767,630	(207,892)	427,361	(57,379,478)	(35,258,755)
Other Financing Sources (Uses)						
Issuance of bonds						171,340,000
Premium on bonds issued						19,176,133
Sale of capital assets	77,349	100,038				
Proceeds from subscription-based IT arrangements		345,809				
Transfers in	380,000	380,000				
Transfers out	(13)	(14)				
Total other financing sources (uses)	457,336	825,833				190,516,133
Net change in fund balance	(885,628)	3,593,463	(207,892)	427,361	(57,379,478)	155,257,378
Fund balance - beginning of year	28,065,721	24,472,258	2,913,116	2,485,755	187,371,191	32,113,813
Fund balance - end of year	$ 27,180,093	$ 28,065,721	$ 2,705,224	$ 2,913,116	$ 129,991,713	$ 187,371,191

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

General Fund

The fund balance of the District's general fund decreased by 3.2%. The decrease in fund balance is attributable to the District's costs of operating and transfers out being more than the amount of revenue recognized. As expenditures increased from $133.6 million to $140.6 million due to additional staffing costs across multiple functions as well as various grants being expended, and revenues increased from $136.3 million to $139.2 million due to additional state and other local sources.

The overall fund balance at the end of June 30, 2026, represented approximately 19.3% of operating expenditures. Within fund balance, approximately 66.5% of the balance is considered unassigned. The remaining 33.5% is considered either nonspendable or assigned for other items and is not readily available for use.

Debt Service Fund

The fund balance for the debt service fund is considered to be 100% restricted. This means that the fund balance can only be used for the restricted purpose of that fund and is not readily available for use.

Capital Projects Funds

The fund balance for the 2023 and 2025 capital projects funds is considered 100% restricted for capital projects. This means that the fund balance can only be used for the restricted purpose of that fund and is not readily available for use.

Capital Assets and Long-term Obligations

Capital Assets

The discussion thus far has only touched upon certain significant transactions and events during 2026 with respect to capital assets and long-term obligations. Overall, the carrying value of capital assets-original cost minus accumulated depreciation/amortization increased 16.1% over 2025. See Table A-4 for the carrying value of capital assets.

Table A-4	2026	2025	Total Percentage Change
Buildings and improvements	$ 225.1	$ 227.0	-0.8%
Land and land improvements	19.9	21.1	-5.7%
Machinery, furniture and equipment	27.0	17.1	57.9%
Transportation equipment	2.1	2.0	5.0%
Construction in progress	56.3	16.9	233.1%
Right to use - subscription-based IT	0.7	0.8	-12.5%
	$ 331.1	$ 284.9	16.2%

The District experienced increases in capital assets primarily within the machinery, furniture and equipment category, and the construction in progress category. During 2026, the District continued projects funded by both the 2023 and 2025 Building and Site Bonds, resulting in an increase in construction in progress. Most notable increases to construction in progress included continued work on the District's new Aquatic Center in the amount of $9.0 million, athletic renovations at various schools in the amount of $11.8 million, and upgrades to Central High School in the amount of $11.6 million. There was also $5.0 million of playground upgrades district-wide in the current year driving the increase in additions to the machinery, furniture, and equipment category as well as audio and visual upgrades district-wide in the amount of $2.9 million.

Long-term Obligations

Overall, the carrying value of the District's long-term obligations decreased by 10.6% from the prior year. See Table A-5 for the carrying value of the District's long-term obligations.

Table A-5	2026	2025	Total Percentage Change
General obligation bonds	$ 245.6	$ 263.5	-6.8%
Net pension liability	123.9	150.8	-17.8%
Deferred issuance premium	30.3	33.4	-9.2%
Compensated absences	3.0	3.0	-0.7%
Notes from direct borrowings and direct placements	0.2	0.3	-33.3%
	$ 403.0	$ 451.1	-10.6%

During 2026, the net pension liability decreased $26.9 million or 17.8%. The District continued to pay down outstanding subscription-based IT arrangements and did not finance any new arrangements in 2026 resulting in an overall decrease of 33.3% in notes from direct borrowings and direct placements. Additionally, the District made all scheduled debt payments on existing outstanding obligations. The total amount of principal paid in the current year was approximately $18 million.

For more detailed information regarding capital assets and long-term obligations, please review the notes to the financial statements located in the financial section of this report.

Currently Known Facts, Decisions, or Conditions

There are several factors that could significantly affect the financial health of the District in the future.

- The District's approved 2026-2027 budget is based on assumptions related to student projections and state revenue. At the time of adoption, the state had not approved the School Aid Fund budget. The District's approved budget is based on a loss of 79 students, or approximately $794,000 in less revenue. It is also based on an increase to the foundation allowance of $250 per pupil, resulting in approximately $2.17 million in new revenue.

- All seven of the District's employee contract agreements were scheduled to expire on June 30, 2026. At the time of budget adoption, the board had approved the contract agreements with four of the groups, including the Forest Hills Education Association that covers our largest employee group, teachers. Since the adoption of the budget, two other employee groups' contract agreements were approved by the board, impacting the general fund by approximately $842,000 and the special revenue fund by approximately $99,000. The District has not reached an agreement with one employee group. Settled contracts vary in terms of the duration of the agreement but none of them included financial increases for the 2027-2028 fiscal year.

- The District will continue to participate in Michigan's school meals program during the 2026-2027 school year, allowing all students to receive breakfast and lunch at no cost to families. The Michigan school meals program is accounted for in the special revenue fund.

- With the adoption of its 2026-2027 budget, the District is levying the following mills: 18.0 mills for operating purposes, .9791 mills for recreation purposes, and 6.05 mills for debt purposes. The operating mills are levied on non-homestead property and the recreation and debt mills are levied on all properties.

Basic Financial Statements

Government-Wide Financial Statements

Forest Hills Public Schools

Government-Wide Financial Statements
Statement of Net Position

June 30, 2026	Governmental Activities
Assets	
Cash and investments	$ 181,436,715
Accounts receivable	173,746
Intergovernmental receivable	17,108,242
Inventories	212,535
Prepaid expenses	1,636,969
Deposits	225,000
Net other postemployment benefits asset	39,690,854
Capital assets, net of accumulated depreciation/amortization	267,149,081
Capital assets, not being depreciated/amortized	63,960,523
Total Assets	571,593,665
Deferred Outflows of Resources	
Related to other postemployment benefits	7,174,485
Related to pension	35,756,932
Total Deferred Outflows of Resources	42,931,417
Liabilities	
Accounts payable	13,014,724
Intergovernmental payable	5,228,360
Accrued interest	1,969,992
Accrued payroll	9,044,928
Accrued retirement	1,580,071
Accrued expenses	111,412
Arbitrage liability	1,376,552
Unearned revenue	5,250,006
Noncurrent liabilities	
Due within one year	19,986,687
Due in more than one year	259,070,839
Net pension liability	123,935,164
Total Liabilities	440,568,735
Deferred Inflows of Resources	
Deferred charge on refunding	57,490
Related to other postemployment benefits	34,228,470
Related to pension	41,880,439
Related to state aid funding for pension	10,099,247
Total Deferred Inflows of Resources	86,265,646
Net Position	
Net investment in capital assets	184,981,198
Restricted for debt service	735,232
Restricted for net other postemployment benefits	39,690,854
Unrestricted	(137,716,583)
Total Net Position	$ 87,690,701

The notes to the basic financial statements are an integral part of this statement.

Forest Hills Public Schools

Government-Wide Financial Statements
Statement of Activities

Year ended June 30, 2026	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities				
Instruction	$ 57,811,777	$ 101,544	$ 16,822,397	$ (40,887,836)
Support services	44,950,931	829,088	12,373,239	(31,748,604)
Community services	1,519,115	618,518	158,755	(741,842)
Food service	4,499,567	509,838	5,057,443	1,067,714
Student/school activities	2,770,793		2,802,724	31,931
Child care	1,177,713	1,359,429	20,174	201,890
Interest on long-term debt	13,008,972			(13,008,972)
Unallocated depreciation/amortization*	15,312,046			(15,312,046)
Total School District	$ 141,050,914	$ 3,418,417	$ 37,234,732	(100,397,765)
General revenues:				
Property taxes levied for general purposes				24,753,431
Property taxes levied for debt service				29,972,063
Property taxes levied for recreation				4,893,991
Local revenue in lieu of taxes				95,025
Unrestricted state aid				64,039,611
Investment earnings				10,573,683
Intermediate sources				11,882,386
Miscellaneous				578,042
Total general revenues				146,788,232
Change in net position				46,390,467
Net Position, beginning of year				41,300,234
Net Position, end of year				$ 87,690,701

* Unallocated depreciation/amortization includes 100% of depreciation/amortization expense, no depreciation/amortization expense is allocated to various programs.

The notes to the basic financial statements are an integral part of this statement.

Fund Financial Statements

Forest Hills Public Schools

Governmental Funds
Balance Sheet

June 30, 2026	General Fund	Debt Service Fund	2023 Capital Projects Fund	2025 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	$ 19,583,010	$ 2,716,731	$ 6,899	$ 152,697,640	$ 6,432,435	$ 181,436,715
Accounts receivable	121,267				52,479	173,746
Intergovernmental receivable	16,629,928				478,314	17,108,242
Due from other funds	9,532,270			1,309		9,533,579
Inventories	158,230				54,305	212,535
Prepaid expenditures	1,587,484				49,485	1,636,969
Deposits					225,000	225,000
Total Assets	$ 47,612,189	$ 2,716,731	$ 6,899	$ 152,698,949	$ 7,292,018	$ 210,326,786
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 1,027,366	$ 3,815	$ 5,590	$ 11,815,018	$ 162,935	$ 13,014,724
Accrued payroll	8,925,916				119,012	9,044,928
Accrued retirement	1,555,146				24,925	1,580,071
Accrued expenditures	99,261				12,151	111,412
Intergovernmental payable	3,860,720			1,367,640		5,228,360
Due to other funds		7,692	1,309	9,524,578		9,533,579
Unearned revenue	4,963,687				286,319	5,250,006
Total liabilities	20,432,096	11,507	6,899	22,707,236	605,342	43,763,080
Fund Balances						
Nonspendable - inventories	158,230					158,230
Nonspendable - prepaid expenditures	1,587,484				49,485	1,636,969
Nonspendable - deposits					225,000	225,000
Restricted for capital projects				129,991,713		129,991,713
Restricted for debt service		2,705,224				2,705,224
Restricted for food service					2,002,848	2,002,848
Committed for student/school activities					2,638,544	2,638,544
Committed for child care program					1,770,799	1,770,799
Assigned for subsequent year's budget	7,359,204					7,359,204
Unassigned	18,075,175					18,075,175
Total fund balances	27,180,093	2,705,224		129,991,713	6,686,676	166,563,706
Total Liabilities and Fund Balances	$ 47,612,189	$ 2,716,731	$ 6,899	$ 152,698,949	$ 7,292,018	$ 210,326,786

The notes to the basic financial statements are an integral part of this statement.

Forest Hills Public Schools

Reconciliation of Fund Balances of Governmental Funds to Net Position on the Statement of Net Position

Year ended June 30, 2026

Total fund balances - total governmental funds		$ 166,563,706
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred outflows of resources - related to pension		35,756,932
Deferred outflows of resources - related to other postemployment benefits		7,174,485
Deferred inflows of resources - deferred charge on refunding		(57,490)
Deferred inflows of resources - related to pension		(41,880,439)
Deferred inflows of resources - related to other postemployment benefits		(34,228,470)
Deferred inflows of resources - related to state funding for pension		(10,099,247)
Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet Noncurrent assets at year-end consist of:		
Net other postemployment benefits asset		39,690,854
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Capital assets, at cost	$ 606,162,843	
Accumulated depreciation/amortization	(275,053,239)	
Net capital assets		331,109,604
Long-term liabilities, including interest payable, are not due and payable in the current period and, therefore, are not reported in the funds. Balances are as follows:		
General obligation bonds	(245,570,000)	
Deferred issuance premium	(30,335,669)	
Accrued interest on bonds	(1,969,992)	
Direct borrowings and direct placements	(156,960)	
Compensated absences	(2,994,897)	
Net pension liability	(123,935,164)	
Arbitrage liability	(1,376,552)	
Net long-term liabilities		(406,339,234)
Net Position of Governmental Activities		$ 87,690,701

The notes to the basic financial statements are an integral part of this statement.

Forest Hills Public Schools

Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2026	General Fund	Debt Service Fund	2023 Capital Projects Fund	2025 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	$ 29,647,422	$ 29,972,063				$ 59,619,485
Other local sources	3,331,607	479,885	$ 214,616	$ 6,339,711	$ 4,870,556	15,236,375
State sources	91,702,161	604,097			3,621,262	95,927,520
Federal sources	2,679,709				1,456,355	4,136,064
Intermediate sources	11,882,386					11,882,386
Total revenues	139,243,285	31,056,045	214,616	6,339,711	9,948,173	186,801,830
Expenditures						
Current						
Instruction	81,191,123					81,191,123
Support services	57,107,342					57,107,342
Community services	1,931,929					1,931,929
Food service					5,049,976	5,049,976
Student/school activities					2,770,793	2,770,793
Child care					1,544,652	1,544,652
Debt service						
Principal	157,721	17,895,000				18,052,721
Interest and other	15,734	13,368,937				13,384,671
Capital outlay			10,747,292	50,195,286	201,785	61,144,363
Outgoing transfers and other	182,400		1,532,753	1,458,474		3,173,627
Total expenditures	140,586,249	31,263,937	12,280,045	51,653,760	9,567,206	245,351,197
Excess (deficiency) of revenues over (under) expenditures	(1,342,964)	(207,892)	(12,065,429)	(45,314,049)	380,967	(58,549,367)
Other Financing Sources (Uses)						
Sale of capital assets	77,349				10,500	87,849
Transfers in	380,000				13	380,013
Transfers out	(13)				(380,000)	(380,013)
Total other financing sources (uses)	457,336				(369,487)	87,849
Changes in fund balances	(885,628)	(207,892)	(12,065,429)	(45,314,049)	11,480	(58,461,518)
Fund Balances, beginning of year	28,065,721	2,913,116	12,065,429	175,305,762	6,675,196	225,025,224
Fund Balances, end of year	$ 27,180,093	$ 2,705,224		$ 129,991,713	$ 6,686,676	$ 166,563,706

The notes to the basic financial statements are an integral part of this statement.

