

**WILLIAMSTON COMMUNITY SCHOOLS**

**REPORT ON FINANCIAL STATEMENTS**

**(with required and additional  
supplementary information)**

**YEAR ENDED JUNE 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education of  
Williamston Community Schools

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williamston Community Schools, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Williamston Community 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 Williamston Community Schools, as of June 30, 2024, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Williamston Community Schools and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***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 Williamston Community Schools' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## ***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 Williamston Community Schools' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Williamston Community Schools' ability to continue as a going concern for a reasonable period of time.

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

## ***Required Supplementary Information***

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2024 on our consideration of Williamston Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Williamston Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Williamston Community Schools' internal control over financial reporting and compliance.

*Maney Costeiran PC*

October 24, 2024

## MANAGEMENT'S DISCUSSION & ANALYSIS

This section of Williamston Community Schools' annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

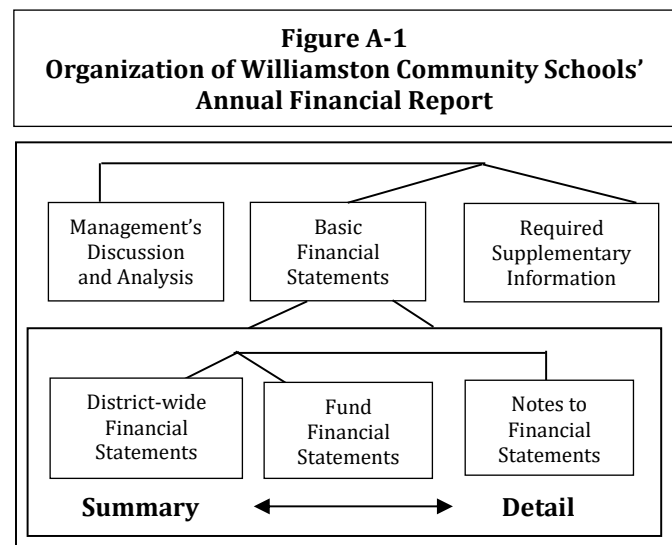
### FINANCIAL HIGHLIGHTS

- Governmental funds revenues increased to \$35.2 million compared to \$33.5 million at June 30, 2024. Governmental fund expenditures were \$33.3 million compared to \$34.2 million at June 30, 2024.
- General Fund revenues were \$27.1 million, approximately \$1,600,000 more than General Fund expenditures.
- State Aid Foundation Allowance increased to \$9,608 per student.
- The District's blended student count increased to 1,878 pupils, an increase of 5 students over last year.
- The District participates in the School Loan Revolving Fund (SLRF) which allows districts to maintain level debt millages throughout the life of a bond. This feature can, however, create a net deficit in the District-wide financials statements in the short term, with future debt millages restoring the net position of the District once the bonded debt is reduced. The District decreased its outstanding long-term obligations \$4.4 million or 11.8%.
- The total taxable value of property in the District increased 5.9%.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations *in more detail* than the District-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short-term* as well as what remains for future spending.



## MANAGEMENT'S DISCUSSION & ANALYSIS

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year as well as required schedules related to the net pension liability and net OPEB asset. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

<b>Figure A-2</b> <b>Major Features of District-wide and Fund Financial Statements</b>		
Category	District-wide Statements	Fund Financial Statements
		Governmental Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance.
Required financial statements	<ul style="list-style-type: none"> <li>* Statement of net position</li> <li>* Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>* Balance sheet</li> <li>* Statement of revenues, expenditures, and changes in fund balances</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus.
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable.

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.



## MANAGEMENT'S DISCUSSION & ANALYSIS

### DISTRICT-WIDE FINANCIAL STATEMENTS

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statements of net position include *all* of the District's assets, deferred outflows, deferred inflows, and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets, deferred outflows, deferred inflows and liabilities - is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities:

- *Governmental Activities* - Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

### FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like school lunch, community services and student/school activities).

The District has one kind of fund:

- *Governmental Funds* - Most of the District's basic services are included in governmental funds, which generally focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information with the governmental funds statements that explain the relationship (or differences) between them.

## MANAGEMENT'S DISCUSSION & ANALYSIS

### FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

**Net Position (Deficit)** - The District's *combined* net deficit was lower on June 30, 2024, than the year before, decreasing to (\$18.3) million. The District's net deficit results from participating for many years in the School Loan Revolving Fund (SLRF) program as well as recording net unfunded pension liability. The SLRF allows districts to levy the same debt service property tax millage rate over the life of a bond issue. During the early years of participation in the SLRF, the property tax levy is less than is required for debt service and districts in the program borrow from the SLRF to make up the difference. During the later years of participation, the property tax levy remains level and is greater than is required for debt service. Districts use the excess to pay back the SLRF. The District has been in the SLRF since 2000. It is important to note that the Board of Education has full authority to levy the necessary taxes to meet bond issue debt service requirements.

