Windover High School

Financial Statements

June 30, 2026



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Windover High School
Members of the Board of Education and Administration
June 30, 2026

Members of the Board of Education

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Independent Auditors' Report

Management and the Board of Education
Windover High School
Midland, Michigan

Report on the Audit of the Financial Statements

Opinions

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

Basis for Opinions

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

Emphasis of Matter Regarding Correction of Error

As described in Note 10 to the financial statements, beginning of year net position reflected in the statement of activities was restated to account for a prior year revenue recognition matter. Our opinion is not modified with respect to this matter.

Emphasis of Matter Regarding Deficit Fund Balance

As described in Note 2 to the financial statements, Windover High School has unassigned deficit fund balance in the Food Service Fund of $28,597 as of June 30, 2026. Our opinion is not modified with respect to this matter.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, during the year ended June 30, 2026, Windover High School adopted new accounting guidance, GASB Statement No. 103, *Financial Reporting Model Improvements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2026 on our consideration of Windover High School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Windover High School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Windover High School's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Midland, Michigan
November 2, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Windover High School
Management's Discussion and Analysis
For the Year Ended June 30, 2026

The purpose of management's discussion and analysis (MD&A) is to help readers understand what the financial statements and notes in this financial report say about Windover High School's (the High School) 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 High School's finances. If you have questions about this report or require further information, contact the High School, 919 Smith Road, Midland, MI 48640.

Overview of the Financial Statements

The High School's basic financial statements are comprised of (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. In addition, this report includes required supplementary information that provides further detail regarding the High School's financial condition and operations.

The government-wide financial statements provide information about the High School as a whole and present a long-term view of the High School's finances. These statements report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses using the accrual basis of accounting. The Statement of Net Position reports the High School's overall financial position at year-end, while the Statement of Activities reports changes in net position resulting from the High School's operations during the year.

The fund financial statements provide more detailed information about the High School's major funds. These statements focus on individual funds and demonstrate how financial resources were received and used during the year. The High School's governmental funds report the High School's primary educational and support activities, including the General Fund and special revenue fund.

The notes to the financial statements provide additional information necessary to understand the amounts reported in the government-wide and fund financial statements. The notes provide details regarding significant accounting policies, capital assets, long-term debt, and other matters affecting the High School's financial position.

Required supplementary information includes budgetary comparison information. Together, the basic financial statements, notes, and supplementary information provide a comprehensive presentation of the High School's financial condition and results of operations for the fiscal year ended June 30, 2026.

This overview is intended to assist readers in understanding the organization of the financial report. The analysis that follows focuses on significant financial activities, changes in financial position, and currently known facts and conditions affecting the High School.

Financial Summaries and Detailed Analysis

Summary of Statement of Net Position

	2025-2026	2024-2025	Total Change
Assets			
Current assets	$ 1,067,926	$ 1,130,090	$ (62,164)
Capital assets, net	932,135	970,345	(38,210)
Total assets	2,000,061	2,100,435	(100,374)
Liabilities			
Current liabilities	471,648	364,232	107,416
Long-term liabilities	10,351	42,861	(32,510)
Total liabilities	481,999	407,093	74,906
Net Position			
Net investment in capital assets	921,784	927,484	(5,700)
Restricted for:			
Food service	-	2,063	(2,063)
Unrestricted	596,278	763,795	(167,517)
Total net position	$ 1,518,062	$ 1,693,342	(175,280)

The High School's total net position decreased by $175,280 during fiscal year 2025-2026, ending the year at $1,518,062. Total assets decreased by $100,374, primarily due to depreciation exceeding capital asset additions and a reduction in current assets. Current assets decreased by $62,164, mainly as a result of lower cash balances at year-end stemming from reduced grant revenue received during the current year.

Total liabilities increased by $74,906 to $481,999. Current liabilities increased by $107,416, primarily due to additional funding received in advance for At-Risk programming that had not yet been expended and was therefore reported as a liability at year-end. This increase was partially offset by a $32,510 decrease in long-term liabilities resulting from the High School paying off a long-term note payable.

Net investment in capital assets decreased slightly by $5,700 to $921,784, reflecting current-year capital activity and debt repayments associated with capital assets. Unrestricted net position decreased by $167,517 to $596,278, which was the primary factor contributing to the overall decline in net position. The food service restricted net position balance of $2,063 reported in the prior year was fully utilized during the current year.

Summary of Statement of Activities

	2025-2026	2024-2025	Total Change
Revenue			
Program revenue			
Charges for services	$ 4,723	$ 4,796	$ (73)
Operating grants and contributions	223,179	382,315	(159,136)
General revenue			
State aid - unrestricted	973,554	1,035,954	(62,400)
Other	8,227	4,257	3,970
Total revenue	1,209,683	1,427,322	(217,639)
Expenses			
Instruction	567,142	602,080	(34,938)
Supporting services	733,666	701,578	32,088
Food services	82,611	78,595	4,016
Interest and fiscal charges on long-term debt	1,544	2,069	(525)
Total expenses	1,384,963	1,384,322	641
Change in net position	(175,280)	43,000	(218,280)
Net position - beginning	1,693,342	1,650,342	43,000
Net position - ending	$ 1,518,062	$ 1,693,342	(175,280)

Total revenue decreased by $217,639, or 15.2%, from the prior year. The decrease was primarily attributable to a $159,136 reduction in operating grants and contributions and a $62,400 decrease in unrestricted State aid. Operating grants and contributions decreased as the High School was no longer eligible for the enhancement allocation revenue through the local education service agency. Unrestricted State aid decreased as the High School's pupil membership declined from 105.55 in the prior year to 94.47 in the current year. Charges for services remained relatively consistent with the prior year, while other revenue increased by $3,970.

Total expenses increased by $641 during the year. Instructional expenditures decreased by $34,938, while supporting services expenditures increased by $32,088. Food service expenditures increased modestly by $4,016, and interest and fiscal charges on long-term debt decreased by $525.

As a result of revenues decreasing while expenses increased slightly, the High School reported a decrease in net position of $175,280 for fiscal year 2025-2026, compared to an increase of $43,000 in the prior year. Net position ended the year at $1,518,062.