Forest Hills Public Schools

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

Year ended June 30, 2026

Changes in fund balances - total governmental funds		$ (58,461,518)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital outlay	$ 61,476,870	
Depreciation/amortization expense	(15,312,046)	
		46,164,824
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. In the statement of net position, bonds issued are reported as a liability and repayments reduce the liability.		
Repayment of principal on bonded debt	17,895,000	
Repayment of principal on notes from direct borrowings and direct placements	157,721	
		18,052,721
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Amortization	2,980,982	
Pension related items	22,553,106	
Other postemployment benefits related items	14,143,895	
Accrued interest	372,681	
Retirement contracts payable	11,000	
Compensated absences	21,074	
Arbitrage liability	2,460,245	
		42,542,983
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period.		
Pension related items, beginning of year		8,190,704
Pension related items, end of year		(10,099,247)
Change in Net Position of Governmental Activities		$ 46,390,467

The notes to the basic financial statements are an integral part of this statement.

1. Summary of Significant Accounting Policies

The basic financial statements of Forest Hills Public Schools (the District) have been prepared in conformity with generally accepted accounting principles 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 District's significant accounting policies are described below.

Reporting Entity

The District is an independent entity with an elected Board of Education consisting of seven members. Board members serve six-year terms. The Board has responsibility and control over all matters affecting the District, including authority to levy taxes and determine its budget, the power to designate management and primary accountability for fiscal matters. The basic financial statements of the District contain all funds for which the District is financially accountable. There are no other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's basic financial statements to be misleading or incomplete.

Basis of Presentation

Government-wide financial statements: The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize activities as either governmental or business-type. All of the District's activities are classified as governmental.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to recipients who purchase, use, or directly benefit from goods, services or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Property taxes, state aid foundation, and certain other items are reported as general revenues.

Fund financial statements: The fund financial statements provide information about the District's funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. Major individual governmental funds are reported in separate columns in the fund financial statements.

When both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first.

Governmental Funds

Governmental Funds are used to account for the District's general activity. The focus is on determination of the financial position and changes in financial position rather than on income determination. The following is a description of the Governmental Funds of the District:

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. It is considered a major fund.

Special Revenue Funds are used to account for, and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District operates three special revenue funds: Food Service, Student/School Activities, and Child Care. These funds are considered nonmajor funds.

Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Debt Service Fund is considered a major fund and resources are mainly from property taxes.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital projects. Capital project fund resources are mainly from bond proceeds and investment income. The 2023 and 2025 Capital Projects Funds are considered major funds.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured, and basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough after to pay liabilities for the current period. The District considers revenues available if collected within 60 days after year-end for property taxes, state aid and interest, and 90 days after year-end for entitlement funds and grants.

Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

State Foundation Revenue

The State of Michigan allocates funds through a foundation grant approach, which provides for a specific annual amount of revenue per student based on a statewide formula. The foundation is funded from state and local sources. Revenues from state sources primarily are governed by the School Aid Act and the School Code of Michigan. For the year ended June 30, 2026, the foundation allowance was based on the blended student membership counts taken in October 2025 and February 2025.

The state portion of the foundation is provided primarily by a state education property tax millage of six mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes, which may be levied at a rate of up to 18 mills.

State Categorical Revenue

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be expended for its specific purpose. Categorical funds received which are not expended by the close of the fiscal year are recorded as unearned revenue.

Federal Revenue

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Cash and Cash Equivalents

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

Investments

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

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

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

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

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

e. Bankers' acceptances of United States banks.

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

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

Inventories and Prepaid Items

Inventories are stated at cost. Inventories consist primarily of food, cafeteria supplies, teaching and maintenance supplies and are valued using FIFO, except natural gas inventory which is valued using a weighted average method. Inventories are reported as assets when purchased and charged to operations when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items when purchased and charged to operations when used in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, buildings, and equipment, are reported in the government-wide financial statements. Assets having a useful life in excess of one year, and whose costs exceed $20,000 for buildings and improvements and $10,000 for all other capital asset categories, are capitalized. Capital assets are stated at historical cost, or estimated historical cost where actual cost information is not available. Donated capital assets are stated at their estimated acquisition value as of the donation date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' useful lives are not capitalized. Major outlays for capital assets are capitalized as projects are constructed. Right to use assets of the District are amortized using the straight-line method over the shorter of the subscription period or the estimated useful life. Depreciation is provided for on the straight-line basis over the estimated useful lives of the assets as follows:

	Years
Land improvements	20
Transportation equipment	10
Buildings and improvements	20 - 50
Machinery, furniture and equipment	5 - 20
Right to use - subscription based IT	2 - 6

Defined Benefit Plans

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

Deferred Outflows

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

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first is the deferred charge on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension benefit contributions subsequent to the measurement period. The third and fourth items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. The amounts are amortized over a period determined by the actuary.

Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is reported as incurred in the government-wide financial statements. The liability for compensated absences includes salary and related benefits, where applicable.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds issued are deferred and amortized over the life of the related bonds. Bond issuance costs are expensed.

In the fund financial statements, the face amount of new debt issued is reported as other financing sources. Bond premiums and discounts are reported as other financing sources (uses) while issuance costs are reported as expenditures.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is reported as net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings and premiums used for the acquisition or construction of those assets. Deferred outflows of resources and restricted capital projects net position that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use, either through legislation or through external restrictions imposed by creditors, grantors, laws, or regulations from other governments.

Fund Balance

Fund balance represents the difference between assets and liabilities in the governmental fund financial statements. The District's fund balance is classified in the following categories:

Nonspendable fund balance - represents amounts that cannot be spent due to legal requirements or because it is not in spendable form. The District reports nonspendable fund balance for inventories, prepaid expenditures, and deposits.

Restricted fund balance - restricted for specific purposes imposed by grantors, bondholders, constitutional provisions, or enabling legislation. The District reports restricted fund balance in the Debt Fund, Capital Projects Fund and Food Service Fund.

Committed fund balance - represent amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's board of education. The District reports committed fund balance in the Student/School Activities and Child Care Funds.

Assigned fund balance - intended to be used for specific purposes but doesn't meet the criteria for restricted or committed fund balance. The District reports assigned fund balance in the General Fund to report specific projects and subsequent year budgeted use of fund balance. The Board of Education has authority to assign amounts to a specific purpose by authority of a Board resolution passed in June 2011.

Unassigned fund balance - the residual fund balance of the General Fund.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance and then unassigned fund balance.

The District has a policy that funds equal to 10% of the adopted General Fund budget shall be maintained for the purposes of protecting the cash flow position of the District and avoiding the need to borrow against either anticipated state aid payments or local property tax revenues for school operating purposes.

Subscription-based IT Arrangements (SBITA)

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

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

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

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

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

The District monitors changes in circumstances that would require a remeasurement of its SBITA and will remeasure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

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

Property Taxes

School District property taxes are due July 1 of each fiscal year in the City of Grand Rapids, on December 1 of each fiscal year in Cannon Township, and on July 1 and December 1 of each fiscal year in the City of Kentwood and the remaining townships. The taxes are payable without interest on or before July 31 in the City of Grand Rapids, February 14 in Cannon Township and September 1 and February 14 in the City of Kentwood, and September 14 and February 14 in the remaining townships, and without penalty on or before the following February 14. All real property taxes remaining unpaid on March 1 of the year following the levy are turned over to the County Treasurer for collection.

For the year ended June 30, 2026, the District levied the following amounts per $1,000 of assessed valuation. The general fund levied 18.00 mills for applicable property and a supplemental 0.9883 mill for parks and recreation activities. The debt service fund levied 6.05 mills.

Interfund Activity

During the course of its operations the District has transactions between funds. The General Fund regularly has transfers of funds between the Food Service and Child Care funds. During the year, the Food Service Fund and Child Care Fund transferred $230,000 and $150,000, respectively, to the General Fund for indirect costs. The General Fund transferred $13 to the Food Service Fund for at-risk meals. To the extent that certain transactions had not been paid or received as of year-end, balances of interfund receivables or payables are recorded. Balances are normally liquidated in the subsequent fiscal year.

Use of Estimates

The preparation of financial statements requires estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through October 9, 2026 the date the financial statements were available to be issued. Based on that evaluation, there were no matters identified that had a significant impact on the financial statements as presented.

2. Cash and Investments

Deposits

Custodial Credit Risk Related to Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District minimizes custodial credit risk by pre-qualifying financial institutions. At June 30, 2026, $1,000,000 of the District's bank balances (without recognition of deposits in transit and outstanding checks) of $46,044,570 was insured and $45,044,570 was uninsured and uncollateralized. The Federal Deposit Insurance Corporation (FDIC) general deposit insurance rules provide $250,000 of insurance for all time and savings deposits and $250,000 of insurance for all demand deposits per institution**.**

Investments

At June 30, 2026, the District had the following investments:

Investment Type	Rating		Fair Value	Weighted Average Maturity (Years)
U.S. Treasury Notes	S&P AA+	$	136,112,660	0.4224
MILAF External Investment Pool - CMC	S&P AAAm		115,297	N/A
MILAF External Investment Pool - Max	S&P AAAm		79,872	N/A
Total investments			136,307,829	
Cash			45,128,886	
Total Cash and Investments		$	181,436,715	
Portfolio weighted average maturity				0.4224

One day maturity equals approximately 0.0027 years

The District voluntarily invests certain excess funds in external pooled investment funds which includes money market funds. Two of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund Cash Management Class and Max Class (MILAF). These are external pooled investment funds of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2026, the fair value of the District's investments is the same as the value of the pool shares. MILAF Cash Management Class and Max Class funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures and are valued at amortized cost.

Interest Rate Risk

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

Custodial Credit Risk Related to Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business. The District had no investments subject to custodial credit risk at June 30, 2026.

Fair Value Measurement

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

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

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

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

	Level 1	Level 2	Level 3	Balance at June 30, 2026
Investments by fair value level				
U.S. Treasury Notes		$ 136,112,660		$ 136,112,660

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

Foreign Currency Risk

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

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

State statutes authorize the District to invest in obligations and certain repurchase agreements of the U.S. Treasury and related governmental agencies, commercial paper rated prime at the time of purchase and maturing not more than 270 days from the date of purchase, banker's acceptances and certificates of deposit issued or created by any state or national bank insured with the applicable federal agency, and investment pools authorized by the Surplus Funds Investment Pool Act.

The District follows state statutes and has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

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

3. Interfund Activity

Transfers between funds during the year ended June 30, 2026 were as follows:

Fund	Transfers In	Transfers Out
General Fund	$ 380,000	$ 13
Nonmajor Governmental Funds	13	380,000
	$ 380,013	$ 380,013

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

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 9,532,270	
Debt Service Fund		$ 7,692
2023 Capital Projects Fund		1,309
2025 Capital Projects Fund	1,309	9,524,578
	$ 9,533,579	$ 9,533,579

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

4. Intergovernmental Receivable

Intergovernmental receivables consist of the following:

Fund	Local	State	Federal	Total
General	$ 224,232	$ 15,842,769	$ 562,927	$ 16,629,928
Food Service		476,779		476,779
Child Care		1,535		1,535
Total	$ 224,232	$ 16,321,083	$ 562,927	$ 17,108,242

All balances are expected to be collected within one year.

5. Capital Assets

The following summarizes capital asset activity for the year ended June 30, 2026.

	Balance, June 30, 2025	Additions/ Reclassifications	Deletions/ Reclassifications	Balance, June 30, 2026
Governmental Activities				
Capital assets not depreciated/amortized				
Land	$ 7,696,373			$ 7,696,373
Construction in progress	16,883,033	$ 44,478,062	$ (5,096,945)	56,264,150
Total capital assets not depreciated/amortized	24,579,406	44,478,062	(5,096,945)	63,960,523
Capital assets being depreciated/amortized				
Land improvements	24,727,923			24,727,923
Buildings and improvements	414,688,819	7,933,824		422,622,643
Machinery, furniture and equipment	73,409,191	13,124,319		86,533,510
Transportation equipment	6,963,461	859,505	(1,695,963)	6,127,003
Right to use - subscription-based IT	2,013,136	178,105		2,191,241
Total capital assets being depreciated/amortized	521,802,530	22,095,753	(1,695,963)	542,202,320
Totals at historical cost	546,381,936	66,573,815	(6,792,908)	606,162,843
Less accumulated depreciation/amortization for				
Land improvements	11,315,959	1,205,883		12,521,842
Buildings and improvements	187,678,940	9,807,864		197,486,804
Machinery, furniture and equipment	56,272,400	3,246,268		59,518,668
Transportation equipment	4,989,086	712,653	(1,695,963)	4,005,776
Right to use - subscription-based IT	1,180,771	339,378		1,520,149
Total accumulated depreciation/amortization	261,437,156	15,312,046	(1,695,963)	275,053,239
Net Capital Assets	$ 284,944,780	$ 51,261,769	$ (5,096,945)	$ 331,109,604

Depreciation/amortization for the year ended June 30, 2026 was $15,312,046. The District determined that it was impractical to allocate depreciation/amortization to various governmental activities as the assets serve multiple functions.

Costs to complete the construction in progress are approximately $130,000,000.