<b>Table A-3</b>		
<b>Williamston Community Schools Net Position</b>		
	2024	2023
<b>ASSETS</b>		
Current assets	\$ 14,055,104	\$ 10,851,883
Net other postemployment benefits asset	635,859	-
Capital assets, net of depreciation/amortization	36,159,550	37,350,858
<b>TOTAL ASSETS</b>	<b>50,850,513</b>	<b>48,202,741</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>14,103,591</b>	<b>15,919,574</b>
<b>LIABILITIES</b>		
Current liabilities	7,638,649	7,504,267
Long-term liabilities	28,924,483	32,470,611
Net pension liability	35,586,257	40,031,514
Net other postemployment benefit liability	-	2,272,502
<b>TOTAL LIABILITIES</b>	<b>72,149,389</b>	<b>82,278,894</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>11,110,893</b>	<b>8,054,337</b>
<b>NET POSITION</b>		
Net investment in capital assets	4,402,843	2,379,980
Restricted	2,217,129	975,293
Restricted for net other postemployment benefits	635,859	-
Unrestricted	(25,562,009)	(29,566,189)
<b>TOTAL NET POSITION</b>	<b>\$ (18,306,178)</b>	<b>\$ (26,210,916)</b>

## MANAGEMENT'S DISCUSSION & ANALYSIS

Table A-4 Changes in Williamston Community Schools Net Position		
	2024	2023
REVENUES		
Program revenues		
Charges for service	\$ 929,351	\$ 1,237,708
Operating grants and contributions	10,176,791	7,185,257
General revenues		
Property taxes	6,935,477	6,528,492
State aid-unrestricted	16,256,625	15,330,414
Other	1,977,033	1,965,037
TOTAL REVENUES	36,275,277	32,246,908
EXPENSES		
Instruction	13,326,779	12,931,474
Supporting services	9,944,902	9,034,329
Community services	990,360	1,028,370
Food service	1,055,782	748,459
Student/school activities	343,780	259,270
Interest on long-term debt	1,062,285	1,174,779
Unallocated depreciation/amortization	1,646,651	1,576,760
TOTAL EXPENSES	28,370,539	26,753,441
Change in net position	\$ 7,904,738	\$ 5,493,467

### District Governmental Activities

The District seeks a balance between maximizing resources for the education of our students and maintaining the long-term financial health of the District. The governmental activities mirror that goal. Our support services seek to be efficient at providing the necessary safe, orderly, and positive learning environment so that more dollars are available for the direct instruction of students. Our before-and-after-care program, Kids Corner/Little Hornets, and our school breakfast and lunch program seek to be self-supporting and cost effective.

### FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported *combined* fund balances of \$10.9 million. The General Fund's fund balance increased approximately \$1,663,424 to \$7.4 million.

## MANAGEMENT'S DISCUSSION & ANALYSIS

### General Fund Budgetary Highlights

The District is required to adopt an operating budget prior to the start of the fiscal year. Certain information is not known at the time of budget adoption, such as the amount of state aid, the actual number of students and the cost of employee contracts and must be estimated or projected. Over the course of the budget year, the District revises the annual operating budget several times. For fiscal year 2023-2024, these budget amendments included:

- Changes adopted in the third and fourth quarters of the fiscal year to account for final enrollment counts, changes in assumptions since the original budget was adopted.

The District's original budget called for an increase to fund balance of \$665,231. The budget amendment approved in June of 2024 called for an increase in fund balance of \$725,934. Actual revenues and other financing sources exceeded expenditures by \$1,663,424 at year end. Actual budget variance at year-end June 30, 2024 was approximately 3.2% of expenditures. As of June 30, 2024, the general fund balance reached 27.32% of total revenues.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

By the end of fiscal year 2024, the District had invested over \$73.2 million in a broad range of capital assets, including school buildings, athletic and support facilities, computer and transportation equipment. (More detailed information about capital assets can be found in Note 4 to the financial statements.) Total depreciation/amortization expense for the year was approximately \$1.6 million.

<b>Table A-5</b>		
<b>Williamston Community Schools Capital Assets</b>		
	2024	2023
Land	\$ 1,506,971	\$ 1,506,971
Buildings and building improvements	64,260,729	63,883,453
Vehicles and equipment	7,449,983	7,371,916
	73,217,683	72,762,340
Accumulated depreciation/amortization	37,058,133	35,411,482
Total	<u>\$ 36,159,550</u>	<u>\$ 37,350,858</u>

## MANAGEMENT'S DISCUSSION & ANALYSIS

### Long-term Debt

At year-end the District had \$32.4 million in general obligation bonds and other long-term debt outstanding - a net decrease of 11.95% from last year. (More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.)