Summary of Major Fund Financial Statements

	General Fund		
	2025-2026	**2024-2025**	**Total Change**
Total revenues	$1,117,493	$1,315,699	$ (198,206)
Total expenditures	1,303,258	1,280,414	22,844
Other financing sources (uses)			
Other financing sources	-	12,723	(12,723)
Transfers in	-	-	-
Transfers out	(40,655)	(26,240)	(14,415)
	(40,655)	(13,517)	(27,138)
Change in fund balance	(226,420)	21,768	(248,188)
Fund balance - beginning	690,301	668,533	21,768
Fund balance - ending	$ 463,881	$ 690,301	(226,420)

The General Fund experienced a decrease in fund balance of $226,420 during fiscal year 2025-2026, compared to an increase of $21,768 in the prior year. As a result, year-end fund balance decreased from $690,301 to $463,881.

Total revenues decreased by $198,206, or 15.1%, from the prior year. The decrease was primarily attributable to a lower pupil membership count, no enhancement allocation revenue through the local education service agency, and no federal revenue as amounts were not collected within the revenue recognition period. Total expenditures increased by $22,844, or 1.8%, primarily due to wage adjustments.

Other financing uses exceeded other financing sources by $40,655, reflecting transfers out to support other funds and activities of the High School. This represented an increase of $14,415 in transfers out compared to the prior year. In addition, the prior year included $12,723 of other financing sources related to lease proceeds that did not recur in the current year.

The combined effect of lower revenues, higher expenditures, and increased transfers out resulted in the General Fund's decrease in fund balance during the year. Despite this decrease, the High School maintained a General Fund balance of $463,881 at June 30, 2026.

Significant Capital Asset and Long-Term Obligation Activity

Capital Assets

As of June 30, 2026, the High School's net capital assets totaled approximately $932,000, a decrease of approximately $38,000 from the prior year. The decrease resulted from current-year depreciation expense exceeding capital investments.

There were no significant additions to capital assets.

Depreciation expense of approximately $54,000 was recognized during the year. Additional information regarding capital assets can be found in the footnotes to the financial statements.

Long-Term Obligations

Total long-term obligations decreased from $43,000 to $10,000 during the fiscal year, primarily due to the High School paying off a note payable early.

Additional information regarding the High School's long-term obligations can be found in the footnotes the financial statements.

Currently Known Facts, Decisions or Conditions

Since most of the High School's revenue is derived from the per pupil foundation allowance, student enrollment as reported in the *blended count* is one of the key factors in forecasting revenue. Once the final student count is known in early October, State law requires the school to amend the budget if actual revenues will vary significantly from those originally appropriated. Actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts.

BASIC FINANCIAL STATEMENTS

Windover High School
Statement of Net Position
June 30, 2026

	Governmental Activities
Assets	
Cash	$ 709,085
Due from other governmental units	358,841
Capital assets - net of accumulated depreciation	932,135
Total assets	2,000,061
Liabilities	
Accounts payable	60,822
Due to other governmental units	117,144
Unearned revenue	293,682
Long-term liabilities	
Due within one year	2,436
Due in more than one year	7,915
Total liabilities	481,999
Net Position	
Net investment in capital assets	921,784
Unrestricted	596,278
Total net position	$ 1,518,062

See Accompanying Notes to the Financial Statements

Windover High School
Statement of Activities
For the 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
Functions/Programs				
Governmental activities				
Instruction	$ 567,142	$ -	$ 116,740	$ (450,402)
Supporting services	733,666	-	78,077	(655,589)
Food services	82,611	4,723	28,362	(49,526)
Interest and fiscal charges on long-term debt	1,544	-	-	(1,544)
Total governmental activities	$ 1,384,963	$ 4,723	$ 223,179	(1,157,061)
General revenues				
State aid - unrestricted				973,554
Other				8,227
Total general revenues				981,781
Change in net position				(175,280)
Net position - beginning, as previously reported				1,619,848
Correction of error				73,494
Net position - beginning, as restated				1,693,342
Net position - ending				$ 1,518,062

See Accompanying Notes to the Financial Statements

Windover High School
Governmental Funds
Balance Sheet
June 30, 2026

	General Fund	Nonmajor Governmental Fund: Special Revenue Fund: Food Service Fund	Total Governmental Funds
Assets			
Cash	$ 705,936	$ 3,149	$ 709,085
Due from other funds	31,746	-	31,746
Due from other governmental units	330,244	28,597	358,841
Total assets	$ 1,067,926	$ 31,746	$ 1,099,672
Liabilities			
Accounts payable	$ 60,822	$ -	$ 60,822
Due to other funds	-	31,746	31,746
Due to other governmental units	117,144	-	117,144
Unearned revenue	293,682	-	293,682
Total liabilities	471,648	31,746	503,394
Deferred Inflows of Resources			
Unavailable revenue			
Grants received	132,397	28,597	160,994
Fund Balances			
Unassigned (deficit)	463,881	(28,597)	435,284
Total liabilities, deferred inflows of resources and fund balances	$ 1,067,926	$ 31,746	$ 1,099,672

See Accompanying Notes to the Financial Statements

Windover High School
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2026

Total fund balances for governmental funds	$	435,284
Total net position for governmental activities in the statement of net position is different because:		
Certain receivables are not available to pay for current period expenditures and, therefore, are unavailable in the funds.		
Other governmental units		160,994
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets - net of accumulated depreciation		932,135
Long-term liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.		
Other loans payable and liabilities		(10,351)
Net position of governmental activities	$	1,518,062