6. Long-Term Obligations

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

	Balance, June 30, 2025	Additions	Deductions	Balance, June 30, 2026	Due Within One Year
General obligation bonds	$ 263,465,000		$ (17,895,000)	$ 245,570,000	$ 19,295,000
Deferred issuance premium	33,403,491		(3,067,822)	30,335,669	
Notes from direct borrowings and direct placements	314,681		(157,721)	156,960	92,708
Compensated absences*	3,015,971		(21,074)	2,994,897	598,979
Retirement contracts payable	11,000		(11,000)		
Net pension liability	150,840,768		(26,905,604)	123,935,164	
	$ 451,050,911		$ (48,058,221)	$ 402,992,690	$ 19,986,687

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

General obligation bonds at June 30, 2026 are comprised of the following individual issues:

June 30, 2026	Principal Outstanding	Remaining Interest Requirements
2016 Building, Site and Refunding Bonds, $48,130,000, due in an annual installment of $5,230,000 through May 1, 2027, interest at 5.00%.	$ 5,230,000	$ 261,500
2019 Building and Site Series I Bonds, $31,950,000, due in annual installments of $2,250,000 to $2,700,000 through May 1, 2034, interest at 5.00%.	19,550,000	4,527,500
2020 Refunding Bonds, $9,670,000 due in annual installments of $1,050,000 to $1,075,000 through May 1, 2029, interest at 4.00%.	3,200,000	257,000
2021 Building and Site Bonds, $55,350,000 due in annual installments of $2,840,000 to $2,845,000 through May 1, 2036, interest at 3.00% to 4.00%.	28,430,000	5,119,000
2023 Building and Site Bonds, $25,550,000 due in annual installments of $1,450,000 to $2,480,000 through May 1, 2038, interest at 5.00%.	23,070,000	8,164,500
2025 Building and Site Bonds, $171,340,000 due in annual installments of $5,855,000 to $12,785,000 through May 1, 2045, interest at 5.00%.	166,090,000	93,143,250
	$ 245,570,000	$ 111,472,750

Notes from direct borrowings and direct placements at June 30, 2026 are comprised of the following:

Direct Borrowing and Direct Placement

June 30, 2026	Principal Outstanding	Remaining Interest Requirements
Various subscription-based IT arrangements, due in annual installments of $34,556 to $72,899 through June 30, 2029, including imputed interest at 5%.	$ 156,960	$ 8,330

Severance Program

A severance program is available for administrative staff to receive $11,000 per year for three years after retirement, and the liability at year-end was $0. Retirement contracts and compensated absences typically are liquidated by the General Fund.

Debt Service Requirements

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of $156,960 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

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

	General Obligation Bonds		Direct Borrowing and Direct Placement			
Year Ending June 30,	Principal	Interest	Principal	Interest	Other Long-term Obligations	Total
2027	$ 19,295,000	$ 11,819,950	$ 92,708	$ 3,471		$ 31,211,129
2028	16,025,000	10,894,100	31,343	3,213		26,953,656
2029	13,720,000	10,132,000	32,909	1,646		23,886,555
2030	13,070,000	9,485,150				22,555,150
2031	13,510,000	8,860,050				22,370,050
2032-2036	69,700,000	34,516,750				104,216,750
2037-2041	52,655,000	19,670,000				72,325,000
2042-2045	47,595,000	6,094,750				53,689,750
	245,570,000	111,472,750	156,960	8,330		357,208,040
Deferred issuance premium	30,335,669					30,335,669
Compensated absences					$ 2,994,897	2,994,897
Net pension liability					123,935,164	123,935,164
	$ 275,905,669	$ 111,472,750	$ 156,960	$ 8,330	$ 126,930,061	$ 514,473,770

The net pension liability is liquidated by the General, Food Service, and Child Care funds.

7. Pension and Other Postemployment Benefits

Plan Description

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

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

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

Benefits Provided - Overall

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

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

Benefits Provided - Pension

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

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

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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

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

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

Employees who first work on or after September 4, 2012, and before February 1, 2018, choose between two retirement plans: The Pension Plus Plan and a Defined Contribution Plan that provides a 50% employer match (up to 3% of salary) on employee contributions.

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

Pension Reform of 2017

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

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

Pension Reform of 2023

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

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

Employer Contributions

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

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

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

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

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

The District's pension contributions for the year ended June 30, 2026, were equal to the required contribution total. Total pension contributions were approximately $28,803,000. Of the total pension contributions approximately $27,638,000 was contributed to fund the Defined Benefit Plan and approximately $1,165,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2026, were equal to the required contribution total. Total OPEB contributions were approximately $1,896,000. Of the total OPEB contributions approximately $1,245,000 was contributed to fund the Defined Benefit Plan and approximately $651,000 was contributed to fund the Defined Contribution Plan.

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

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

Pension Liabilities

The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2024, and rolled-forward using generally accepted actuarial procedure. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers:	September 30, 2025	September 30, 2024
Total pension liability	$ 97,436,103,863	$ 95,765,499,515
Plan fiduciary net position	$ 77,403,114,236	$ 71,283,482,728
Net pension liability	$ 20,032,989,627	$ 24,482,016,787
Proportionate share	0.61866%	0.61613%
Net pension liability for the District	$ 123,935,164	$ 150,840,768

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

For the year ended June 30, 2026, the District recognized pension expense of approximately $5,230,839.

At June 30, 2026, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 4,448,388	$ 6,550,272
Net difference between projected and actual plan investment earnings		29,617,850
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,128,508	4,608,437
Differences between expected and actual experience	4,800,365	1,103,880
Reporting Unit's contributions subsequent to the measurement date	25,379,671	
	$ 35,756,932	$ 41,880,439

$25,379,671, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ending June 30,	Amount
2027	$ (3,043,527)
2028	(14,872,705)
2029	(10,638,841)
2030	(2,948,105)

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

OPEB Liability (Asset)

The net OPEB liability (asset) was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2024, and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability (asset) was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers:	September 30, 2025	September 30, 2024
Total other postemployment benefits liability	$ 9,360,649,860	$ 9,991,545,923
Plan fiduciary net position	$ 15,439,767,833	$ 14,295,943,589
Net other postemployment benefits liability (asset)	$ (6,079,117,973)	$ (4,304,397,666)
Proportionate share	0.65290%	0.60950%
Net other postemployment benefits liability (asset) for the District	$ (39,690,854)	$ (26,235,447)

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

For the year ended June 30, 2026, the District recognized OPEB benefit of approximately $13,041,827.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 5,297,170	$ 420,956
Net difference between projected and actual plan investment earnings		5,577,431
Changes in proportion and differences between employer contributions and proportionate share of contributions	813,348	1,055,844
Differences between expected and actual experience		27,174,239
Reporting Unit's contributions subsequent to the measurement date	1,063,967	
	$ 7,174,485	$ 34,228,470

$1,063,967, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

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

Year Ending June 30,	Amount
2027	$ (7,311,871)
2028	(7,299,702)
2029	(6,946,934)
2030	(4,543,816)
2031	(1,547,045)
2032	(468,584)

Actuarial Assumptions

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

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

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

Inflation - 3.0%.

Mortality Assumptions -

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

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

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

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

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

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.75% for year one and graded to 3.50% in year fifteen. Post 65, 6.50% for year one and graded to 3.50% in year fifteen.

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

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

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

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

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

	Target Allocation		
Investment Category	Pension	OPEB	Long-term Expected Real Rate of Return*
Domestic Equity Pools	21.0%	16.0%	5.8%
International Equity Pools	14.0%	11.0%	5.6%
Private Equity Pools	16.0%	16.0%	9.3%
Real Estate and Infrastructure Pools	8.0%	5.0%	7.0%
Fixed Income Pools	15.0%	26.0%	2.5%
Absolute Return Pools	13.0%	15.0%	4.4%
Real Return/Opportunistic Pools	9.0%	7.0%	7.0%
Short Term Investment Pools	4.0%	4.0%	1.3%
	100.0%	100.0%	

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

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

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

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

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

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	$ 195,576,524	$ 123,935,164	$ 64,267,081

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

	Other Postemployment Benefits		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability (asset)	$ (34,196,182)	$ (39,690,854)	$ (44,499,882)

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

	Other Postemployment Benefits		
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefits liability (asset)	$ (44,455,999)	$ (39,690,854)	$ (34,687,607)

Pension and OPEB Plan Fiduciary Net Position

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

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

8. Risk Management and Benefits

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees and natural disasters. The District is a member of the West Michigan Risk Management Trust (Trust), a self-insurance program with 16 districts pooling together to insure property, liability, and auto exposures. Premiums from members of the Trust are arrived at through standard underwriting procedures. The members of the Trust have contributed amounts sufficient to fund individual and aggregate losses up to $250,000 and $1,585,000, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. Specific types of coverage are listed in the supplemental material. A $5,000 per occurrence deductible for property losses is maintained to place the responsibility for small charges with the members of the Trust.

The District carries commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2026, or any of the prior three years.

9. Bond Compliance

The Capital Projects Funds include activities funded by bond proceeds. For these capital projects, the District has complied with the applicable provisions of Section 1351(a) of the Revised School Code. Beginning with the year of bond issuance, the District has reported the annual construction activity in the Capital Projects Funds as follows:

June 30, 2026	Cumulative Revenues	Cumulative Expenditures (excluding transfers)
2023 Bonds	$ 3,380,918	$ 32,466,937
2025 Bonds	$ 7,725,473	$ 68,249,893

The above revenue excludes net bond proceeds of $29,086,019 for the 2023 bonds, and $190,516,133 for the 2025 bonds.

10. Contingent Liabilities

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

11. Tax Abatements

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions granted by townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities. The property taxes abated for all funds by municipality under these programs are as follows:

Municipality		Taxes abated
Ada Township	$	262,234
Cascade Township		55,091
City of Kentwood		2,634,860
	$	2,952,185

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

There are no abatements made by the District.

12. Changes in Accounting Principles

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

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

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

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

13. Upcoming Accounting Pronouncement

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

Required Supplementary Information

Forest Hills Public Schools

Required Supplementary Information
Budgetary Comparison Schedule - General Fund

Year ended June 30, 2026	Original Budget	Final Budget	Variance With Original and Final Budget	Actual	Variance With Final Budget and Actual
Revenues					
Local sources	$ 31,835,400	$ 32,744,881	$ 909,481	$ 32,979,029	$ 234,148
State sources	86,798,946	92,224,869	5,425,923	91,702,161	(522,708)
Federal sources	2,472,323	2,771,965	299,642	2,679,709	(92,256)
Incoming transfers and other	11,354,104	12,271,480	917,376	11,882,386	(389,094)
Total revenues	132,460,773	140,013,195	7,552,422	139,243,285	(769,910)
Expenditures					
Current					
Instruction					
Basic programs	72,015,420	73,365,348	(1,349,928)	71,326,269	2,039,079
Added needs	9,896,424	10,432,934	(536,510)	9,864,854	568,080
Total instruction	81,911,844	83,798,282	(1,886,438)	81,191,123	2,607,159
Support services					
Pupil	11,845,878	11,706,436	139,442	11,316,337	390,099
Instructional staff	5,702,008	6,131,992	(429,984)	5,829,430	302,562
General administration	892,013	982,550	(90,537)	950,739	31,811
School administration	7,615,242	7,902,267	(287,025)	7,812,576	89,691
Business	1,948,073	1,956,079	(8,006)	1,846,853	109,226
Operation/maintenance	13,692,640	14,578,828	(886,188)	14,404,963	173,865
Pupil transportation	6,882,251	6,655,744	226,507	6,331,574	324,170
Central services	4,725,386	4,947,198	(221,812)	4,730,557	216,641
Other support services	3,553,097	4,007,034	(453,937)	3,884,313	122,721
Total support services	56,856,588	58,868,128	(2,011,540)	57,107,342	1,760,786
Community services	2,110,016	2,161,199	(51,183)	1,931,929	229,270
Debt service					
Principal	400,000	158,000	242,000	157,721	279
Interest		15,750	(15,750)	15,734	16
Total debt service	400,000	173,750	226,250	173,455	295
Outgoing transfers and other		182,400	(182,400)	182,400	
Total expenditures	141,278,448	145,183,759	(3,905,311)	140,586,249	4,597,510
Excess (deficiency) of revenues over (under) expenditures	(8,817,675)	(5,170,564)	3,647,111	(1,342,964)	3,827,600
Other Financing Sources (Uses)					
Sale of capital assets	50,000	70,000	20,000	77,349	7,349
Transfers out	(13)	(13)		(13)	
Transfers in	380,000	380,000		380,000	
Proceeds from subscription-based IT arrangements		167,405	167,405		(167,405)
Total other financing sources (uses)	429,987	617,392	187,405	457,336	(160,056)
Changes in fund balances	$ (8,387,688)	$ (4,553,172)	$ 3,834,516	(885,628)	$ 3,667,544

Forest Hills Public Schools

Required Supplementary Information
Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability
Michigan Public School Employee Retirement Plan
Last Ten Fiscal Years (Determined as of plan year ended September 30)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Reporting Unit's proportion of net pension liability (%)	0.61866%	0.61613%	0.63696%	0.64678%	0.62635%	0.62651%	0.63621%	0.64398%	0.64621%	0.64748%
Reporting Unit's proportionate share of net pension liability	$ 123,935,164	$ 150,840,768	$ 206,158,983	$ 243,246,630	$ 148,290,484	$ 215,211,777	$ 210,690,414	$ 193,593,162	$ 167,461,311	$ 161,540,348
Reporting Unit's covered-employee payroll	$ 68,359,861	$ 64,089,701	$ 61,899,401	$ 63,286,514	$ 56,892,487	$ 55,042,380	$ 55,296,936	$ 54,481,110	$ 54,393,825	$ 54,658,644
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	181.30%	235.36%	333.05%	384.36%	260.65%	390.99%	381.02%	355.34%	307.87%	295.54%
Plan fiduciary net position as a percentage of total pension liability (non-university employers)	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

Forest Hills Public Schools

Required Supplementary Information
Schedule of the Reporting Unit's Pension Contributions
Michigan Public School Employee Retirement Plan
Last Ten Fiscal Years (Determined as of the year ended June 30)