<b>Table A-6</b>				
<b>Williamston Community Schools Outstanding Long-term Debt</b>				
	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
1996 Building and Site Bonds	\$ 2,300,000	\$ -	\$ 1,150,000	\$ 1,150,000
2015 Refunding Series A	7,025,000	-	1,025,000	6,000,000
2019 Refunding	19,825,000	-	1,425,000	18,400,000
2021 Refunding	5,185,000	-	660,000	4,525,000
Installment loans	136,659	-	16,376	120,283
Michigan School Loan Revolving Fund				
Principal and interest	1,164,086	1,108,520	-	2,272,606
Compensated absences	590,824	11,239	-	602,063
Premium on bond issuances	579,500	-	87,720	491,780
	<u>\$ 36,806,069</u>	<u>\$ 1,108,520</u>	<u>\$ 4,364,096</u>	<u>\$ 33,561,732</u>

- The District continued to pay down its debt, retiring \$4.26 million of outstanding bonds and paying off approximately \$16,376 of direct borrowings and direct placement obligations.
- The District accrued approximately \$60,000 in interest from the School Loan Revolving Fund as well as drawing an additional amount of \$1,048,176. This leaves an outstanding SLRF balance of approximately \$891,000 at year-end.

### FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of two existing circumstances that could significantly affect its financial health in the future:

- All employee contracts were settled as of June 30, 2024. All increases in contract settlements were included in the budget adopted by the board in June 2024.
- The state had not passed its budget for 2024-25 at the time of our budget adoption. Our 2024-25 original budget was adopted using a \$217 per pupil increase and minimal decrease in enrollment.

### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, Williamston Community Schools, 418 Highland Street, Williamston, Michigan 48895.

## **BASIC FINANCIAL STATEMENTS**

**WILLIAMSTON COMMUNITY SCHOOLS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	Governmental Activities
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,752,703
Investments	7,134,876
Receivables	
Accounts receivable	137,667
Intergovernmental	4,485,004
Inventories	43,791
Prepays	501,063
Net other postemployment benefits asset	635,859
Capital assets not being depreciated/amortized	1,506,971
Capital assets, net of accumulated depreciation/amortization	<u>34,652,579</u>
<b>TOTAL ASSETS</b>	<u><b>50,850,513</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges on refunding, net of amortization	143,390
Related to pensions	11,392,805
Related to other postemployment benefits	<u>2,567,396</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>14,103,591</b></u>
<b>LIABILITIES</b>	
Accounts payable	452,346
Accrued salaries and related items	1,062,439
Accrued retirement	674,084
Accrued interest	142,578
Unearned revenue	669,953
Noncurrent liabilities	
Due within a year	4,637,249
Due in more than one year	28,924,483
Net pension liability	<u>35,586,257</u>
<b>TOTAL LIABILITIES</b>	<u><b>72,149,389</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pensions	3,798,868
Related to state aid funding for pension	2,241,325
Related to other postemployment benefits	<u>5,070,700</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><b>11,110,893</b></u>
<b>NET POSITION</b>	
Net investment in capital assets	4,402,843
Restricted for debt service	974,884
Restricted for capital projects sinking fund	145,099
Restricted for high school exchange student program	1,097,146
Restricted for net other postemployment benefits	635,859
Unrestricted	<u>(25,562,009)</u>
<b>TOTAL NET POSITION</b>	<u><u><b>\$ (18,306,178)</b></u></u>

See notes to financial statements.

**WILLIAMSTON COMMUNITY SCHOOLS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 13,326,779	\$ 4,200	\$ 7,261,900	\$ (6,060,679)
Supporting services	9,944,902	199,720	378,107	(9,367,075)
Community services	990,360	637,535	-	(352,825)
Food service	1,055,782	87,896	1,093,130	125,244
Student/school activities	343,780	-	1,443,654	1,099,874
Interest on long-term debt	1,062,285	-	-	(1,062,285)
Unallocated depreciation	1,646,651	-	-	(1,646,651)
Total governmental activities	<u>\$ 28,370,539</u>	<u>\$ 929,351</u>	<u>\$ 10,176,791</u>	<u>(17,264,397)</u>
General revenues				
Property taxes, levied for general purposes				1,735,797
Property taxes, levied for community services				396,730
Property taxes, levied for debt service				4,268,107
Property taxes, levied for sinking fund				534,843
State sources - unrestricted				16,256,625
Investment earnings				152,375
Intermediate sources				1,675,531
Other				149,127
Total general revenues				<u>25,169,135</u>
CHANGE IN NET POSITION				7,904,738
NET POSITION, beginning of year				<u>(26,210,916)</u>
NET POSITION, end of year				<u>\$ (18,306,178)</u>

See notes to financial statements.