See Accompanying Notes to the Financial Statements

Windover High School
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2026

	General Fund	Nonmajor Governmental Fund: Special Revenue Fund Food Service Fund	Total Governmental Funds
Revenues			
Local sources	$ 21,989	$ 4,925	$ 26,914
State sources	1,095,504	(235)	1,095,269
Total revenues	1,117,493	4,690	1,122,183
Expenditures			
Current			
Education			
Instruction	545,547	-	545,547
Supporting services	708,883	-	708,883
Food services	-	76,005	76,005
Intergovernmental payments	14,774	-	14,774
Debt service			
Principal	32,510	-	32,510
Interest and other expenditures	1,544	-	1,544
Total expenditures	1,303,258	76,005	1,379,263
Deficiency of revenues over expenditures	(185,765)	(71,315)	(257,080)
Other Financing Sources (Uses)			
Transfers in	-	40,655	40,655
Transfers out	(40,655)	-	(40,655)
Total other financing sources (uses)	(40,655)	40,655	-
Net change in fund balances	(226,420)	(30,660)	(257,080)
Fund balances - beginning	690,301	2,063	692,364
Fund balances - ending (deficit)	$ 463,881	$ (28,597)	$ 435,284

See Accompanying Notes to the Financial Statements

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

Net change in fund balances - Total governmental funds	$	(257,080)
Total change in net position reported for governmental activities in the statement of activities is different because:		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
Operating grants		87,500
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.		
Depreciation and amortization expense		(53,870)
Capital outlay		15,660
Debt proceeds are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, debt proceeds increase long-term liabilities and do not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.		
Repayments of long-term debt		30,138
Repayment of lease liability		2,372
Change in net position of governmental activities	$	(175,280)

See Accompanying Notes to the Financial Statements

Note 1 - Summary of Significant Accounting Policies

The accounting policies of Windover High School (the High School) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the High School's significant accounting policies:

Reporting Entity

The High School was granted a contract to organize and operate a public school under the authority of the Midland County Educational Service Agency, as granted by the State of Michigan.

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. Windover High School Board of Education (Board) is the primary government that has oversight responsibility and control over all activities related to public education in the High School. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the Board is not included in any other governmental "reporting entity" as defined in GASB pronouncements. The Board has separate legal standing and is fiscally independent of other governmental entities. As such, the Board has decision-making authority, the right to determine its budget, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. The Board does not include any other component within its financial statements.

School-wide Financial Statements

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

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The High School's net position is reported in two parts (1) net investment in capital assets, and (2) unrestricted net position. When an expense is incurred for purposes for which both restricted and unrestricted net position are available, restricted resources are applied first.

The statement of activities reports both the gross and net cost of each of the High School's functions. The functions are also supported by general government revenues (certain intergovernmental revenues, interest and investments earnings, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

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

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

Fund Financial Statements

Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of

the current period. For this purpose, the High School considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to claims and judgments, are recorded only when payment is due.

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

The High School reports the following major governmental fund:

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

Additionally, the High School reports the following fund types:

Food Service Fund – The Food Service Fund is used to record operations of the High School's food service operations.

Assets, Liabilities and Net Position or Fund Balance

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

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

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

Furniture and other equipment	5 - 15 years
Buildings and additions	15 - 50 years

Long-term Obligations - In the school-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the High School's fund financial statements, the face amount of the debt issued is reported as other financing sources.

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

Non-spendable - amounts that are not available in a spendable form. The High School does not have any non-spendable fund balances at year end.

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

Committed - amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education. The High School does not have any committed fund balances at year end.

Assigned - amounts intended to be used for specific purposes, as determined by the Board of Education. The Board of Education has granted the principal the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

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

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

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

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, as well as deferred inflows and deferred outflows of resources at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

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

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

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

Upcoming Accounting and Reporting Changes
Statement No. 105, *Subsequent Events*, establishes accounting and financial reporting standards for events or transactions that occur after the measurement date of the financial statements but before the date the financial statements are available to be issued. This Statement distinguishes between events that provide additional evidence about conditions that existed at the date of the financial statements and events that provide evidence about conditions that did not exist at that date. Events that provide additional evidence about conditions existing at the financial statement date are recognized in the financial statements, whereas events that provide evidence about conditions

arising after the financial statement date are not recognized but should be disclosed if they are essential for users' understanding of the financial statements. This Statement also clarifies the definition of the date the financial statements are available to be issued for disclosure purposes. This Statement is effective for the year ending June 30, 2027.

The High School is evaluating the impact that the above pronouncement will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Excess of Expenditures over Appropriations
During the year, the High School incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated by a significant amount, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
School administration	$ 292,649	$ 330,486	$ 37,837
Food Service Fund	24,842	76,005	51,163

Deficit Fund Balance
The Food Service Fund has unassigned deficit fund balance of $28,597 as of June 30, 2026. This fund was required to record deferred inflow of resources of $28,597 in accordance with revenue recognition principles as receivable amounts were not collected within the revenue recognition period. The deficit will be relieve upon receipt of said funds.

Note 3 - Deposits

The High School's deposits were reported in the basic financial statements in the following categories:

	Governmental Activities
Cash	$ 709,085

The breakdown of deposits for the High School is as follows:

Deposits (checking, savings accounts)	$ 709,085

Interest rate risk - In accordance with its investment policy, the High School manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to not more than five years.

Credit risk - State statutes and the High School's investment policy authorize the High School to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have an office in Michigan; the High School is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles.

Concentration of credit risk – The High School's investment policy requires investing in only safe institutions and by diversifying the investments so that the failure of any issuer would not unduly harm the High School's cash flow.

Custodial credit risk - deposits - In the case of deposits, this is the risk that in the event of a bank failure, the High School's deposits may not be returned to it. As of year end, $469,298 of the bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized.

Note 4 - Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets being depreciated				
Buildings and additions	$ 1,133,892	$ 15,660	$ -	$ 1,149,552
Equipment and furniture	149,182	-	-	149,182
Right to use asset - equipment and furniture	12,723	-	-	12,723
Total capital assets being depreciated	1,295,797	15,660	-	1,311,457
Less accumulated depreciation for				
Buildings and additions	263,508	35,501	-	299,009
Equipment and furniture	61,944	15,824	-	77,768
Right to use asset - equipment and furniture	-	2,545	-	2,545
Total accumulated depreciation	325,452	53,870	-	379,322
Net capital assets being depreciated	$ 970,345	$ (38,210)	$ -	$ 932,135

Depreciation expense of capital assets and amortization expense of right to use assets were charged to activities of the High School as follows:

Governmental activities	
Instruction	$ 20,555
Supporting services	26,709
Food services	6,606
Total governmental activities	$ 53,870

Note 5 - Interfund Receivables, Payables and Transfers

The Food Service Fund (a nonmajor governmental fund) owed the General Fund $31,746 as of June 30, 2026. The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers were made during the year between the General Fund and the Food Service Fund (a nonmajor governmental fund) totaling $40,655. These transfers were made to cover the costs of contracted labor incurred by the Food Service Fund along with the operating deficit.