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contributions	$ 27,638,066	$ 27,255,392	$ 25,109,448	$ 29,203,718	$ 21,180,572	$ 18,356,199	$ 16,977,014	$ 16,594,792	$ 16,891,003	$ 14,928,424
Contributions in relation to statutorily required contributions	27,638,066	27,255,392	25,109,448	29,203,718	21,180,572	18,356,199	16,977,014	16,594,792	16,891,003	14,928,424
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 72,999,516	$ 67,362,578	$ 63,230,106	$ 61,550,355	$ 60,189,541	$ 56,405,803	$ 55,173,961	$ 55,275,159	$ 54,414,234	$ 56,015,095
Contributions as a percentage of covered-employee payroll	37.86%	40.46%	39.71%	47.45%	35.19%	32.54%	30.77%	30.02%	31.04%	26.65%

Forest Hills Public Schools

Required Supplementary Information
Schedule of the Reporting Unit's Proportionate Share of the Net OPEB Liability (Asset)
Michigan Public School Employee Retirement Plan
Last Nine Fiscal Years (Determined as of plan year ended September 30)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net OPEB liability (%)	0.65290%	0.60950%	0.62116%	0.65344%	0.63058%	0.62232%	0.63331%	0.64002%	0.64637%
Reporting Unit's proportionate share of net OPEB liability (asset)	$ (39,690,854)	$ (26,235,447)	$ (3,513,881)	$ 13,840,268	$ 9,625,097	$ 33,339,490	$ 45,457,453	$ 50,874,956	$ 57,238,748
Reporting Unit's covered-employee payroll	$ 68,359,861	$ 64,089,701	$ 61,899,401	$ 63,286,514	$ 56,892,487	$ 55,042,380	$ 55,296,936	$ 54,481,110	$ 54,393,825
Reporting Unit's proportionate share of net OPEB liability/asset as a percentage of its covered-employee payroll	58.06%	40.94%	5.68%	21.87%	16.92%	60.57%	82.21%	93.38%	105.23%
Plan fiduciary net position as a percentage of total OPEB liability (non-university employers)	164.94%	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

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

Forest Hills Public Schools

Required Supplementary Information
Schedule of the Reporting Unit's OPEB Contributions
Michigan Public School Employee Retirement Plan
Last Nine Fiscal Years (Determined as of the year ended June 30)

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required OPEB contributions	$ 1,244,879	$ 352,528	$ 5,299,149	$ 5,077,189	$ 4,999,425	$ 4,873,960	$ 4,726,246	$ 4,543,578	$ 4,739,561
Contributions in relation to statutorily required contributions	1,244,879	352,528	5,299,149	5,077,189	4,999,425	4,873,960	4,726,246	4,543,578	4,739,561
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll (OPEB)	$ 72,999,516	$ 67,362,578	$ 63,230,106	$ 61,550,355	$ 60,189,541	$ 56,405,803	$ 55,173,961	$ 55,275,159	$ 54,414,234
OPEB contributions as a percentage of covered-employee payroll	1.71%	0.52%	8.38%	8.25%	8.31%	8.64%	8.57%	8.22%	8.71%

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

Forest Hills Public Schools

Notes to the Required Supplementary Information

1. Budgetary Basis of Accounting

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

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

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

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

b. Public hearings are conducted to obtain taxpayer comments.

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

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

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

2. Budgetary Comparison

Significant Variances Between Original and Final Budget

	Variance	Explanation
Revenues		
State sources	$ 5,425,923	The District adopted their budget to meet the legal timeline. However, the State had not approved the School Aid Fund budget. As a result the District had to make assumptions about state revenue. Original budget included a $392 per pupil increase for the Foundation Allowance. After the School Aid Fund budget was approved, the per pupil increase for the Foundation Allowance was $442. This resulted in an increase of approximately $425,000. The District projected a student loss of 165 students based on birth rates and trends. However, due to implementation of a junior kindergarten program as well as increasing the number of schools of choice slots, student enrollment increased by 96. This resulted in an increase of approximately $2.6 million. The District also had an increase in their Special Education Headlee funding by approximately $1.0 million. Finally, the District adjusted the amount it received in two state grants, Section 31a and Section 31aa, accounting for an additional $800,000.
Expenditures		
Instruction - Basic	(1,349,928)	The District added three teachers due to class-size ratios for approximately $663,000. It also recorded school site-based budget carryover from the prior fiscal year for approximately $248,000. The balance of the increase was attributable to the increase to the Section 31a grant award and additional staff that were added to support students.

Significant Variances Between Final Budget and Actual

	Variance	Explanation
Expenditures		
Instruction - Basic	$ 2,039,079	The District budgeted $816,000 for a Section 35M state grant and $280,000 in the general fund budget that supports new elementary literacy curriculum required by the state. However, the materials did not arrive by June 30 to be able to record the expense in the fiscal year ending June 30, 2026. School site-based budgets were underspent by $253,000. The district budgets conservatively. As a result, salaries came in under budget by approximately $188,000 and the cost of retirement came in under budget by approximately $335,000.

3. Pension Information

Benefit Changes

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

Changes in Assumptions

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

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

4. OPEB Information

Benefit Changes

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

Changes in Assumptions

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

- 2025 - The health care cost trend rate used in the September 30, 2024, actuarial valuation increased by 0.50 percentage points for members under 65. This increased the plan's total OPEB liability by $267 million in 2025.
- 2024 - The health care cost trend rate used in the September 30, 2023, actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage points for members over 65.

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

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

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

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

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

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

Additional Supplementary Information

General Fund

Forest Hills Public Schools

General Fund

To account for resources except those required to be accounted for in another fund.

Forest Hills Public Schools

General Fund
Schedule of Revenues and Other Financing Sources - Budget to Actual

Year ended June 30, 2026	Final Budget	Actual	Variance
Revenues			
Local Sources			
Property taxes	$ 29,540,000	$ 29,647,422	$ 107,422
Revenue in lieu of taxes	15,000	13,343	(1,657)
Tuition (fees for instruction)	10,000		(10,000)
Investment income	975,000	962,190	(12,810)
Student activity revenue:			
Admissions, athletics	300,000	303,608	3,608
Admissions, other	105,000	101,544	(3,456)
Dues and fees, athletics	415,000	397,511	(17,489)
Community service revenue:			
Community and aquatic center	630,000	618,518	(11,482)
Other local revenue:			
Rentals	150,000	127,969	(22,031)
Private sources	368,881	316,578	(52,303)
Miscellaneous other local revenue	236,000	490,346	254,346
Total revenues from local sources	32,744,881	32,979,029	234,148
State Sources			
Restricted	28,596,429	27,940,531	(655,898)
Unrestricted	63,543,000	63,669,189	126,189
Payments in lieu of taxes	85,440	92,441	7,001
Total revenues from state sources	$ 92,224,869	$ 91,702,161	$ (522,708)

Forest Hills Public Schools

General Fund
Schedule of Revenues and Other Financing Sources - Budget to Actual

Year ended June 30, 2026	Final Budget	Actual	Variance
Federal Sources			
IDEA	$ 1,903,862	$ 1,903,862	
Title I	215,893	200,683	$ (15,210)
Title II	258,120	221,099	(37,021)
Title III	86,216	38,692	(47,524)
Other grants	307,874	315,373	7,499
Total revenues from federal sources	2,771,965	2,679,709	(92,256)
Other Governmental Units			
Kent ISD Act 18 special education millage	6,688,000	6,687,992	(8)
Special education transportation	1,495,000	1,089,214	(405,786)
Other payments received from other governments	4,088,480	4,105,180	16,700
Total revenues from other governmental units	12,271,480	11,882,386	(389,094)
Total revenues	140,013,195	139,243,285	(769,910)
Other Financing Sources			
Sale of capital assets	70,000	77,349	7,349
Transfers in	380,000	380,000	
Proceeds from subscription-based IT arrangements	167,405		(167,405)
Total other financing sources	617,405	457,349	(160,056)
Total Revenues and Other Financing Sources	$ 140,630,600	$ 139,700,634	$ (929,966)

Forest Hills Public Schools

General Fund
Schedule of Expenditures and Other Financing Uses - Budget to Actual

Year ended June 30, 2026	Salaries	Employee Benefits Retirement	Employee Benefits FICA	Employee Benefits Other
Expenditures				
Instruction				
Basic programs	$ 40,780,384	$ 16,651,826	$ 2,891,035	$ 7,534,301
Added needs	5,890,653	2,362,640	423,908	835,891
Total instruction	46,671,037	19,014,466	3,314,943	8,370,192
Support Services				
Pupil services	6,484,934	2,573,438	462,864	1,156,337
Instructional staff	3,123,095	1,296,007	226,295	555,580
General administration	405,559	182,392	22,959	88,223
School administration	4,455,409	1,888,447	324,307	985,766
Business	862,521	368,053	60,053	197,750
Operations and maintenance	3,826,507	1,480,036	288,621	582,909
Pupil transportation	2,050,071	790,104	153,617	360,847
Central services	1,816,434	705,591	132,445	346,887
Other support	1,873,250	724,723	140,768	86,796
Total support services	24,897,780	10,008,791	1,811,929	4,361,095
Community Services	806,395	281,140	56,301	135,932
Debt Service				
Principal				
Interest				
Total debt service				
Other Transactions				
Total expenditures	72,375,212	29,304,397	5,183,173	12,867,219
Other Financing Uses				
Transfers out				
Total Expenditures and Other Financing Uses	$ 72,375,212	$ 29,304,397	$ 5,183,173	$ 12,867,219

Forest Hills Public Schools

General Fund
Schedule of Expenditures and Other Financing Uses - Budget to Actual

	Purchased Services	Supplies, Materials and Other	Total Actual Expenditures	Final Budget	Variance
	$ 2,164,191	$ 1,304,532	$ 71,326,269	$ 73,365,348	$ 2,039,079
	321,772	29,990	9,864,854	10,432,934	568,080
	2,485,963	1,334,522	81,191,123	83,798,282	2,607,159
	429,666	209,098	11,316,337	11,706,436	390,099
	385,513	242,940	5,829,430	6,131,992	302,562
	229,979	21,627	950,739	982,550	31,811
	40,060	118,587	7,812,576	7,902,267	89,691
	139,068	219,408	1,846,853	1,956,079	109,226
	3,890,340	4,336,550	14,404,963	14,578,828	173,865
	441,515	2,535,420	6,331,574	6,655,744	324,170
	1,479,659	249,541	4,730,557	4,947,198	216,641
	784,888	273,888	3,884,313	4,007,034	122,721
	7,820,688	8,207,059	57,107,342	58,868,128	1,760,786
	451,509	200,652	1,931,929	2,161,199	229,270
		157,721	157,721	158,000	279
		15,734	15,734	15,750	16
		173,455	173,455	173,750	295
		182,400	182,400	182,400	
	10,758,160	10,098,088	140,586,249	145,183,759	4,597,510
		13	13	13	
	$ 10,758,160	$ 10,098,101	$ 140,586,262	$ 145,183,772	$ 4,597,510

Nonmajor Governmental Funds

Forest Hills Public Schools

Nonmajor Governmental Funds

Special Revenue Funds

To account for and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District maintains the following Special Revenue Funds:

Food Service Fund - to account for activity relating to cafeteria operations.

Student/School Activities Fund - to account for activities relating to student/school organizations.

Child Care Fund - to account for activities related to child care.

Forest Hills Public Schools

Nonmajor Governmental Funds
Combining Balance Sheet

June 30, 2026	Food Service	Student/School Activities	Child Care	Total
Assets				
Cash and investments	$ 1,716,529	$ 2,825,305	$ 1,890,601	$ 6,432,435
Accounts receivable		50,258	2,221	52,479
Intergovernmental receivable	476,779		1,535	478,314
Inventories	54,305			54,305
Prepaid expenditures		27,682	21,803	49,485
Deposits	225,000			225,000
Total Assets	$ 2,472,613	$ 2,903,245	$ 1,916,160	$ 7,292,018
Liabilities and Fund Balances				
Liabilities				
Accounts payable	$ 91,447	$ 58,114	$ 13,374	$ 162,935
Accrued payroll	3,873	25,897	89,242	119,012
Accrued retirement	1,592	4,316	19,017	24,925
Accrued expenditures	5,250	4,976	1,925	12,151
Unearned revenue	142,603	143,716		286,319
Total liabilities	244,765	237,019	123,558	605,342
Fund Balances				
Nonspendable - prepaid expenditures		27,682	21,803	49,485
Nonspendable - deposits	225,000			225,000
Restricted for food service	2,002,848			2,002,848
Committed for student/ school activities		2,638,544		2,638,544
Committed for child care			1,770,799	1,770,799
Total fund balances	2,227,848	2,666,226	1,792,602	6,686,676
Total Liabilities and Fund Balances	$ 2,472,613	$ 2,903,245	$ 1,916,160	$ 7,292,018

Forest Hills Public Schools

Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2026	Food Service	Student/School Activities	Child Care	Total
Revenues				
Local sources	$ 555,280	$ 2,884,138	$ 1,431,138	$ 4,870,556
State sources	3,601,088		20,174	3,621,262
Federal sources	1,456,355			1,456,355
Total revenues	5,612,723	2,884,138	1,451,312	9,948,173
Expenditures				
Salaries and wages	1,128,873		832,428	1,961,301
Employee benefits	645,280		502,779	1,148,059
Food and milk costs	2,322,697		74,108	2,396,805
Supplies, materials and other	218,605		95,297	313,902
Purchased services	734,521		40,040	774,561
Student/school activities		2,770,793		2,770,793
Capital outlay	195,036		6,749	201,785
Total expenditures	5,245,012	2,770,793	1,551,401	9,567,206
Excess (deficiency) of revenues over (under) expenditures	367,711	113,345	(100,089)	380,967
Other Financing Sources (Uses)				
Proceeds from the sale of capital assets	10,500			10,500
Transfers in	13			13
Transfers out	(230,000)		(150,000)	(380,000)
Total other financing sources (uses)	(219,487)		(150,000)	(369,487)
Changes in fund balances	148,224	113,345	(250,089)	11,480
Fund Balances, beginning of year	2,079,624	2,552,881	2,042,691	6,675,196
Fund Balances, end of year	$ 2,227,848	$ 2,666,226	$ 1,792,602	$ 6,686,676