**WILLIAMSTON COMMUNITY SCHOOLS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024**

	General Fund	Capital Projects Sinking Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 642,667	\$ 639,485	\$ 468,419	\$ 2,132	\$ 1,752,703
Investments	6,121,050	-	648	1,013,178	7,134,876
Receivables					
Accounts receivable	53,699	-	-	83,968	137,667
Intergovernmental	4,459,450	-	-	25,554	4,485,004
Due from other funds	-	-	648,395	1,140,830	1,789,225
Inventories	26,251	-	-	17,540	43,791
Prepays	486,443	2,750	-	11,870	501,063
<b>TOTAL ASSETS</b>	<b>\$ 11,789,560</b>	<b>\$ 642,235</b>	<b>\$ 1,117,462</b>	<b>\$ 2,295,072</b>	<b>\$ 15,844,329</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Payables					
Accounts payable	\$ 324,379	\$ 53,900	\$ -	\$ 74,067	\$ 452,346
Due to other funds	1,348,739	440,486	-	-	1,789,225
Accrued salaries	927,261	-	-	4,991	932,252
Accrued retirement	672,834	-	-	1,250	674,084
Other accrued liabilities	129,700	-	-	487	130,187
Unearned revenue	646,826	-	-	23,127	669,953
<b>TOTAL LIABILITIES</b>	<b>4,049,739</b>	<b>494,386</b>	<b>-</b>	<b>103,922</b>	<b>4,648,047</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	331,772	-	-	-	331,772
<b>FUND BALANCES</b>					
Nonspendable					
Inventories	26,251	-	-	17,540	43,791
Prepays	486,443	2,750	-	11,870	501,063
Restricted for:					
Debt service	-	-	1,117,462	-	1,117,462
Community services	-	-	-	378,799	378,799
Food service	-	-	-	322,073	322,073
Capital projects	-	145,099	-	-	145,099
High school exchange student program	-	-	-	1,097,146	1,097,146
Committed for student/school activities	-	-	-	363,722	363,722
Assigned for:					
Subsequent year's expenditures	238,901	-	-	-	238,901
Unassigned					
General fund	6,656,454	-	-	-	6,656,454
<b>TOTAL FUND BALANCES</b>	<b>7,408,049</b>	<b>147,849</b>	<b>1,117,462</b>	<b>2,191,150</b>	<b>10,864,510</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 11,789,560</b>	<b>\$ 642,235</b>	<b>\$ 1,117,462</b>	<b>\$ 2,295,072</b>	<b>\$ 15,844,329</b>

See notes to financial statements.

**WILLIAMSTON COMMUNITY SCHOOLS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT  
OF NET POSITION  
GOVERNMENTAL FUNDS  
JUNE 30, 2024**

**Total Governmental Fund Balances** \$ 10,864,510

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.

The cost of the capital assets is	\$ 73,217,683	
Accumulated depreciation is	(37,058,133)	
		36,159,550

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	635,859
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Governmental funds report the difference between the carrying amount of the defeased debt and its reacquisition price when debt is first issued, whereas these amounts are deferred and amortized in the government-wide statement of net position. These amounts consist of:

Deferred outflows of resources - deferred charge on refunding, net of amortization	143,390
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Governmental funds report actual pension/OPEB expenditures for the fiscal year, whereas the governmental activities will recognize the net pension/OPEB liability as of the measurement date. Pension/OPEB contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and the differences between projected and actual plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:

Deferred outflows of resources - related to pensions	11,392,805
Deferred outflows of resources - related to other postemployment benefits	2,567,396
Deferred inflows of resources - related to pensions	(3,798,868)
Deferred inflows of resources - related to other postemployment benefits	(5,070,700)
Deferred inflows of resources - related to state pension funding	(2,241,325)

Long-term liabilities are not due and payable in the current period and are not reported in the funds.

Bonds payable and notes from direct borrowing and direct placements	(32,959,669)
Compensated absences and severance benefits	(602,063)
Accrued interest on long-term obligations is not included as a liability in governmental funds, it is recorded when paid	(142,578)
Net pension liability	(35,586,257)
Unavailable revenue	331,772

<b>Net Position of Governmental Activities</b>	<b><u>\$ (18,306,178)</u></b>
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See notes to financial statements.