Note 6 - Lease Liability

During the 2025 fiscal year, the High School entered into a 5-year lease agreement as lessee for the use of copier machines. As of June 30, 2026, the value of the lease liability was $10,351. The High School is required to make monthly principal and interest payments of $234. The lease has an interest rate of 4.00%. Future expected lease payments are as follows:

Year ending June 30,	Principal	Interest
2027	$ 2,436	$ 370
2028	2,536	270
2029	2,639	167
2030	2,740	60
Total	$ 10,351	$ 867

Note 7 - Long-Term Obligations

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Governmental Activities					
Notes from direct borrowings and direct placements					
Note payable	$ 30,138	$ -	$ 30,138	$ -	$ -
Other liabilities					
Leases	12,723	-	2,372	10,351	2,436
Total	$ 42,861	$ -	$ 32,510	$ 10,351	$ 2,436

The High School obtained a note payable during the fiscal year ended June 30, 2018 from Chemical Bank with monthly payments of $1,243, including interest at 5.50% and due in full on August 19, 2027. The note payable was paid in full during the current year.

Interest expense charged to operations for the year amounted to $1,544.

For governmental activities, leases are liquidated by the General Fund.

Note 8 - Risk Management

The High School is exposed to various risks of loss related to property loss, torts, errors and omissions.

The High School participates in a public entity risk pool through the School Employers Group. This program provides substantially all the insurance needs of the High School. The possibility of additional liabilities in excess of current year contributions exists, however, since the amounts are indeterminable and believed to be immaterial, no contingent liabilities or assets have been recognized on the High School's financial statements for the year ended June 30, 2026.

Note 9 - Contingencies and Commitments – Grant Programs

The High School has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements would not be material.

Note 10 - Error Correction

During the current year, the High School identified an error in the recognition of certain revenues in the prior fiscal year. Under applicable revenue recognition requirements, these revenues should have been recognized in the prior year but were omitted from the financial statements. Accordingly, beginning net position has been restated to correct this error in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. The correction increased beginning net position by $73,494 as of July 1, 2025.

	Governmental Activities
Net position - beginning of year, as previously reported	$ 1,619,848
Correction of an error	73,494
Net position - beginning of year, as restated	$ 1,693,342

Windover High School
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2026

	Budgeted Amounts		Variance - Final Budget Over (Under)		Variance - Actual Over (Under)
	Original	Final	Original Budget	Actual	Final Budget
Revenues					
Local sources	$ 12,190	$ 81,508	$ 69,318	$ 21,989	$ (59,519)
State sources	848,015	1,122,914	274,899	1,095,504	(27,410)
Federal sources	315,975	56,314	(259,661)	-	(56,314)
Interdistrict sources	72,206	-	(72,206)	-	-
Total revenues	1,248,386	1,260,736	12,350	1,117,493	(143,243)
Expenditures					
Instruction					
Basic programs	510,147	478,949	(31,198)	494,684	15,735
Added needs	50,923	61,823	10,900	50,863	(10,960)
Supporting services					
Pupil	49,085	49,848	763	48,343	(1,505)
Instructional staff	14,105	23,641	9,536	15,290	(8,351)
General administration	13,200	28,124	14,924	24,617	(3,507)
School administration	237,778	292,649	54,871	330,486	37,837
Business	45,000	45,472	472	31,846	(13,626)
Operations and maintenance	178,017	195,866	17,849	169,624	(26,242)
Pupil transportation services	80,000	80,000	-	70,124	(9,876)
Central	12,000	18,553	6,553	18,553	-
Community services	4,000	4,000	-	-	(4,000)
Intergovernmental payments	-	-	-	14,774	14,774
Debt service					
Principal	10,000	31,125	21,125	32,510	1,385
Interest and fiscal charges	5,000	122	(4,878)	1,544	1,422
Total expenditures	1,209,255	1,310,172	100,917	1,303,258	(6,914)
Excess (deficiency) of revenues over expenditures	39,131	(49,436)	(88,567)	(185,765)	(136,329)
Other Financing Uses					
Transfers out	(25,000)	(24,842)	158	(40,655)	(15,813)
Net change in fund balance	14,131	(74,278)	(88,409)	(226,420)	(152,142)
Fund balance - beginning	690,301	690,301	-	690,301	-
Fund balance - ending	$ 704,432	$ 616,023	$ (88,409)	$ 463,881	$ (152,142)

See Accompanying Notes to the Required Supplementary Information

Note 1 - Budgetary Information

Budgetary Information

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

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

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

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

Excess of Expenditures over Appropriations

During the year, the High School incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Basic programs	$ 478,949	$ 494,684	$ 15,735
School administration	292,649	330,486	37,837
Intergovernmental payments	-	14,774	14,774
Debt service	31,247	34,054	2,807
Transfers out	24,842	40,655	15,813
Food Service Fund	24,842	76,005	51,163

Budgetary Highlights

The following provides an explanation of significant variances for the General Fund when comparing the original budget to final budget and final budget to actual results:

	Budgeted Amounts		Variance - Final Budget Over (Under) Original Budget		Actual	Variance - Actual Over (Under) Final Budget	
	Original	Final					
Revenues							
Local sources	$ 12,190	$ 81,508	$ 69,318	**(a)**	$ 21,989	$ (59,519)	**(a)**
State sources	848,015	1,122,914	274,899	**(b)**	1,095,504	(27,410)	**(b)**
Federal sources	315,975	56,314	(259,661)	**(c)**	-	(56,314)	**(c)**
Interdistrict sources	72,206	-	(72,206)	**(a)**	-	-	
Total revenues	1,248,386	1,260,736	12,350		1,117,493	(143,243)	**(a), (b), (c)**
Expenditures							
Instruction							
Basic programs	510,147	478,949	(31,198)	**(d)**	494,684	15,735	
School administration	237,778	292,649	54,871	**(e)**	330,486	37,837	**(e)**
Operations and maintenance	178,017	195,866	17,849		169,624	(26,242)	**(g)**
Total expenditures	1,209,255	1,310,172	100,917	**(f)**	1,303,258	(6,914)	

(a) Final budgeted local source revenues were increased to reflect the High School's expectation of receiving an enhancement millage allocation from the Midland ESA. Revenues related to this source were originally included in the interdistrict sources category, which was decreased. Actual revenues were significantly below budget because the High School was ultimately determined to be ineligible for a current-year allocation and therefore did not receive the anticipated enhancement millage funding.