Forest Hills Public Schools

Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Year ended June 30, 2026	Food Service Final Budget	Food Service Actual	Food Service Variance
Revenues			
Local sources			
Food sales	$ 525,000	$ 509,838	$ (15,162)
Student/school activities			
Child care fees			
Investment income	50,000	45,442	(4,558)
State source			
Restricted state aid	3,701,407	3,601,088	(100,319)
Federal sources			
Child nutrition cluster	1,135,000	1,085,614	(49,386)
Donated commodities	384,330	370,741	(13,589)
Total revenues	5,795,737	5,612,723	(183,014)
Other Financing Sources			
Proceeds from the sale of capital assets	10,500	10,500	
Transfers in	13	13	
Total other financing sources	10,513	10,513	
Total revenues and other financing sources	5,806,250	5,623,236	(183,014)
Expenditures			
Current			
Salaries and wages	1,129,250	1,128,873	377
Employee benefits	672,300	645,280	27,020
Food and milk costs	2,574,300	2,322,697	251,603
Supplies, materials and other	263,250	218,605	44,645
Purchased services	786,385	734,521	51,864
Student/school activities			
Capital outlay	205,000	195,036	9,964
Total expenditures	5,630,485	5,245,012	385,473
Other Financing Uses			
Transfers out	230,000	230,000	
Total expenditures and other financing uses	5,860,485	5,475,012	385,473
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(54,235)	148,224	202,459
Fund Balances, beginning of year	2,079,624	2,079,624	
Fund Balances, end of year	$ 2,025,389	$ 2,227,848	$ 202,459

Forest Hills Public Schools

Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Student/School Activities			Child Care		
Final Budget	Actual	Variance	Final Budget	Actual	Variance
$ 2,750,000	$ 2,802,724	$ 52,724			
			$ 1,281,000	$ 1,359,429	$ 78,429
82,000	81,414	(586)	75,000	71,709	(3,291)
			20,000	20,174	174
2,832,000	2,884,138	52,138	1,376,000	1,451,312	75,312
2,832,000	2,884,138	52,138	1,376,000	1,451,312	75,312
			795,230	832,428	(37,198)
			542,673	502,779	39,894
			68,600	74,108	(5,508)
			85,425	95,297	(9,872)
			54,370	40,040	14,330
2,700,000	2,770,793	(70,793)			
			6,400	6,749	(349)
2,700,000	2,770,793	(70,793)	1,552,698	1,551,401	1,297
			150,000	150,000	
2,700,000	2,770,793	(70,793)	1,702,698	1,701,401	1,297
132,000	113,345	(18,655)	(326,698)	(250,089)	76,609
2,552,881	2,552,881		2,042,691	2,042,691	
$ 2,684,881	$ 2,666,226	$ (18,655)	$ 1,715,993	$ 1,792,602	$ 76,609

Schedules of Debt Service Requirements

Forest Hills Public Schools

2016 Building, Site and Refunding Bonds - Bonded Debt

This issue consists of bond payments in denominations of $5,230,000 dated April 20, 2016, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2026 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

		Requirements			
Payment Date	Rate	Principal	Interest	Total	Outstanding
November 1, 2026	5.00		$ 130,750	$ 130,750	
May 1, 2027	5.00	$ 5,230,000	130,750	5,360,750	
Total requirements		$ 5,230,000	$ 261,500	$ 5,491,500	

Forest Hills Public Schools

2019 Building and Site Bonds - Bonded Debt

This issue consists of bond payments ranging in denominations from $2,250,000 to $2,700,000 dated May 15, 2019, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2026 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

		Requirements			
Payment Date	Rate	Principal	Interest	Total	Outstanding
November 1, 2026	5.00		$ 488,750	$ 488,750	
May 1, 2027	5.00	$ 2,250,000	488,750	2,738,750	$ 17,300,000
November 1, 2027	5.00		432,500	432,500	
May 1, 2028	5.00	2,300,000	432,500	2,732,500	15,000,000
November 1, 2028	5.00		375,000	375,000	
May 1, 2029	5.00	2,350,000	375,000	2,725,000	12,650,000
November 1, 2029	5.00		316,250	316,250	
May 1, 2030	5.00	2,400,000	316,250	2,716,250	10,250,000
November 1, 2030	5.00		256,250	256,250	
May 1, 2031	5.00	2,450,000	256,250	2,706,250	7,800,000
November 1, 2031	5.00		195,000	195,000	
May 1, 2032	5.00	2,500,000	195,000	2,695,000	5,300,000
November 1, 2032	5.00		132,500	132,500	
May 1, 2033	5.00	2,600,000	132,500	2,732,500	2,700,000
November 1, 2033	5.00		67,500	67,500	
May 1, 2034	5.00	2,700,000	67,500	2,767,500	
Total requirements		$ 19,550,000	$ 4,527,500	$ 24,077,500	

Forest Hills Public Schools

2020 Refunding Bonds - Bonded Debt

This issue consists of bond payments from $1,050,000 to $1,075,000 dated February 27, 2020, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2026 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

		Requirements			
Payment Date	Rate	Principal	Interest	Total	Outstanding
November 1, 2026	4.00		$ 64,000	$ 64,000	
May 1, 2027	4.00	$ 1,050,000	64,000	1,114,000	$ 2,150,000
November 1, 2027	4.00		43,000	43,000	
May 1, 2028	4.00	1,075,000	43,000	1,118,000	1,075,000
November 1, 2028	4.00		21,500	21,500	
May 1, 2029	4.00	1,075,000	21,500	1,096,500	
Total requirements		$ 3,200,000	$ 257,000	$ 3,457,000	

Forest Hills Public Schools

2021 Building and Site Bonds - Bonded Debt

This issue consists of bond payments ranging in denominations from $2,840,000 to $2,845,000, dated May 5, 2021, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2026 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

		Requirements			
Payment Date	Rate	Principal	Interest	Total	Outstanding
November 1, 2026	4.00		$ 497,475	$ 497,475	
May 1, 2027	4.00	$ 2,840,000	497,475	3,337,475	$ 25,590,000
November 1, 2027	4.00		440,675	440,675	
May 1, 2028	4.00	2,840,000	440,675	3,280,675	22,750,000
November 1, 2028	4.00		383,875	383,875	
May 1, 2029	4.00	2,840,000	383,875	3,223,875	19,910,000
November 1, 2029	4.00		327,075	327,075	
May 1, 2030	4.00	2,840,000	327,075	3,167,075	17,070,000
November 1, 2030	4.00		270,275	270,275	
May 1, 2031	4.00	2,845,000	270,275	3,115,275	14,225,000
November 1, 2031	3.00		213,375	213,375	
May 1, 2032	3.00	2,845,000	213,375	3,058,375	11,380,000
November 1, 2032	3.00		170,700	170,700	
May 1, 2033	3.00	2,845,000	170,700	3,015,700	8,535,000
November 1, 2033	3.00		128,025	128,025	
May 1, 2034	3.00	2,845,000	128,025	2,973,025	5,690,000
November 1, 2034	3.00		85,350	85,350	
May 1, 2035	3.00	2,845,000	85,350	2,930,350	2,845,000
November 1, 2035	3.00		42,675	42,675	
May 1, 2036	3.00	2,845,000	42,675	2,887,675	
Total requirements		$ 28,430,000	$ 5,119,000	$ 33,549,000	

Forest Hills Public Schools

2023 Building and Site Bonds - Bonded Debt

This issue consists of bond payments ranging in denominations from $1,450,000 to $2,480,000 dated May 3, 2023, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2026 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

		Requirements			
Payment Date	Rate	Principal	Interest	Total	Outstanding
November 1, 2026	5.00		$ 576,750	$ 576,750	
May 1, 2027	5.00	$ 1,450,000	576,750	2,026,750	$ 21,620,000
November 1, 2027	5.00		540,500	540,500	
May 1, 2028	5.00	1,520,000	540,500	2,060,500	20,100,000
November 1, 2028	5.00		502,500	502,500	
May 1, 2029	5.00	1,600,000	502,500	2,102,500	18,500,000
November 1, 2029	5.00		462,500	462,500	
May 1, 2030	5.00	1,680,000	462,500	2,142,500	16,820,000
November 1, 2030	5.00		420,500	420,500	
May 1, 2031	5.00	1,760,000	420,500	2,180,500	15,060,000
November 1, 2031	5.00		376,500	376,500	
May 1, 2032	5.00	1,850,000	376,500	2,226,500	13,210,000
November 1, 2032	5.00		330,250	330,250	
May 1, 2033	5.00	1,940,000	330,250	2,270,250	11,270,000
November 1, 2033	5.00		281,750	281,750	
May 1, 2034	5.00	2,040,000	281,750	2,321,750	9,230,000
November 1, 2034	5.00		230,750	230,750	
May 1, 2035	5.00	2,140,000	230,750	2,370,750	7,090,000
November 1, 2035	5.00		177,250	177,250	
May 1, 2036	5.00	2,250,000	177,250	2,427,250	4,840,000
November 1, 2036	5.00		121,000	121,000	
May 1, 2037	5.00	2,360,000	121,000	2,481,000	2,480,000
November 1, 2037	5.00		62,000	62,000	
May 1, 2038	5.00	2,480,000	62,000	2,542,000	
Total requirements		$ 23,070,000	$ 8,164,500	$ 31,234,500	

Forest Hills Public Schools

2025 Building and Site Bonds - Bonded Debt

This issue consists of bond payments ranging in denominations from $5,855,000 to $12,785,000 dated April 2, 2025, with interest payable on May 1 and November 1 of each year. The following summary presents the bonds outstanding at June 30, 2026 together with the semi-annual interest requirements. The interest requirement is computed on the entire outstanding bond issue and represents the semi-annual interest requirement to be paid on the bond issue with no prior redemptions. The total bonds outstanding after payment of each annual principal requirement are also shown.

		Requirements			
Payment Date	Rate	Principal	Interest	Total	Outstanding
November 1, 2026	5.00		$ 4,152,250	$ 4,152,250	
May 1, 2027	5.00	$ 6,475,000	4,152,250	10,627,250	$ 159,615,000
November 1, 2027	5.00		3,990,375	3,990,375	
May 1, 2028	5.00	8,290,000	3,990,375	12,280,375	151,325,000
November 1, 2028	5.00		3,783,125	3,783,125	
May 1, 2029	5.00	5,855,000	3,783,125	9,638,125	145,470,000
November 1, 2029	5.00		3,636,750	3,636,750	
May 1, 2030	5.00	6,150,000	3,636,750	9,786,750	139,320,000
November 1, 2030	5.00		3,483,000	3,483,000	
May 1, 2031	5.00	6,455,000	3,483,000	9,938,000	132,865,000
November 1, 2031	5.00		3,321,625	3,321,625	
May 1, 2032	5.00	6,775,000	3,321,625	10,096,625	126,090,000
November 1, 2032	5.00		3,152,250	3,152,250	
May 1, 2033	5.00	7,120,000	3,152,250	10,272,250	118,970,000
November 1, 2033	5.00		2,974,250	2,974,250	
May 1, 2034	5.00	7,475,000	2,974,250	10,449,250	111,495,000
November 1, 2034	5.00		2,787,375	2,787,375	
May 1, 2035	5.00	7,845,000	2,787,375	10,632,375	103,650,000
November 1, 2035	5.00		2,591,250	2,591,250	
May 1, 2036	5.00	8,240,000	2,591,250	10,831,250	95,410,000
November 1, 2036	5.00		2,385,250	2,385,250	
May 1, 2037	5.00	8,655,000	2,385,250	11,040,250	86,755,000
November 1, 2037	5.00		2,168,875	2,168,875	
May 1, 2038	5.00	9,085,000	2,168,875	11,253,875	77,670,000
November 1, 2038	5.00		1,941,750	1,941,750	
May 1, 2039	5.00	9,540,000	1,941,750	11,481,750	68,130,000
November 1, 2039	5.00		1,703,250	1,703,250	
May 1, 2040	5.00	10,015,000	1,703,250	11,718,250	58,115,000
November 1, 2040	5.00		1,452,875	1,452,875	
May 1, 2041	5.00	10,520,000	1,452,875	11,972,875	47,595,000
November 1, 2041	5.00		1,189,875	1,189,875	
May 1, 2042	5.00	11,040,000	1,189,875	12,229,875	36,555,000
November 1, 2042	5.00		913,875	913,875	
May 1, 2043	5.00	11,595,000	913,875	12,508,875	24,960,000
November 1, 2043	5.00		624,000	624,000	
May 1, 2044	5.00	12,175,000	624,000	12,799,000	12,785,000
November 1, 2044	5.00		319,625	319,625	
May 1, 2045	5.00	12,785,000	319,625	13,104,625	
Total requirements		$ 166,090,000	$ 93,143,250	$ 259,233,250	

Statistical Section (Unaudited)

Forest Hills Public Schools

Contents of the Statistical Section

This part of the Forest Hills Public Schools' annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the District's overall financial health. Many of the schedules present data for the past fiscal years that will allow the reader to discern trends that cannot be seen in a single year's financial statement.

Contents	**Pages**
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	79-92
Revenue Capacity These schedules contain information to help the reader assess locally levied taxes.	93-99
Debt Capacity These schedules present information to help the reader assess the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	100-102
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	103-104
Operating Information These schedules contain data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	105-108

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year. Certain other information had not been presented previously. The reported numbers begin with the year for which information believed to be accurate is available.