**WILLIAMSTON COMMUNITY SCHOOLS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2024**

	General Fund	Capital Projects Sinking Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
<b>REVENUES</b>					
Local sources					
Property taxes	\$ 1,735,797	\$ 534,843	\$ 4,268,107	\$ 396,730	\$ 6,935,477
Tuition	442,946	-	-	-	442,946
Investment earnings	120,632	1,248	8,907	550	131,337
Food sales, athletics, and community service	151,411	-	-	286,685	438,096
Student/school activities	-	-	-	1,443,654	1,443,654
Other	246,157	-	-	-	246,157
Total local sources	2,696,943	536,091	4,277,014	2,127,619	9,637,667
State sources	21,876,700	4,441	35,437	673,973	22,590,551
Federal sources	864,160	-	-	475,917	1,340,077
Intermediate sources	1,675,531	-	-	-	1,675,531
<b>TOTAL REVENUES</b>	<b>27,113,334</b>	<b>540,532</b>	<b>4,312,451</b>	<b>3,277,509</b>	<b>35,243,826</b>
<b>EXPENDITURES</b>					
Current					
Instruction	14,522,625	-	-	-	14,522,625
Supporting services	10,516,703	-	-	-	10,516,703
Community services	450,534	-	-	630,818	1,081,352
Food service	-	-	-	1,086,271	1,086,271
Student/school activities	-	-	-	343,780	343,780
Capital outlay	-	445,646	-	-	445,646
Debt service					
Principal retirement	16,376	-	4,260,000	-	4,276,376
Interest, fiscal, and other charges	5,172	-	998,769	-	1,003,941
<b>TOTAL EXPENDITURES</b>	<b>25,511,410</b>	<b>445,646</b>	<b>5,258,769</b>	<b>2,060,869</b>	<b>33,276,694</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,601,924</b>	<b>94,886</b>	<b>(946,318)</b>	<b>1,216,640</b>	<b>1,967,132</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
School loan revolving fund issuance	-	-	1,048,176	-	1,048,176
Transfers in	61,500	-	-	-	61,500
Transfers out	-	-	-	(61,500)	(61,500)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>61,500</b>	<b>-</b>	<b>1,048,176</b>	<b>(61,500)</b>	<b>1,048,176</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>1,663,424</b>	<b>94,886</b>	<b>101,858</b>	<b>1,155,140</b>	<b>3,015,308</b>
<b>FUND BALANCES</b>					
Beginning of year	5,744,625	52,963	1,015,604	1,036,010	7,849,202
End of year	<u>\$ 7,408,049</u>	<u>\$ 147,849</u>	<u>\$ 1,117,462</u>	<u>\$ 2,191,150</u>	<u>\$ 10,864,510</u>

See notes to financial statements.

**WILLIAMSTON COMMUNITY SCHOOLS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2024**

**Net Change in Fund Balances - Total Governmental Funds** **\$ 3,015,308**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation.

Depreciation expense	(1,646,651)
Capital outlay	455,343

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid.

Accrued interest payable, beginning of the year	166,128
Accrued interest payable, end of the year	(142,578)

The issuance of long-term debt (e.g., bonds) provides current financial resources to any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt

School loan revolving fund issuance	(1,108,520)
Payments on debt	4,276,376
Amortization of deferred charge on refunding	(23,898)
Amortization of bond premium	87,720

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Unavailable revenue, beginning of the year	-
Unavailable revenue, end of the year	331,772

Compensated absences and severance benefits are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds.

Accrued compensated absences, beginning of the year	590,824
Accrued compensated absences, end of the year	(602,063)

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 the governmental funds.

Pension related items	(173,967)
Other postemployment benefit items	1,979,265

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension benefits contributions subsequent to the measurement period.

Change in state aid funding for pension benefits	699,679
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<b>Change in Net Position of Governmental Activities</b>	<b>\$ 7,904,738</b>
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## WILLIAMSTON COMMUNITY SCHOOLS NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Reporting Entity

The Williamston Community Schools (the "District") is governed by the Williamston Community Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board (GASB) Statements.

#### Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

#### Basis of Presentation - Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds.

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

#### Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category - governmental - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

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

The *Capital Projects Fund* accounts for the transfers from the general fund for the acquisition of capital assets or construction of major capital projects. The fund has complied with the applicable provisions of Section 1212 of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2023-1.

The *Debt Service Fund* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Basis of Presentation - Fund Financial Statements (continued)

Additionally, the District reports the following *Nonmajor Funds*:

The *Special Revenue Funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its community service activities and student/school activities in special revenue funds.

During the course of operations, the District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, they are eliminated in the preparation of the government-wide financial statements.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

The 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.

The 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 when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are generally collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Measurement Focus and Basis of Accounting (continued)

Property taxes, state and federal aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end).

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the current year ended, the foundation allowance was based on pupil membership counts.