(b) Final budgeted state source revenues were increased to reflect higher anticipated unrestricted State aid resulting from the State of Michigan's finalized budget and the High School's confirmed pupil membership count. Actual state source revenues were below budget primarily because at-risk expenditures were lower than anticipated and the High School did not incur sufficient qualifying expenditures under the Educator Compensation Program, resulting in less related grant revenue being recognized than originally projected.

(c) Federal source revenues were decreased in the final budget to remove approximately $260,000 of FEMA flood-related funding that had been included in the original budget but was not expected to be received. Actual federal revenues were below

the final budget primarily because certain grant reimbursements were not received within 60 days of fiscal year-end and, therefore, did not meet the availability criterion for revenue recognition. As a result, these amounts were reported as deferred inflows of resources rather than current-year revenue.

(d) Basic program expenditures were decreased in the final budget primarily to reflect staffing changes during the year that reduced the level of contracted wages and related personnel costs needed to support operations.

(e) Final budgeted expenditures were increased during the year to reflect Board-approved wage adjustments for management personnel and the addition of a Success Coach position. These changes resulted in higher anticipated salary and fringe benefit costs compared to those included in the original budget. Actual expenditures exceeded the revised levels due to realignments in expenditure coding to conform to best practices.

(f) In addition to the factors affecting school administration expenditures, the final budget was increased to account for the full repayment of an outstanding loan during the fiscal year.

(g) During the year end closeout process it was discovered that amounts recorded to operations and maintenance should not have been and were properly moved. However, these amounts had been included in the final budgeted amount.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

Management and the Board of Education
Windover High School
Midland, Michigan

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, the major fund, and the aggregate remaining fund information of Windover High School, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Windover High School's basic financial statements, and have issued our report thereon dated November 2, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Windover High School'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Windover High School's internal control. Accordingly, we do not express an opinion on the effectiveness of Windover High School's internal control.

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

Our consideration of internal control 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 were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2026-001, 2026-002, 2026-003, 2026-004 and 2026-005 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Windover High School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2026-001, 2026-003 and 2026-005.

Windover High School's Response to Findings and Corrective Action Plan

Government Auditing Standards requires the auditor to perform limited procedures on Windover High School's response to the findings identified in our audit and described in the accompanying schedule of findings and responses and corrective action plan. Windover High School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Yeo & Yeo, P.C.

Midland, Michigan
November 2, 2026

Section II – *Government Auditing Standards* Findings

Finding 2026-001 – Material Weakness and Material Noncompliance – Budget Variances

Criteria: Sections 18 and 19 (MCL 141.438 and 141.439) of the Uniform Budgeting and Accounting Act state that an administrative officer of the local unit shall not incur expenditures against an appropriation account in excess of the amount appropriated by the legislative body.

Condition: General Fund school administration expenditures and total expenditures in the Food Service Fund were over budget by a material amount.

Cause and Effect: Management did not adequately analyze transactions during the budgeting process to account for all expected expenditures.

Recommendation: We recommend that management monitor the budget throughout the year and follow the established policies regarding budget preparation and implementation.

Views of Responsible Officials: Management agrees with the finding.

Corrective Action Plan: See the corrective action plan from management.

Finding 2026-002 – Material Weakness – Material Audit Adjustments Required for the Food Service Fund

Criteria: School districts are required to maintain internal controls sufficient to ensure that financial statements are prepared in accordance with generally accepted accounting principles (GAAP). This includes timely and accurate recording of revenues and expenditures in the appropriate funds.

Condition: During the audit of the High School's financial statements for the fiscal year ended June 30, 2026, we identified material audit adjustments within the Food Service Fund. These adjustments were necessary to correct misstatements in revenue classifications, transfers in related to contract labor and operating deficits, fund balance and interfund balances that were not identified by the High School's internal controls prior to the audit.

Cause and Effect: The School District does not currently have a formal year-end close process in place for the Food Service Fund. As a result, key accounting entries were not reviewed or recorded prior to the audit.

The Food Service Fund's financial statements were materially misstated prior to audit adjustments. These misstatements could have impacted the High School's ability to make informed financial decisions.

Recommendation: We recommend that management strengthen its year-end closing procedures, particularly around the Food Service Fund. This includes implementing a more robust review of accruals and classifications and gaining a clearer understanding of all transactions throughout the year.

Views of Responsible Officials: Management agrees with the finding.

Corrective Action Plan: See the corrective action plan from management.

Finding 2026-003 – Material Weakness and Material Noncompliance – Inaccurate At-Risk Reporting and Lack of Funding Oversight

Criteria: Michigan School Aid Act Section 31a funding is restricted for allowable at-risk program expenditures. School districts are responsible for maintaining adequate accounting records and internal controls to ensure that expenditures reported for reimbursement are accurate, supported, and in compliance with applicable State requirements. Management is also responsible for monitoring restricted program funding to ensure resources are being utilized in accordance with program objectives and funding requirements.

Condition: During our audit procedures, we noted that the High School materially overstated actual At-Risk expenditures reported to the Michigan Department of Education for Section 31a funding purposes. Although the High School incurred allowable At-Risk program expenditures during the year, the amount reported as actual expenditures (approximately $194,000) exceeded the expenditures actually incurred and supported by the High School's accounting records (approximately $82,000). As a result, the High School's reported At-Risk expenditures were materially overstated. Additionally, this is not the first year in which errors have been identified in the High School's At-Risk expenditure reporting process, indicating that controls over the preparation, review, and submission of At-Risk expenditure reports have not been operating effectively and that prior corrective actions were insufficient to prevent recurring inaccuracies.