Forest Hills Public Schools

Net Position by Component, Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
June 30,	2017	2018 [a]	2019	2020 [b]
Governmental Activities				
Net investment in capital assets	$ 82,442,482	$ 92,670,159	$ 100,659,291	$ 110,806,686
Restricted	243,417	285,124	1,570,992	1,161,475
Unrestricted	(135,975,963)	(188,166,552)	(190,559,634)	(197,715,793)
Total Primary Government Net Position	$ (53,290,064)	$ (95,211,269)	$ (88,329,351)	$ (85,747,632)

Note:

[a] Net position was restated for fiscal year 2018 as of July 1, 2017 with the implementation of GASB 75.

[b] Net position was restated for fiscal year 2020 as of July 1, 2019 with the implementation of GASB 84.

[c] Net position was restated for fiscal year 2025 as of July 1, 2024 with the implementation of GASB 101.

Forest Hills Public Schools

Net Position by Component, Last Ten Fiscal Years
(accrual basis of accounting)

	2021	2022	2023	2024	2025 [c]	2026
$	119,970,709	$ 129,253,918	$ 142,937,027	$ 151,636,386	$ 175,162,149	$ 184,981,198
	1,310,247	958,750	1,478,098	5,092,012	26,805,890	40,426,086
	(201,866,251)	(188,480,980)	(186,120,260)	(169,146,503)	(160,667,805)	(137,716,583)
$	(80,585,295)	$ (58,268,312)	$ (41,705,135)	$ (12,418,105)	$ 41,300,234	$ 87,690,701

Forest Hills Public Schools

Expenses, Program Revenues, and Net Expense, Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
Year ended June 30,	2017	2018	2019	2020
Expenses				
Governmental Activities				
Instruction	$ 64,446,086	$ 64,909,724	$ 70,354,686	$ 74,483,463
Support services	36,611,517	37,722,135	40,427,153	42,062,600
Community services	1,520,515	1,352,800	1,629,026	1,327,637
Food service	2,542,861	2,580,872	2,549,198	2,662,245
Child care services	970,161	1,015,337	1,159,741	1,232,082
Student/school activities				2,260,699
Interest on long-term debt	6,936,259	6,117,609	5,325,769	5,851,861
Unallocated depreciation	10,006,310	9,998,473	10,678,607	11,063,006
Total Expenses	123,033,709	123,696,950	132,124,180	140,943,593
Program Revenues				
Governmental Activities				
Charges for services:				
Instruction	226,759	192,101	222,274	115,137
Support services	533,388	698,847	773,963	496,311
Community services	467,448	474,533	491,146	386,553
Food service	2,152,971	2,097,923	1,978,443	1,493,552
Child care services	1,315,603	1,302,002	1,427,693	1,007,100
Miscellaneous	126,249			
Operating grants and contributions	20,204,594	16,676,306	16,074,711	20,183,849
Total Program Revenues	25,027,012	21,441,712	20,968,230	23,682,502
Net Expense	$ (98,006,697)	$ (102,255,238)	$ (111,155,950)	$ (117,261,091)

Forest Hills Public Schools

Expenses, Program Revenues, and Net Expense, Last Ten Fiscal Years (accrual basis of accounting)

2021	2022	2023	2024	2025	2026
$ 74,583,369	$ 63,283,949	$ 73,823,425	$ 72,810,715	$ 60,266,908	$ 57,811,777
44,410,770	40,903,737	46,041,659	49,994,788	35,040,011	44,950,931
1,054,159	1,209,335	1,584,929	1,601,283	1,481,704	1,519,115
2,873,152	3,600,705	4,047,081	4,461,263	4,481,972	4,499,567
907,030	2,199,612	1,310,947	1,146,268	931,184	1,177,713
1,128,646	938,659	2,608,731	2,469,660	2,651,481	2,770,793
5,398,595	6,178,362	5,622,101	5,917,931	6,604,827	13,008,972
11,379,099	11,607,060	11,573,516	17,076,373	14,588,971	15,312,046
141,734,820	129,921,419	146,612,389	155,478,281	126,047,058	141,050,914
14,313	147,912	174,676	146,377	84,375	101,544
548,273	698,199	796,772	831,396	883,595	829,088
45,780	412,786	483,512	461,782	494,633	618,518
380,297	597,678	2,272,512	565,309	494,840	509,838
585,583	1,055,552	1,055,560	1,026,071	1,067,144	1,359,429
25,333,479	31,102,663	33,348,878	49,530,071	44,565,568	37,234,732
26,907,725	34,014,790	38,131,910	52,561,006	47,590,155	40,653,149
$ (114,827,095)	$ (95,906,629)	$ (108,480,479)	$ (102,917,275)	$ (78,456,903)	$ (100,397,765)

Forest Hills Public Schools

General Revenues and Total Change in Net Position, Last Ten Fiscal Years (accrual basis of accounting)

	Fiscal Year			
Year ended June 30,	2017	2018	2019	2020
Net Expense	$ (98,006,697)	$ (102,255,238)	$ (111,155,950)	$ (117,261,091)
General Revenues				
Governmental Activities				
Taxes:				
Property taxes levied for general purposes	14,660,861	15,433,724	16,207,936	17,456,180
Property taxes levied for debt service	23,963,417	24,804,807	23,413,091	23,744,916
Property taxes levied for recreation	3,147,568	3,259,954	3,369,128	3,551,034
Local revenue in lieu of taxes	116,852	121,544	111,359	111,582
Unrestricted state aid	64,681,612	64,057,748	64,048,028	61,669,844
Investment earnings	213,705	374,404	824,567	1,056,658
Intermediate sources		8,495,931	8,942,727	9,289,045
Miscellaneous	1,063,855	1,072,077	1,121,032	866,517
Total General Revenues	107,847,870	117,620,189	118,037,868	117,745,776
Change in Net Position	$ 9,841,173	$ 15,364,951	$ 6,881,918	$ 484,685

Forest Hills Public Schools

General Revenues and Total Change in Net Position, Last Ten Fiscal Years (accrual basis of accounting)

2021	2022	2023	2024	2025	2026
$ (114,827,095)	$ (95,906,629)	$ (108,480,479)	$ (102,917,275)	$ (78,456,903)	$ (100,397,765)
18,038,908	18,338,415	19,111,423	20,658,627	23,178,365	24,753,431
24,830,124	23,419,152	24,459,297	26,232,218	28,335,951	29,972,063
3,701,731	3,779,438	3,968,025	4,253,487	4,655,966	4,893,991
110,602	102,063	97,777	98,335	80,601	95,025
62,722,016	61,165,891	63,048,075	64,825,871	61,087,848	64,039,611
160,144	179,442	2,455,257	4,845,676	2,994,309	10,573,683
9,521,627	9,704,487	10,704,165	10,632,174	11,805,711	11,882,386
904,280	1,534,724	1,199,637	657,917	815,076	578,042
119,989,432	118,223,612	125,043,656	132,204,305	132,953,827	146,788,232
$ 5,162,337	$ 22,316,983	$ 16,563,177	$ 29,287,030	$ 54,496,924	$ 46,390,467

Forest Hills Public Schools

Fund Balances, Governmental Funds, Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
June 30,	2017	2018	2019	2020
General Fund				
Nonspendable	$ 248,562	$ 241,287	$ 269,407	$ 105,314
Assigned		918,349	550,190	5,465,249
Unassigned	12,120,027	14,922,052	17,559,749	14,143,557
Total General Fund	$ 12,368,589	$ 16,081,688	$ 18,379,346	$ 19,714,120
All Other Governmental Funds				
Nonspendable	$ 255,618	$ 225,000	$ 225,000	$ 225,000
Restricted for capital projects	18,648,481	10,509,566	41,370,207 [a]	31,352,534
Restricted for debt service	1,288,196	1,178,837	2,428,199	2,045,738
Restricted for food service	313,505	426,293	603,127	706,564
Committed for child care program		1,000,525	1,182,401	933,395
Committed for student/school activities				2,071,525 [b]
Assigned	921,933	81,760		
Total All Other Governmental Funds	$ 21,427,733	$ 13,421,981	$ 45,808,934	$ 37,334,756

Notes:

[a] Increase in fund balance due to receipt of bond proceeds.

[b] Fund balance was restated for fiscal year 2020 as of July 1, 2019 with the implementation of GASB 84.

Forest Hills Public Schools

Fund Balances, Governmental Funds, Last Ten Fiscal Years
(modified accrual basis of accounting)

2021	2022	2023	2024	2025	2026
$ 142,069	$ 177,847	$ 486,469	$ 511,090	$ 530,175	$ 1,745,714
5,138,838	3,749,356	594,356	1,505,210	8,387,688	7,359,204
16,445,121	14,724,520	17,480,022	22,455,958	19,147,858	18,075,175
$ 21,726,028	$ 18,651,723	$ 18,560,847	$ 24,472,258	$ 28,065,721	$ 27,180,093
$ 225,000	$ 225,000	$ 225,000	$ 225,000	$ 240,890	$ 274,485
68,563,820 [a]	51,655,122	58,637,896 [a]	32,626,732	187,371,191 [a]	129,991,713
2,356,291	1,883,875	2,474,574	2,485,755	2,913,116	2,705,224
1,051,124	2,072,180	1,648,366	1,811,710	1,854,624	2,002,848
537,535	1,200,107	2,406,920	2,184,993	2,035,048	1,770,799
2,232,706	2,332,837	2,407,641	2,618,597	2,544,634	2,638,544
$ 74,966,476	$ 59,369,121	$ 67,800,397	$ 41,952,787	$ 196,959,503	$ 139,383,613

Forest Hills Public Schools

Governmental Funds Revenues, Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
Year ended June 30,	2017	2018	2019	2020
Revenues				
Federal Sources				
Federal grants	$ 1,666,726	$ 2,073,578	$ 2,010,533	$ 2,372,909
Food service fund	661,469	686,734	701,751	1,296,775
Child care fund				
Total federal sources	2,328,195	2,760,312	2,712,284	3,669,684
State Sources				
Restricted	11,554,483	13,191,626	13,218,996	13,951,199
Unrestricted	64,681,612	64,057,748	64,048,028	61,669,844
Total state sources	76,236,095	77,249,374	77,267,024	75,621,043
Other Governmental Units				
Kent ISD Act 18 special education millage	4,478,149	4,632,875	4,782,967	4,885,157
Miscellaneous	1,912,304	3,863,056	4,159,760	4,403,888
Total other governmental units	6,390,453	8,495,931	8,942,727	9,289,045
Local Sources				
Property taxes	41,771,846	43,498,485	42,990,155	44,752,130
Food service fund	2,157,340	2,105,935	1,992,258	1,507,952
Student/school activities fund [a]				2,235,190
Child care fund	1,319,144	1,312,498	1,446,127	1,023,804
Interest and other income	213,705	374,410	824,567	1,056,658
Miscellaneous	2,924,277	3,165,758	3,136,251	2,048,420
Total local sources	48,386,312	50,457,086	50,389,358	52,624,154
Total Revenues	$ 133,341,055	$ 138,962,703	$ 139,311,393	$ 141,203,926

Notes:

[a] The District created a new special revenue fund in fiscal year 2020 when it implemented GASB 84.

Forest Hills Public Schools

Governmental Funds Revenues, Last Ten Fiscal Years
(modified accrual basis of accounting)

2021	2022	2023	2024	2025	2026
$ 6,153,024	$ 4,944,553	$ 6,254,273	$ 8,200,779	$ 2,830,538	$ 2,679,709
2,940,020	4,521,565	1,546,906	1,653,510	1,328,697	1,456,355
	847,283	1,600,478			
9,093,044	10,313,401	9,401,657	9,854,289	4,159,235	4,136,064
15,720,472	20,236,381	28,827,580	31,278,844	33,604,151	31,887,909
62,722,016	60,950,988	63,048,075	64,825,871	61,087,848	64,039,611
78,442,488	81,187,369	91,875,655	96,104,715	94,691,999	95,927,520
4,873,531	5,158,871	5,663,698	5,886,470	6,419,413	6,687,992
4,648,096	4,545,616	5,040,467	4,748,063	5,386,298	5,194,394
9,521,627	9,704,487	10,704,165	10,634,533	11,805,711	11,882,386
46,570,763	45,537,005	47,538,745	51,144,332	56,170,282	59,619,485
382,495	600,677	2,272,512	631,536	551,917	555,280
1,289,827	2,299,743	2,597,175	2,792,897	2,585,765	2,884,138
587,712	1,056,170	1,055,560	1,144,206	1,161,034	1,431,138
160,144	179,442	2,455,257	4,845,676	4,482,774	8,113,438
1,919,200	3,042,536	3,546,361	2,155,948	2,267,900	2,252,381
50,910,141	52,715,573	59,465,610	62,714,595	67,219,672	74,855,860
$ 147,967,300	$ 153,920,830	$ 171,447,087	$ 179,308,132	$ 177,876,617	$ 186,801,830

Forest Hills Public Schools

Governmental Funds Expenditures and Debt Service Ratio, Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year			
Year ended June 30,	2017	2018	2019	2020
Expenditures				
Instruction	$ 64,936,029	$ 65,668,519	$ 66,979,794	$ 67,262,504
Pupil support services	7,449,946	7,529,705	7,916,550	7,958,453
Instructional support services	3,552,356	3,879,852	3,959,308	3,979,389
General administration	679,542	612,036	611,116	614,505
School administration	6,060,846	6,073,686	6,218,751	6,495,966
Business services	1,391,825	1,364,554	1,437,176	1,446,029
Operation and maintenance of plant	9,053,422	8,991,026	9,348,951	9,307,882
Pupil transportation services	5,189,040	5,125,520	5,476,337	5,090,759
Central support services	3,020,713	2,941,339	2,756,769	3,061,829
Other support services	2,214,779	2,253,608	2,352,810	2,572,578
Community services	1,527,074	1,365,708	1,606,060	1,244,055
Food service fund	2,547,840	2,630,140	2,533,428	2,624,078
Student/school activities fund [a]				2,260,699
Child care fund	973,138	1,025,684	1,114,619	1,122,810
Capital outlay	6,476,189	7,323,935	6,463,646	10,106,250
Non-capitalized outlay	33,523	913,490	754,243	511,885
Debt service				
Principal	18,175,000	19,310,000	17,670,000	18,840,000
Interest and other	7,087,167	6,271,228	5,365,464	6,064,472
Payment to escrow agent				
Bond issuance costs			247,420	126,967
Outgoing transfers and other				
Total Expenditures	$ 140,368,429	$ 143,280,030	$ 142,812,442	$ 150,691,110
Debt Service as a Percentage of Noncapital Expenditures	18.9%	18.8%	16.9%	17.7%

Notes:

[a] The District created a new special revenue fund in fiscal year 2020 when it implemented GASB 84.