The state portion of the Foundation is provided primarily by a state education property tax millage of 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the Foundation is funded primarily by Non-PRE property taxes which may be levied at a rate of up to 18 mills as well as 6 mills for Commercial Personal Property Tax. The state revenue is recognized during the foundation period and is funded through payments from October to August. Thus, the unpaid portion at June 30 is reported as intergovernmental receivables.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received and accrued, which are not expended by the close of the fiscal year are recorded as unearned revenue.

All other revenue items are generally considered to be measurable and available only when cash is received by the District.

Budgetary Information

*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 (executor) 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.

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Budgetary Information (continued)

*Budgetary Basis of Accounting (continued)*

- 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, are noted in the required supplementary information section.
- 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 budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2024. The District does not consider these amendments to be significant.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

*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.



**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

*Investments (continued)*

- 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 valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

*Capital Assets*

Capital assets, which include property, plant, equipment, and transportation vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and building improvements	50 years
Equipment	5-20 years
Vehicles	8 years

*Defined Benefit Plans*

For purposes of measuring the net pension liability and 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 (MPERS) and additions to/deductions from MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

*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 asset 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 three items that qualify for reporting in this category. They are the deferred charge on refunding, pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding 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. 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 asset 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 restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension benefit contributions subsequent to the measurement period. The second and third 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. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available. The fourth item arises only under a modified accrual basis of accounting. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from receipts that are received after 60 days of year end. These amounts are deferred and recognized as inflow of resources in the period that the amounts become available.

*Net Position Flow Assumption*

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

In the computation of invested in capital assets, net of related debt, the school loan revolving fund principal balance of \$2,178,284 are considered capital-related debt. Accrued interest on the school bond revolving fund of \$94,322 is not considered capital related debt.

In addition, during the years ended June 30, 2020 and June 30, 2022 the District issued bonded debt in the amount of \$20,950,000 and \$5,820,000 used to make principal and interest payments related to the School Loan Revolving fund and the School Bond Loan Fund. 5% and 1% of these proceeds are not considered capital-related debt as this amount was used to pay off accrued interest. The remaining allocation of this debt not considered capital related debt at June 30, 2024 is \$965,250.

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

*Fund Balance Flow Assumptions*

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

*Fund Balance Policies*

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

In the general fund, the goal of the District shall be to maintain a minimum unassigned fund balance of no less than 5% of the preceding year's expenditures.

*Leases and Subscription-based IT Arrangements (SBITA)*

Lessee: The District may at times be a lessee for a noncancelable lease/subscription of an IT arrangement. The District recognizes a lease/SBITA liability and an intangible right-to-use asset in the government-wide financial statements.

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

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

*Leases and Subscription-based IT Arrangements (SBITA)(continued)*

Key estimates and judgements related to leases/SBITAs include how the District determines (1) the discount rate it uses to discount the expected lease/SBITA payments to present value, (2) lease/SBITA term, and (3) lease/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 leases/SBITA.
- The lease/SBITA term includes the noncancelable period of the lease/subscription. Lease/SBITA payments included in the measurement of the lease 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 lease/SBITA and will remeasure the lease/SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the lease/SBITA liability.

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

Revenues and Expenditures/Expenses

*Program Revenues*

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, unrestricted state aid, interest, and other internally dedicated resources are reported as general revenues rather than as program revenues.

*Property Taxes*

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenues and Expenditures/Expenses (continued)

*Property Taxes (continued)*

For the year ended June 30, 2024, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	17.7702
Commercial Personal Property	5.7702
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	7.8400
Sinking fund	
PRE, Non-PRE, Commercial Personal Property	0.9825
Community services fund	
PRE, Non-PRE, Commercial Personal Property	0.7288

*Compensated Absences and Severance Benefits*

The District's policy permits employees to accumulate earned but unused vacation and sick leave and severance benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee leaves, resignations or retirements. 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 on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**NOTE 2 - DEPOSITS AND INVESTMENTS**

As of June 30, 2024 the District had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2024, \$1,913,395 of the District's bank balance of \$2,163,395 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$1,752,703.

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Custodial Credit Risk - 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.

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.

Investment Type	Fair Value	Weighted Average Maturity (Years)
MILAF External Investment Pool - CMC	\$ 648	N/A
MILAF External Investment Pool - MAX	418	N/A
Michigan CLASS Investment Pool	7,133,810	0.0810
Total fair value	<u>\$ 7,134,876</u>	
Portfolio weighted average maturity		<u>0.0810</u>

Concentration of Credit Risk

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

Investment Type	Fair Value	Rating	Rating Agency
MILAF External Investment Pool - CMC	\$ 648	AAAm	Standard & Poor's
MILAF External Investment Pool - MAX	418	AAAm	Standard & Poor's
Michigan CLASS Investment Pool	7,133,810	AAAm	Standard & Poor's
	<u>\$ 7,134,876</u>		

Foreign Currency Risk

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

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

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.