Our review also disclosed that the High School had accumulated approximately $212,000 of unspent At-Risk funding as of June 30, 2026. The accumulation of these funds is primarily attributable to the High School's historical overreporting of At-Risk expenditures and the continued receipt of At-Risk funding at levels that have exceeded the High School's capacity to incur eligible expenditures. As a result, available At-Risk resources have grown over multiple years, leading to the accumulation of a significant unspent balance. This condition indicates a need for improved oversight of At-Risk funding, more accurate expenditure reporting, and

enhanced planning to ensure available resources are aligned with eligible program activities and student needs.

Cause and Effect: The High School did not maintain adequate internal controls over the review and reporting of At-Risk expenditures. Specifically, there was insufficient review of program expenditures reported prior to submission, and limited monitoring of the High School's accumulated At-Risk funding balance.

Inaccurate reporting increases the risk of noncompliance with State funding requirements and may result in funding adjustments, repayment obligations, or increased scrutiny from oversight agencies. Further, the continued accumulation of approximately $212,000 in unused At-Risk funds suggests that resources intended to support at-risk students may not have been deployed in a timely manner to achieve program objectives. The recurrence of reporting errors also indicates an increased risk that future reports may continue to contain material inaccuracies.

Recommendation: We recommend that the High School strengthen its internal controls over At-Risk program accounting and reporting by:

- Establishing procedures to ensure only allowable expenditures are included in At-Risk funding reports.
- Requiring documented supervisory review and approval of all reported expenditures prior to submission.
- Performing periodic reconciliations between accounting records and amounts reported for Section 31a funding.
- Developing a formal plan to monitor and utilize accumulated At-Risk funds for eligible student support services.
- Reviewing prior-year reporting processes and implementing corrective actions to prevent recurring reporting errors.

Views of Responsible Officials: Management agrees with the finding.

Corrective Action Plan: See the corrective action plan from management.

Finding 2026-004 – Material Weakness – Prior-Year Revenue Recognition Error Resulting in Restatement

Criteria: Management is responsible for establishing and maintaining internal controls to ensure financial transactions are accurately recorded and reported in accordance with generally accepted accounting principles (GAAP). Revenues should be recognized in the proper accounting period, and financial information should be subject to

appropriate review procedures to ensure the completeness and accuracy of the High School's financial statements.

Condition: During the current fiscal year, the High School identified an error related to the recognition of certain revenues that should have been recorded in the prior fiscal year. These revenues were omitted from the prior year's financial statements and were not recognized in accordance with applicable accounting requirements. As a result, the High School was required to restate beginning net position of the statement of activities in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*. The correction increased beginning net position by $73,494 as of July 1, 2025.

Cause and Effect: The High School's internal controls over year-end financial reporting and revenue recognition were not sufficient to ensure that all revenues earned and measurable at year-end were properly identified, reviewed, and recorded in the appropriate fiscal period.

The omission resulted in an understatement of revenues, change in net position, and ending net position in the prior-year financial statements. Consequently, a restatement of beginning net position was necessary in the current year to correct the error. Financial statement errors reduce the reliability of financial reporting and may affect users' understanding of the High School's financial position and operating results.

Recommendation: We recommend the High School strengthen its year-end closing and financial reporting procedures by implementing additional review processes designed to ensure all revenues are identified and recorded in the proper accounting period. Such procedures should include a detailed review of revenue transactions occurring near year-end, reconciliation of supporting documentation to recorded amounts, and supervisory review of significant revenue accruals prior to the issuance of the financial statements.

Views of Responsible Officials: Management agrees with the finding.

Corrective Action Plan: See the corrective action plan from management.

Finding 2026-005 – Material Weakness and Material Noncompliance – Inadequate Grant Reimbursement Monitoring and Federal Program Reporting and Deficit Food Service Fund Balance

Criteria: Management is responsible for establishing and maintaining internal controls to ensure grant reimbursement requests are submitted accurately and timely, grant compliance requirements are met, and amounts due from grantor agencies are properly monitored and recorded. Additionally, management is responsible for ensuring

that financial reporting is prepared in accordance with generally accepted accounting principles (GAAP) and that all material receivables, deferred inflows of resources, revenues, and expenditures are properly recorded.

Lastly, management is responsible for maintaining the financial stability of individual funds. A deficit fund balance indicates that a fund's obligations and accumulated expenditures exceed its available financial resources. Persistent deficit fund balances may be indicative of financial stress and require corrective action by management and the Board to ensure sufficient resources are available to meet current and future operational needs.

Condition:

During the audit, it was discovered that the High School was unaware that the Michigan Department of Education (MDE) had withheld approximately $111,000 of ESSER grant funding due to the Final Expenditure Report (FER) not being properly submitted. As a result, reimbursement requests submitted for various Title grant programs related to the prior fiscal year were not generating cash receipts because MDE was offsetting those reimbursement amounts against the outstanding ESSER repayment obligation.

Following inquiry by the auditors, the High School contacted MDE and was able to have the FER reopened and properly submitted. As a result of the revised submission, MDE is expected to reduce the amount subject to recapture; however, the High School still anticipates forfeiting approximately $15,000 of ESSER funding as of June 30, 2026.

The Food Service Fund reported material deficit unassigned fund balance of $28,597. Amounts totaling $28,597 were paid from the General Fund to the Food Service Fund when they should not have been as the General Fund had not collected the $28,597 in federal meal reimbursements due to the previously discussed ESSER issue. This was discovered by audit procedures and required General Fund expenditures to be reduced by this amount and interfund receivable to be increased. In the Food Service Fund this required the interfund liability, deferred inflow of resources and due from other governments to be increased and federal revenues to be decreased.