Forest Hills Public Schools

Governmental Funds Expenditures and Debt Service Ratio, Last Ten Fiscal Years (modified accrual basis of accounting)

2021	2022	2023	2024	2025	2026
$ 71,048,510	$ 75,883,294	$ 81,386,817	$ 80,438,536	$ 76,896,951	$ 81,191,123
8,214,945	9,510,031	9,417,084	9,682,594	10,905,625	11,316,337
3,999,061	4,581,044	5,729,091	5,734,166	5,956,303	5,829,430
607,606	659,024	1,005,932	667,468	910,939	950,739
6,695,187	6,933,714	7,617,442	7,675,887	7,312,997	7,812,576
1,617,289	1,738,452	1,917,825	1,689,442	1,765,940	1,846,853
10,764,524	11,088,038	12,408,594	12,878,164	13,252,699	14,404,963
4,786,115	5,427,012	6,538,360	6,222,420	5,878,668	6,331,574
3,872,357	3,568,406	4,505,297	4,005,483	4,976,853	4,730,557
2,896,256	3,078,921	3,350,349	3,534,376	3,473,600	3,884,313
1,015,621	1,365,089	1,701,815	1,697,325	1,715,454	1,931,929
2,877,408	3,732,280	3,454,610	4,602,907	4,864,730	5,049,976
1,128,646	2,199,612	2,608,731	2,581,941	2,651,481	2,770,793
868,572	1,088,747	1,196,108	1,185,487	1,164,906	1,544,652
24,527,721	17,451,956	24,853,127	28,508,112	37,832,451	61,144,363
1,091,209			767,902		
19,925,000	18,150,000	19,465,365	20,927,433	24,233,757	18,052,721
5,239,364	6,302,364	5,659,458	6,009,878	5,172,278	13,384,671
			10,053,224		
357,287		232,965	129,954	1,061,586	
			163,200	211,200	3,173,627
$ 171,532,678	$ 172,757,984	$ 193,048,970	$ 209,155,899	$ 210,238,418	$ 245,351,197
17.1%	15.7%	14.9%	14.9%	17.1%	17.1%

Forest Hills Public Schools

Other Financing Sources (Uses) and Net Change in Fund Balances, Governmental Funds, Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year			
Year ended June 30,	2017	2018	2019	2020
Deficiency of Revenues Over Expenditures	$ (7,027,374)	$ (4,317,327)	$ (3,501,049)	$ (9,487,184)
Other Financing Sources (Uses)				
Issuance of bonds			31,950,000	9,670,000
Premium on bonds issued			6,159,428	1,302,057
Payment to escrow agent				(10,845,090)
Proceeds from sale of capital assets	27,945	24,674	76,232	123,779
Proceeds from subscription-based IT				
Transfers in	284,100	285,000	300,011	300,011
Transfers out	(284,100)	(285,000)	(300,011)	(300,011)
Total Other Financing Sources (Uses)	27,945	24,674	38,185,660	250,746
Net Change in Fund Balances	$ (6,999,429)	$ (4,292,653)	$ 34,684,611	$ (9,236,438)

Forest Hills Public Schools

Other Financing Sources (Uses) and Net Change in Fund Balances, Governmental Funds, Last Ten Fiscal Years (modified accrual basis of accounting)

2021	2022	2023	2024	2025	2026
$ (23,565,378)	$ (18,837,154)	$ (21,601,883)	$ (29,847,767)	$ (32,361,801)	$ (58,549,367)
55,350,000		25,550,000	9,500,000	171,340,000	
7,808,682		3,536,019	131,955	19,176,133	
50,324	165,494	124,285	71,165	100,038	87,849
		731,979	208,448	345,809	
265,011	300,013	350,013	380,013	380,014	380,013
(265,011)	(300,013)	(350,013)	(380,013)	(380,014)	(380,013)
63,209,006	165,494	29,942,283	9,911,568	190,961,980	87,849
$ 39,643,628	$ (18,671,660)	$ 8,340,400	$ (19,936,199)	$ 158,600,179	$ (58,461,518)

Forest Hills Public Schools

Taxable Value and Actual Value of Taxable Property, Last Ten Fiscal Years (rate per $1,000 of assessed value)

Tax Year	Fiscal Year	Estimated Market Value	State Equalized Value
2016	2016 - 2017	$ 7,178,210,000	$ 3,589,105,000
2017	2017 - 2018	7,630,152,600	3,815,076,300
2018	2018 - 2019	7,872,913,000	3,936,456,500
2019	2019 - 2020	8,420,064,600	4,210,032,300
2020	2020 - 2021	8,944,665,484	4,472,332,742
2021	2021 - 2022	9,383,236,600	4,691,618,300
2022	2022 - 2023	9,985,594,000	4,992,797,000
2023	2023 - 2024	11,121,277,200	5,560,638,600
2024	2024 - 2025	12,588,015,278	6,294,007,639
2025	2025 - 2026	14,613,634,952	7,306,817,476

Source: County Equalization Department.

Notes: State Equalized Value is estimated at 50% of market value. Taxable Value is basis for tax levy. Annual growth for property limited to 5% or inflation whichever is less. Other millage includes Recreation millage from 2004 to present. Operating millage applied only against Non-Principal Residence exempt property. All other taxes applied against total Taxable Value.

Forest Hills Public Schools

Taxable Value and Actual Value of Taxable Property, Last Ten Fiscal Years (rate per $1,000 of assessed value)

Taxable Value			Direct Tax Rates			
Non-Personal Residence Exempt Property	Personal Residence Exempt Property	Total	Operating	Debt	Other	Total
$ 959,573,729	$ 2,209,772,685	$ 3,169,346,414	18.0000	7.6000	1.0000	26.6000
963,934,585	2,294,815,852	3,258,750,437	18.0000	7.6000	1.0000	26.6000
1,007,626,269	2,393,607,163	3,401,233,432	18.0000	6.9000	0.9973	25.8973
1,077,201,515	2,501,997,537	3,579,199,052	17.9184	6.6500	0.9945	25.5629
1,112,276,005	2,614,743,138	3,727,019,143	17.8467	6.6500	0.9901	25.4868
1,131,807,888	2,709,490,550	3,841,298,438	17.7824	6.1000	0.9845	24.8669
1,180,167,547	2,859,088,995	4,039,256,542	17.6614	6.0500	0.9815	24.6929
1,273,726,918	3,073,735,625	4,347,462,543	17.6614	6.0500	0.9815	24.6929
1,384,341,254	3,304,503,500	4,688,844,754	18.0000	6.0500	0.9946	25.0446
1,595,258,947	3,643,635,371	5,238,894,318	18.0000	6.0500	0.9883	25.0383

Forest Hills Public Schools

Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years (rate per $1,000 of assessed value)

Tax Year	Fiscal Year	Direct Tax Rates Operating	Debt	Other	Total
2016	2016 - 2017	18.0000	7.6000	1.0000	26.6000
2017	2017 - 2018	18.0000	7.6000	1.0000	26.6000
2018	2018 - 2019	18.0000	6.9000	0.9973	25.8973
2019	2019 - 2020	17.9184	6.6500	0.9945	25.5629
2020	2020 - 2021	17.8467	6.6500	0.9901	25.4868
2021	2021 - 2022	17.7824	6.1000	0.9845	24.8669
2022	2022 - 2023	17.6614	6.0500	0.9815	24.6929
2023	2023 - 2024	17.6614	6.0500	0.9815	24.6929
2024	2024 - 2025	18.0000	6.0500	0.9946	25.0446
2025	2025 - 2026	18.0000	6.0500	0.9883	25.0383

Source: County Equalization Department.

Note: Other millage includes Recreation millage from 2004 to present. Operating millage applied only against Non-Homestead property. All other taxes applied against total Taxable Value.

Forest Hills Public Schools

Direct and Overlapping Property Tax Rates, Last Ten Fiscal Years (rate per $1,000 of assessed value)

Overlapping Rates					
Ada Township	Cannon Township	Cascade Township	Grand Rapids Township	City of Grand Rapids	City of Kentwood
2.7371	2.1817	3.5244	1.5995	9.1166	9.6066
2.8379	2.3523	3.5244	1.5995	9.0258	9.6066
2.8383	2.2222	3.4623	1.5995	8.9710	9.6066
2.7716	2.2991	3.4623	1.5995	8.9011	9.6066
2.9583	2.2622	3.4471	1.5995	8.8070	9.6066
3.9730	2.2268	3.4381	1.5995	8.9950	9.5459
4.4168	2.6839	3.4312	1.5995	8.8331	9.4780
4.4168	2.6466	3.4312	1.5000	9.0325	9.4780
4.3697	2.6451	3.9964	1.5000	8.9544	12.3127
4.3394	2.6012	3.9780	1.5000	8.8587	12.1869

Forest Hills Public Schools

Principal Property Taxpayers, Current Year and Nine Years Ago

Year ended December 31,			2025		
Taxpayer	Ad Valorem Taxable Value	Rank	Percentage of Total Taxable Value	Equivalent Industrial Facilities Tax (IFT)	IFT and Taxable Value
Amway Corporation	$ 97,699,244	1	2.08%		$ 97,699,244
Continental 627 Fund LLC	19,818,600	7	0.42%		19,818,600
Access Logistics Limited Partner	21,086,461	5	0.45%		21,086,461
Access Business Group LLC	19,681,336	6	0.42%		19,681,336
Country Club Manor	16,804,244	9	0.36%		16,804,244
Porter Hills Presbyterian Village	18,327,842	8	0.39%		18,327,842
BHIP Stone Falls LLC	15,768,500	10	0.34%		15,768,500
Heritage Pointe Ventures II LLC	36,275,040	3	0.77%		36,275,040
Meijer Inc./Thrifty Kraft Inc.	22,454,946	4	0.48%		22,454,946
LDSC LLC					
ARC GEGRDMI 001					
Consumers Energy	38,603,388	2	0.82%		38,603,388
Alticor					
Celebration Cinemas					
Total principal taxpayers	306,519,601		6.53%		306,519,601
Balance of valuations	4,382,325,153		93.47%		
Total Ad Valorem Valuation	$ 4,688,844,754		100.00%		

Source: School District Local Tax Units.

Forest Hills Public Schools

Principal Property Taxpayers, Current Year and Nine Years Ago

	2016				
	Ad Valorem Taxable Value	Rank	Percentage of Total Taxable Value	Equivalent Industrial Facilities Tax (IFT)	IFT and Taxable Value
$	64,500,586	1	2.02%		$ 64,500,586
	14,420,863	5	0.45%	$ 23,573,869	37,994,732
	16,411,100	2	0.51%		16,411,100
	12,766,829	7	0.40%		12,766,829
	19,423,956	4	0.61%		19,423,956
	7,815,100	10	0.25%		7,815,100
	7,862,400	9	0.25%		7,862,400
	25,109,498	3	0.79%		25,109,498
	13,694,100	6	0.43%		13,694,100
	9,671,579	8	0.30%		9,671,579
	191,676,011		6.01%	23,573,869	215,249,880
	2,995,102,466		93.99%		
$	3,186,778,477		100.00%		

Forest Hills Public Schools

Property Tax Levies and Collections, Last Ten Fiscal Years

Tax Year	Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections (Refunds) in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2016	2016 - 2017	$ 42,319,919	$ 42,237,897	99.81%	$ (638,240)	$ 41,599,657	98.30%
2017	2017 - 2018	43,528,544	43,495,226	99.92%	(27,784)	43,467,442	99.86%
2018	2018 - 2019	43,135,797	43,146,520	100.02%	(171,620)	42,974,900	99.63%
2019	2019 - 2020	44,784,812	44,943,863	100.36%	(191,732)	44,752,131	99.93%
2020	2020 - 2021	46,664,997	46,844,935	100.39%	(195,375)	46,649,560	99.97%
2021	2021 - 2022	45,629,077	45,670,501	100.09%	(158,350)	45,512,151	99.74%
2022	2022 - 2023	47,713,067	47,636,522	99.84%	(112,833)	47,523,689	99.60%
2023	2023 - 2024	51,553,190	51,627,732	100.14%	(172,812)	51,454,920	99.81%
2024	2024 - 2025	59,213,935	56,477,945	95.38%	(347,412)	56,130,533	94.79%
2025	2025 - 2026	63,915,703	59,794,786	93.55%	(216,412)	59,578,374	93.21%

Sources: Kent County Equalization Department and District records.

Beginning in tax year 2016, collections and refunds related to previous years are being reported in the year they were collected.

Forest Hills Public Schools

Outstanding Debt by Type, Last Ten Fiscal Years

Tax Year	Fiscal Year	Outstanding Debt	Total Taxable Value	Outstanding Debt as a % of Taxable Value	Estimated Population	Outstanding Debt Per Capita	Taxable Value Per Capita
2016	2016 - 2017	$ 153,304,009	$ 3,169,346,414	4.84%	53,677	2,856	59,045
2017	2017 - 2018	131,735,768	3,258,750,437	4.04%	48,895	2,694	66,648
2018	2018 - 2019	149,865,205	3,401,233,432	4.41%	52,725	2,842	64,509
2019	2019 - 2020	128,318,598	3,579,199,052	3.59%	54,773	2,343	65,346
2020	2020 - 2021	169,069,334	3,727,019,143	4.54%	54,810	3,085	67,999
2021	2021 - 2022	148,762,856	3,841,298,438	3.87%	55,008	2,704	69,832
2022	2022 - 2023	156,504,938	4,039,256,542	3.87%	54,116	2,892	74,641
2023	2023 - 2024	132,826,482	4,347,462,543	3.06%	53,722	2,472	80,925
2024	2024 - 2025	296,868,491	4,688,844,754	6.33%	54,539	5,443	85,972
2025	2025 - 2026	275,905,669	5,238,891,318	5.27%	54,526	5,060	96,081

Sources: Kent County Equalization Department, Census Bureau estimates, District records.