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.

The District's investments are not subject to fair value reporting.

Investments in Entities that Calculate Net Asset Value Per Share

The District holds shares in the Michigan CLASS investment pool where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment companies as a practical expedient.

The Michigan CLASS investment pool invest U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds.

The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At year ended June 30, 2024, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan CLASS Investment Pool	\$ 7,133,810	\$ -	No restrictions	None

**WILLIAMSTON COMMUNITY SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - DEPOSITS AND INVESTMENTS (continued)**

Investments in Entities that Calculate Net Asset Value Per Share (continued)

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF 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.

	Amortized Cost
MILAF External Investment Pool - CMC	\$ 648
MILAF External Investment Pool - MAX	418
Total amortized cost	<u>\$ 1,066</u>

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1.

The following summarizes the categorization of these amounts in the financial statements as of June 30, 2024:

	Primary Government
Cash and cash equivalents	\$ 1,752,703
Investments	7,134,876
	<u>\$ 8,887,579</u>

**NOTE 3 - INTERGOVERNMENTAL RECEIVABLES**

Intergovernmental receivables at June 30, 2024 consist of the following:

State aid - Michigan Department of Education	\$ 4,037,946
Federal	447,058
	<u>\$ 4,485,004</u>

Amounts due from other governmental units include amounts due from federal, state, and local sources for various projects and programs. No allowance for doubtful accounts is considered necessary.



**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - CAPITAL ASSETS**

A summary of changes in the District's capital assets follows:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,506,971	\$ -	\$ -	\$ 1,506,971
Capital assets, being depreciated				
Buildings and building improvements	63,883,453	377,276	-	64,260,729
Vehicles and equipment	7,371,916	78,067	-	7,449,983
Total capital assets, being depreciated	71,255,369	455,343	-	71,710,712
Accumulated depreciation				
Buildings and building improvements	29,936,595	1,286,905	-	31,223,500
Vehicles and equipment	5,474,887	359,746	-	5,834,633
Total accumulated depreciation	35,411,482	1,646,651	-	37,058,133
Net capital assets being depreciated	35,843,887	(1,191,308)	-	34,652,579
Net governmental capital assets	<u>\$ 37,350,858</u>	<u>\$ (1,191,308)</u>	<u>\$ -</u>	<u>\$ 36,159,550</u>

Depreciation for the fiscal year ended June 30, 2024 amounted to \$1,646,651. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

**NOTE 5 - LONG-TERM OBLIGATIONS**

The following is a summary of long-term obligations for the District for the year ended June 30, 2024:

		Notes from Direct Borrowings and Direct Placements		Compensated Absences and Severance Benefits	
	General Obligation Bonds	Installment Loans	School Loan Revolving Fund		Total
Balance July 1, 2023	\$ 34,914,500	\$ 136,659	\$ 1,164,086	\$ 590,824	\$ 36,806,069
Additions	-	-	1,108,520	11,239	1,119,759
Deletions	(4,347,720)	(16,376)	-	-	(4,364,096)
Balance June 30, 2024	30,566,780	120,283	2,272,606	602,063	33,561,732
Due within one year	(4,560,000)	(17,043)	-	(60,206)	(4,637,249)
Due in more than one year	<u>\$ 26,006,780</u>	<u>\$ 103,240</u>	<u>\$ 2,272,606</u>	<u>\$ 541,857</u>	<u>\$ 28,924,483</u>

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM OBLIGATIONS (continued)**

Long-term obligations at June 30, 2024 is comprised of the following issues:

General Obligation Bonds

\$27,535,000 School Building and Site Bonds dated January 1, 1996, due in annual installments of \$1,150,000 through May 1, 2025 with interest of 5.50%, payable semi-annually.	\$ 1,150,000
\$14,690,000 Refunding Bond, Series A dated September 29, 2015, due in annual installments ranging of \$1,000,000 through May 1, 2030 with interest ranging from 3.00% to 5.00%, payable semi-annually.	6,000,000
\$20,950,000 Refunding Bond, dated November 19, 2019, due in an annual installments ranging from \$1,725,000 to \$3,555,000 through May 1, 2030 with an interest ranging from 2.406% to 2.744%, payable semi-annually.	18,400,000
\$5,820,000 Refunding Bond, dated July 28, 2021, due in an annual installments ranging from \$685,000 to \$820,000 through May 1, 2030 with an interest ranging from 1.050% to 1.98%, payable semi-annually.	4,525,000
Plus premium on bond issuances	<u>491,780</u>
Total general obligation bonds	<u>30,566,780</u>

Notes from Direct Borrowings and Direct Placements

Borrowings from the State of Michigan under the School Loan Revolving Fund, including interest at 4.56% at June 30, 2024.	2,272,606
\$177,500 installment note dated October 8, 2020, due in monthly installments of \$1,796, including interest of 0.33%, through October 2030.	<u>120,283</u>
Total notes from direct borrowings and direct placements	<u>2,392,889</u>
Total general obligation bonds and notes from direct borrowings and direct placements	32,959,669
Obligation under contract for compensated absences and severance benefits	<u>602,063</u>
Total general long-term obligations	<u><u>\$ 33,561,732</u></u>

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$120,283 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.