Additionally, audit procedures disclosed that reimbursements related to prior-year Title program expenditures had not been received within sixty days after fiscal year-end and therefore required a material audit adjustment to record the amounts as receivables and deferred inflows of resources in accordance with modified accrual accounting requirements. Furthermore, reimbursement requests for current-year Title program expenditures were not submitted on a timely basis, resulting in additional amounts being reclassified from revenue to deferred inflows of resources at year-end.

As a result of these matters, the General Fund did not recognize any federal grant revenue during the current fiscal year despite incurring eligible federal program expenditures.

Cause and Effect: The High School did not maintain adequate procedures for monitoring grant reimbursement activity, reconciling amounts requested and received from MDE, reviewing the status of required grant reporting submissions, or ensuring reimbursement requests were submitted timely. As a result, the ESSER reporting issue went undetected, Title grant reimbursement delays were not identified, and year-end financial reporting was materially misstated.

The lack of adequate oversight resulted in:

- An unrecognized ESSER repayment obligation of approximately $111,000 until discovered during the audit.
- The permanent loss of approximately $15,000 of ESSER funding.
- Material audit adjustments to record grant receivables and deferred inflows of resources.
- Material misstatements to federal grant revenue reported in the General Fund.
- Material unassigned fund balance in the Food Service Fund.
- Increased risk of noncompliance with grant requirements and the potential loss or delay of future grant funding.
- Reduced reliability of interim financial information used by management and the Board for decision-making purposes.

Recommendation: We recommend the High School strengthen its controls over federal grant administration by:

- Establishing procedures to monitor the status of all grant reimbursement requests and cash receipts on a regular basis.
- Reconciling grant expenditures, reimbursement requests, receivable balances, and amounts received from MDE monthly.
- Implementing supervisory review procedures to ensure all required grant reports, including Final Expenditure Reports, are submitted accurately and by required deadlines.
- Maintaining a grant compliance calendar that identifies reporting and reimbursement deadlines for all federal programs.
- Performing periodic reviews of outstanding grant receivables and reimbursement activity to identify unusual items or collection delays.

Views of Responsible Officials: Management agrees with the finding.

Corrective Action Plan: See the corrective action plan from management.

Windover High School
919 Smith Road
Midland, MI 48640
989-832-0852
Fax: 989-839-7699

Corrective Action Plan

Reference Number: 2026-001–Material Weakness and Material Noncompliance – Budget Variance

Contact: Stacy Witt

Corrective Action Plan: Windover High School has taken for the FY27 and hired Ed-Ops to begin managing and reporting the financials. To monitor a client's budget effectively and prevent deficit spending, Ed-Ops combines forward-looking financial forecasting, continuous budget-to-actual comparisons, multi-level internal controls, and statutory board oversight.

Anticipated Completion Date: July 2026

Reference Number: 2026-002 – Material Weakness – Material Audit Adjustments Required for Food Service Fund

Contact: Stacy Witt

Corrective Action Plan: Ed-Ops utilizes a multi-layered system of quality reviews, platform-level audit trails, and structured task management to ensure year-end accruals (such as accrued salaries, vendor payables, and deferred grant revenues) are accurately calculated and recorded. Structured ClickUp Checklist & Independent Quality Reviews are completed. Role division and CFO oversight is in place. Ed-Ops also use automated system control and audit trails.

Anticipated Completion Date: July 2026

Reference Number: 2026-003 - Material Weakness and Material Noncompliance – Inaccurate At-Risk Reporting and Lack of Funding Oversight.

Contact: Stacy Witt

Corrective Action Plan:

Mandatory Restricted Coding & Standard Chart of Accounts.

- Grant Code Dimension: The Michigan Accounting Manual requires a dedicated 4-position Grant Code dimension on all restricted grant expenditure records (and recommends it on revenue records) to ensure every transaction is strictly tied to its specific state or federal funding source.
- Categorical Revenue Line Segregation: Restricted state grants and restricted federal grants are assigned unique general ledger codes.
- Deferred Revenue & Receivables Control: Under GAAP and state guidelines, restricted grant money received before expenditures occur is recorded as a liability in Deferred Revenue and cannot be recognized as earned revenue until allowable costs are incurred. Uncollected reimbursement claims are maintained as Grants Receivable.

Reimbursement-Based Recognition & Drawdown Timing

- Reimbursement Prerequisite: Schools operate on a reimbursement basis where revenue is not accrued nor are receivables created until allowable expenses have been incurred and formal reimbursement requests/drawdowns are submitted.

Anticipated Completion Date: July 2026

Reference Number: 2026-004 – Material Weakness – Prior-Year Revenue Recognition Erro Resulting in Restatement.

Contact: Stacy Witt

Corrective Action Plan:

Budget Calendarization & Forecast Review

- FRT Calendarization: During the annual budgeting process in the Financial Reporting Tool, expected grant reimbursement requests are "calendarized" across specific target months based on expected spending milestones.

- CFO-Level Forecast Monitoring: School Finance Managers routinely track actual drawdown submissions against the calendarized forecast to verify whether the school is on pace to draw down its full allocation before grant award deadlines expire.

Close Checklists & Independent Quality Oversight

- ClickUp Task Tracking: School Finance Specialists execute month-end grant reconciliations and expenditure checks using customized school checklists in ClickUp.
- Quality Reviewer Supervision: An independent Quality Reviewer inspects completed grant reconciliation tasks in ClickUp and leaves direct feedback comments that must be resolved before the close is finalized.
- Board & Statutory Compliance: School boards regularly review budget-to-actual collections and adopt formal budget amendments whenever grant allocations or spending priorities change.

Anticipated Completion Date: July 2026

Reference Number: 2026-005 – Material Weakness and Material Noncompliance – Inadequate Grant Reimbursement Monitoring and Federal Program Reporting and Deficit Food Service Fund Balance.

Contact: Stacy Witt

Corrective Action Plan:

Standardized Chart of Accounts (COA) & Coding Structure

- Mandatory Grant Code Dimension: The Michigan Accounting Manual mandates a 4-position Grant Code dimension on all restricted federal expenditure records (and recommends it on revenue records) to isolate every transaction by its specific federal program.
- Federal Revenue Major Classes: Federal grant revenues are segregated into dedicated restricted major classes.
- Revenue Suffix Codes: 4-digit Suffix Codes are applied to revenue records to distinguish specific federal grant programs.