Note: All outstanding debt is general obligation-unlimited tax debt.

Forest Hills Public Schools

Direct and Overlapping Governmental Activities Debt as of June 30, 2026

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Direct and Overlapping Debt
Ada Township	$ 24,595,000	88.19%	$ 21,690,331
Cannon Township	4,210,000	1.40%	58,940
Cascade Township	5,546,000	82.20%	4,558,812
City of Grand Rapids	338,640,000	1.49%	5,045,736
City of Kentwood	22,618,672	9.17%	2,074,132
Kent County	59,086,472	13.81%	8,159,842
Grand Rapids Community College	13,640,000	13.34%	1,819,576
Subtotal, overlapping debt			43,407,369
District Direct Debt			275,905,669
Total Direct and Overlapping Debt			$ 319,313,038

Sources: Municipal Advisory Council of Michigan.

Forest Hills Public Schools

Legal Debt Margin Information, Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2025-2026:	
State Equalized Valuation (SEV), July 1, 2025	$ 7,306,817,476
Statutory Debt Limit (15% of SEV)	1,096,022,621
Debt applicable to limit	319,313,038
Legal Debt Margin	$ 776,709,583

Tax Year	Fiscal Year	State Equalized Value (SEV)	Statutory Debt Limit 15% of SEV	Debt Subject to Debt Limit	Legal Debt Margin	Debt as a Percentage of Debt Limit
2016	2016 - 2017	$ 3,589,105,000	$ 538,365,750	$ 194,580,809	$ 343,784,941	36.14%
2017	2017 - 2018	3,815,076,300	572,261,445	173,174,536	399,086,909	30.26%
2018	2018 - 2019	3,936,456,500	590,468,475	189,889,418	400,579,057	32.16%
2019	2019 - 2020	4,210,032,300	631,504,845	192,641,925	418,157,183	30.51%
2020	2020 - 2021	4,472,332,742	670,849,911	209,224,141	461,625,770	31.19%
2021	2021 - 2022	4,691,618,300	703,742,745	188,917,663	494,518,604	26.84%
2022	2022 - 2023	4,992,797,000	748,919,550	204,751,500	544,168,052	27.34%
2023	2023 - 2024	5,560,638,600	834,095,790	176,348,342	657,747,449	21.14%
2024	2024 - 2025	6,294,007,639	944,101,146	342,125,830	865,440,316	36.24%
2025	2025 - 2026	7,306,817,476	1,096,022,621	319,313,038	776,709,583	29.13%

Notes: Personal Income data is located in the Demographic and Economic Statistics table.

Forest Hills Public Schools

Demographic and Economic Statistics, Last Ten Calendar Years

		Unemployment[b]				Personal Income[d]	
Calendar Year	Estimated Population[a]	City of Grand Rapids *	County of Kent	State of Michigan	Inflation Rate[c]	Total, MI [d]	Per Capita, MI [f]
2016	53,677	3.4%	3.4%	4.9%	2.1%	441,557.6	46,519
2017	53,780	3.6%	3.5%	4.6%	2.1%	454,894.8	48,661
2018	52,725	2.8%	3.3%	4.2%	2.1%	474,208.0	50,463
2019	54,773	2.9%	2.9%	4.1%	2.3%	489,569.6	50,330
2020	54,810	7.5%	7.7%	10.0%	1.4%	532,019.9	54,037
2021	55,008	3.9%	3.2%	5.1%	7.0%	573,255.7	56,569
2022	55,133	3.5%	3.7%	4.3%	7.0%	583,072.1	56,813
2023	55,268	4.0%	4.0%	4.4%	3.4%	617,163.2	62,131
2024	54,539	4.4%	4.4%	5.5%	2.9%	645,846.8	65,239
2025	54,526	4.6%	4.4%	4.7%	2.7%	674,070.6	66,556

Notes:

[a] U.S. Census Bureau and estimated.

[b] Federal Reserve Economic Data.

* Grand Rapids-Wyoming Metropolitan Statistical Area.

[c] U. S. Department of Labor - Bureau of Labor Statistics.
National Consumer price index measured December to December.

[d] U.S. Department of Commerce, Bureau of Economic Analysis - In Millions by State

[f] www.fred.stlouisfed.org/series/MIPCPI - by State

Forest Hills Public Schools

Principal Employers in West Michigan, Current Year and 2016

Year ended December 31,	2025			2016		
Employer	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Corewell (formerly Spectrum) Health	25,000	1	4.1%	25,000	1	3.4%
Trinity (Mercy) Health	8,500	3	1.4%	6,200	3	0.9%
Meritage Hospitality Group Inc	7,000	4	1.2%			
Gordon Food Service Inc.	5,000	5	0.8%			
Meijer Inc.	10,340	2	1.7%	10,340	2	1.4%
Gentex Corporation	3,900	7	0.6%	3,900	5	0.5%
MillerKnoll (Herman Miller Inc)	3,621	9	0.6%	3,621	7	0.5%
Perrigo Company	3,800	8	0.6%	3,800	6	0.5%
Steelcase Inc.	3,500	10	0.6%	3,500	8	0.5%
Amway Corporation	4,000	6	0.7%	4,000	4	0.5%
Lacks Enterprises, Inc.				2,800	10	0.4%
Grand Valley State University				3,306	9	0.5%
Total Principal Employers	74,661		12.4%	66,467		9.1%
Total Employment Base	604,000			728,600		

Source: The Right Place Inc. of Greater Grand Rapids.

Forest Hills Public Schools

Full-Time-Equivalent District Employees by Type, Last Ten Fiscal Years

	Full-Time-Equivalent Employees as of June 30,									
Employee Category	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Administrators	37	38	39	43	43	46	45	43	44	47
Teachers	538	529	528	536	559	552	569	571	577	594
Clerical/secretarial	78	76	68	71	61	80	70	76	76	77
Instructional aides	96	82	81	72	100	95	118	99	99	109
Maintenance/custodial/food service	106	106	106	114	130	98	130	115	149	140
Transportation	44	41	39	40	42	34	42	44	44	35
Daycare	19	12	11	12	11	13	13	12	18	23
Non-classified/other	78	82	82	82	105	57	99	83	87	100
Total	996	966	954	970	1,051	975	1,086	1,043	1,094	1,125

Source: Michigan Department of Education Registry of Educational Personnel and District Records

Forest Hills Public Schools

Operating Statistics, Last Ten Fiscal Years

Fiscal Year	Enrollment[a]	Percent Change	Operating Expenditures[b]	Percent Change	Cost Per Pupil	Percent Change	Percent of Students Receiving Free or Reduced-Price Meals[c]
2016 - 2017	9,890	-0.88%	$ 105,075,572	0.95%	$ 10,624	1.71%	10.10%
2017 - 2018	9,834	-0.57%	105,805,643	0.69%	10,759	1.27%	10.10%
2018 - 2019	9,764	-0.71%	108,663,629	2.70%	11,129	3.44%	10.10%
2019 - 2020	9,709	-0.56%	109,033,985	0.34%	11,230	0.91%	11.60%
2020 - 2021	9,625	-0.87%	115,517,471	5.95%	12,002	6.87%	11.60%
2021 - 2022	9,319	-3.18%	123,843,025	7.21%	13,289	10.73%	13.59%
2022 - 2023	9,200	-1.28%	136,057,345	9.86%	14,789	11.28%	13.59%
2023 - 2024	9,077	-1.34%	134,777,324	-0.94%	14,848	0.40%	13.59%
2024 - 2025	8,850	-2.50%	133,558,867	-0.90%	15,091	1.64%	12.36%
2025 - 2026	8,945	1.07%	140,586,249	5.26%	15,717	4.14%	12.37%

Sources:

[a] District enrollment records audited by Intermediate School District.

[b] District financial statements as audited.

[c] State of Michigan Center for Educational Performance and Information (CEPI).

Forest Hills Public Schools

School Building Information

Site	Grade Configuration	Acreage	Date Originally Constructed	Additions	Square Feet
Ada Elementary	K-4	15.28	1968	1992, 2003, 2004, 2009	65,185
Ada Vista Elementary	K-4	8.79	1971	2003, 2004, 2009	61,454
Collins Elementary	K-4	12.40	1954	1991, 2004, 2009, 2021, 2023	61,221
Meadow Brook Elementary	K-4	33.26	1992	1996, 2004, 2010	88,930
Pine Ridge Elementary	K-4	27.51	1975	1991, 2002, 2004, 2010	61,750
Thornapple Elementary	K-4	10.04	1959	1996, 2002, 2004, 2008, 2023	58,374
Knapp Forest Elementary	K-5	24.71	2003	2004, 2010	96,654
Orchard View Elementary	K-5	10.65	1959	1991, 1996, 2002, 2004, 2008, 2019, 2021	79,118
Central Woodlands	5-6	51.67	1997	2004, 2009, 2010	85,678
Goodwillie Environmental	5-6	19.54	2000	2004, 2009	11,786
Northern Trails	5-6	36.58	1997	2004, 2009	85,678
Central Middle	7-8	29.61	1965	1990, 2002, 2004, 2009	137,584
Northern Hills Middle	7-8	35.08	1977	1990, 2002, 2004, 2008	115,025
Eastern High/Middle	6-12	114.72	2004	2005, 2010, 2014-2015, 2021, 2025	374,560
Central High	9-12	54.87	1956	1990, 1995, 2003, 2004, 2009	264,833
Northern High	9-12	55.35	1972	1990, 1995, 2003, 2004, 2008, 2009, 2019, 2021	255,564
Transition Center - New	Varies	Incl in New Admin Bldg	2024		5,245
Transition Center - Old	Varies		2005		3,500

Forest Hills Public Schools

School Building Information

Site	Grade Configuration	Acreage	Date Originally Constructed	Additions	Square Feet
Administration Building - New	N/A	1.00	2024		23,065
Administration Building - Old	N/A	8.59	1951		23,268
Community and Aquatic Center	N/A	18.00	1990	2009	37,900
Fine Arts Center	N/A	27.16	2004		61,850
Operations/Food Service	N/A	5.782	2000		12,438
Buildings and Grounds	N/A	1.065	1970	2010	12,528
Transportation	N/A	26.21	1999		12,000
A.C.E. Building	N/A	0.88	approx. 1865		950
EM/H Knapp Property 5952 Knapp St	N/A	20.00			
Alta Dale Property 110-120 Alta Dale SE	N/A	1.70			
Buttrick Property 2280 Buttrick SE	N/A	59.07			
Fulton - Spaulding Property	N/A	7.47			
Honey Creek Property 520 Honey Creek NE	N/A	14.06			
Crew Building/Property	N/A	2.31			

Source: District records.

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

To the Board of Education
Forest Hills Public Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Forest Hills Public Schools (the District) as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 9, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 Forest Hills Public Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Maner Costerisan PC

Lansing, Michigan
October 9, 2026

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October 9, 2026

To the Board of Education
Forest Hills Public Schools

In planning and performing our audit of the financial statements of Forest Hills Public Schools as of and for the year ended June 30, 2026, in accordance with auditing standards generally accepted in the United States of America, we considered Forest Hills Public Schools' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted one matter involving the internal control and other operational matters that is presented for your consideration. This letter does not affect our report dated October 9, 2026 on the financial statements of Forest Hills Public Schools. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which has been discussed with appropriate members of management, is intended to improve the internal control, or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, perform any additional study of this matter, or assist you in implementing the recommendation. Our comment is summarized as follows.

Food Service Fund Balance (Prior Year Comment)

Per Michigan Department of Education (MDE) guidelines, school food authorities (SFA) must operate food services on a nonprofit basis. During our prior year audit procedures, we noted that the fund balance of Forest Hills Public Schools' food service fund exceeded the maximum set by the USDA, which is three months' average operating expenditures. MDE requires that the SFA spend down the excess by the end of the next school year. We recommended that Forest Hills Public Schools make an effort to spend down the excess.

Status: The District continues to have a fund balance in excess of three months' average operating expenditures. The District has purchases planned to aid in lowering this balance in the subsequent year; however, as of June 30, 2026, the fund balance is still in excess of allowable limits.

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

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Maner Costerisan PC

Lansing, Michigan

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October 9, 2026

To the Board of Education
Forest Hills Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Forest Hills Public Schools for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information orally during our discussion on May 20, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Forest Hills Public Schools are described in Note 1 to the financial statements. As described in Note 12 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statements No. 103, *Financial Reporting Model Improvements* and No. 104, *Disclosure of Certain Capital Assets* during the year ended June 30, 2026. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by Forest Hills Public Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's calculation of the depreciation expense is based on the estimated useful lives of the capital assets.

Management's calculation of the accrued compensated absences is based on current hourly rates, historical usage, and policies regarding payment of sick and vacation banks.

The calculation of the net pension liability and related deferred outflows and inflows of resources is based on an actuarial study which utilized certain actuarial assumptions.

The calculation of the net other post-employment benefits asset and related deferred outflows and inflows of resources is based upon an actuarial study which utilized certain actuarial assumptions.

Management's estimate of the discount rate used for leases, the lease term, and lease payments/receipts is based on the Forest Hills Public Schools' incremental borrowing rate and consideration of the noncancelable period of the lease and reasonably certain lease options.

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 9, 2026.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

We were not engaged to report on the transmittal letter or the statistical information, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information, and we do not express an opinion or provide any assurance on.

Restriction on Use

This information is intended solely for the use of the management and members of the Board of Education of Forest Hills Public Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maner Costerisan PC

Lansing, Michigan