Anticipated Completion Date: July 2026

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November 2, 2026

Management and the Board of Education
Windover High School
Midland, Michigan

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Windover High School (the High School) as of and for the year ended June 30, 2026. We are required to communicate certain matters to you in accordance with generally accepted auditing standards that are related to internal control and the audit.

Our communication includes the following:

I. Auditors' Communication of Significant Matters with Those Charged with Governance

II. Matters for Management's Consideration

Matters for management's consideration are not required to be communicated but we believe are valuable for management.

We discussed these matters with various personnel in the High School during the audit and with management. We would also be pleased to meet with you to discuss these matters at your convenience.

This information is intended solely for the information and use of the Board of Education and management of the High School and is not intended to be, and should not be, used by anyone other than these specified parties.

Yeo & Yeo, P.C.

Midland, Michigan

Appendix I
Auditors' Communication of Significant Matters with Those Charged with Governance

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated June 11, 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 the High School are described in the footnotes of the financial statements. The High School has adopted the following Governmental Accounting Standards Board Statements effective July 1, 2025:

- Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

- Statement No. 104, *Disclosures of Certain Capital Assets*, provides users of government financial statements with essential information about certain types of capital assets.

We noted no transactions entered into by the High School during the year for which there is 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 estimate affecting the High School's financial statements was:

- The useful lives of its capital assets. Useful lives are estimated based on the expected length of time during which the asset is able to deliver a given level of service.

We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Disclosures in the financial statements are neutral, consistent and clear.

Auditors are required to use professional judgment to identify areas of the audit that have a significant risk of material misstatement and perform special audit consideration in those areas. Within our audit, we focused additional consideration on the following areas:

- Management override of controls
- Improper revenue recognition

Accounting Standards and Regulatory Updates

The Governmental Accounting Standards Board has released additional Statements. Details regarding these Statements are described in the footnotes of the financial statements.

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.

The following material misstatements were detected within the General Fund as a result of our audit procedures and corrected by management:

- Amounts previously reported as federal revenues ($58,903) were reclassified to deferred inflow of resources.
- A receivable and deferred inflow of resources related to prior year federal grant funding ($73,494) was recorded.
- $28,597 recorded as expenditures were required to be recorded as an interfund balance.

The following material misstatements were detected within the Food Service Fund as a result of our audit procedures and corrected by management:

- The initial trial balance of the fund did not correctly classify transactions. As a result fund balance, state and local revenue sources, receivables and interfund balances were reduced by material amounts while federal revenue sources and transfers in were increased by material amounts.
- Contracted labor expenditures of $27,004 and the corresponding transfer in were unrecorded.
- An additional transfer in and due from other funds of $6,204 was recorded to eliminate the operating deficit.
- Interfund balances, deferred inflows and due from other governments were understated by $28,597 and federal revenues were overstated by the same amount prior to audit adjustment.

Prior to the adjustments above being recorded, the change in fund balance for the Food Service Fund was a decrease of $11,349. The final change in fund balance after adjustments were recorded was a decrease of $30,660.

There were no known uncorrected misstatements that were more than trivial.

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 auditors' 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 as of the date of the audit report.

Management's Consultations with Other 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 High School's financial statements or a determination of the type of auditors' 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 the High School's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Emphasis of Matters in Independent Auditors' Report

Our report will include the following emphasis of matter paragraphs:

Emphasis of Matter Regarding Correction of Error

As described in Note 10 to the financial statements, beginning of year net position reflected in the statement of activities was restated to account for a prior year revenue recognition matter. Our opinion is not modified with respect to this matter.

Emphasis of Matter Regarding Deficit Fund Balance

As described in Note 2 to the financial statements, Windover High School has unassigned deficit fund balance in the Food Service Fund of $28,597 as of June 30, 2026. Our opinion is not modified with respect to this matter.

Adoption of New Accounting Standard

As discussed in Note 1 to the financial statements, during the year ended June 30, 2026, the Windover High School adopted new accounting guidance, GASB Statement No. 103, *Financial Reporting Model Improvements*. Our opinions are not modified with respect to this matter.

Other Reports

Other information that is required to be reported to you is included in the: Independent Auditors' 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* and the Schedule of Findings and Responses. Please read all information included in those reports to ensure you are aware of relevant information.

Report on Required Supplementary Information

We applied certain limited procedures to management's discussion and analysis and the remaining required supplementary information (RSI) as described in the table of contents of the financial statements 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.

Appendix II
Matters for Management's Consideration

In planning and performing our audit of the financial statements of the High School as of and for the year ended June 30, 2026, we considered the High School's internal control over financial reporting (internal control) as a basis for designing audit 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 High School's internal control. Accordingly, we do not express an opinion on the effectiveness of the High School's internal control.

However, during our audit we became aware of the following matter for management's consideration that is an opportunity for improving compliance. This letter does not affect our report dated November 2, 2026, on the financial statements of the High School.

Noncompliance with Budget and Salary/Compensation Transparency Reporting

During our review of the High School's compliance with the State of Michigan's Budget and Salary/Compensation Transparency Reporting requirements during both the prior and current year, we noted that the required information was not available on the High School's transparency reporting website at the time of our audit procedures. Per Michigan Public Act 94 of 1979, Section 18(2), school districts are required to post specific financial and compensation-related information on their transparency reporting website. This includes, but is not limited to, the annual operating budget, personnel expenditures, current collective bargaining agreements, and a listing of salary and benefit information for district administrators. The High School has not maintained or updated the transparency reporting webpage in accordance with state requirements. As a result, key documents and disclosures were missing at the time of our review. Failure to comply with transparency reporting requirements may result in reputational risk, reduced public trust, and potential noncompliance with state funding conditions.

We recommend that the High School review the transparency reporting requirements outlined by the Michigan Department of Education and implement procedures to ensure the timely posting and regular updating of all required documents. Assigning responsibility to a specific staff member or department may help ensure ongoing compliance.