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - LONG-TERM OBLIGATIONS (continued)**

The District previously defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2024, \$6,000,000 of bonds outstanding are considered defeased.

Borrowing from the State of Michigan - The School Loan Revolving Fund payable represents notes payable to the State of Michigan for loans made to the school district, as authorized by the State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the school district issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. The interest rate at June 30, 2024 was 4.56%. Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 7.84 mills. The school district is required to levy 7.84 mills and repay to the state any excess of the amount levied over the bonded debt service requirements. Currently the District levies 7.84 mills. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the school district, no provision for repayment has been included in the above amortization schedule. The state may apply a default late charge on the note if the District does not make the repayments, or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default.

The annual requirements to amortize long-term obligations outstanding as of June 30, 2024, including interest are as follows:

Year Ending June 30,	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements		Compensated Absences and Severance Benefits	Total
	Principal	Interest	Principal	Interest		
2025	\$ 4,560,000	\$ 834,714	\$ 17,043	\$ 4,505	-	\$ 5,416,262
2026	4,835,000	664,364	17,738	3,811	-	5,520,913
2027	4,955,000	544,504	18,460	3,088	-	5,521,052
2028	5,100,000	397,710	19,213	2,336	-	5,519,259
2029	5,250,000	244,806	19,995	1,553	-	5,516,354
2030	5,375,000	100,011	27,834	798	-	5,503,643
Total	30,075,000	2,786,109	120,283	16,091	-	32,997,483
Issuance premium	491,780	-	-	-	-	491,780
School loan revolving fund	-	-	2,178,284	94,322	-	2,272,606
Compensated absences and severance benefits	-	-	-	-	602,063	602,063
	<u>\$ 30,566,780</u>	<u>\$ 2,786,109</u>	<u>\$ 2,298,567</u>	<u>\$ 110,413</u>	<u>\$ 602,063</u>	<u>\$ 36,363,932</u>

Interest expense for all funds for the year ended June 30, 2024 was approximately \$1,004,000.

At June 30, 2024, \$1,117,462 is available in the debt service funds to service the general obligation debt.

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS**

Interfund payable and receivable balances at June 30, 2024 are as follows:

<u>Receivable Fund</u>		<u>Payable Fund</u>	
Debt service fund	\$ 648,395	General fund	\$ 1,348,739
Nonmajor governmental funds	<u>1,140,830</u>	Capital projects sinking fund	<u>440,486</u>
	<u>\$ 1,789,225</u>		<u>\$ 1,789,225</u>

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.

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated. During the year ended June 30, 2024, the food service fund transferred \$61,500 to the general fund for indirect costs.

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS**

Plan Description

The Michigan Public School Employees' Retirement System (MPERS) (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. MPERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at [www.michigan.gov/orsschools](http://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.

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

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:

<u>Plan Name</u>	<u>Plan Type</u>	<u>Plan Status</u>
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.

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Pension Reform 2012 (continued)

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 they terminate 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, choose between two retirement plans: The Pension Plus Plan and a Defined Contribution 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.

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

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.

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 60<sup>th</sup> birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Regular Retirement (no reduction factor for age) (continued)

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, 2023, were determined as of the September 30, 2020 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2020, are amortized over a 16-year period beginning October 1, 2022 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:

	<u>Pension</u>	<u>Other Postemployment Benefit</u>
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

The District's pension contributions for the year ended June 30, 2024 were equal to the required contribution total. Total pension contributions were approximately \$4,768,000. Of the total pension contributions approximately \$4,554,000 was contributed to fund the Defined Benefit Plan and approximately \$214,000 was contributed to fund the Defined Contribution Plan.



**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Employer Contributions (continued)

The District's OPEB contributions for the year ended June 30, 2024 were equal to the required contribution total. Total OPEB contributions were approximately \$1,062,000. Of the total OPEB contributions approximately \$953,000 was contributed to fund the Defined Benefit Plan and approximately \$109,000 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, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of September 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2022 and rolled-forward using generally accepted actuarial procedures. 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.

<u>MPSERS (Plan) Non-university Employers</u>	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Total Pension Liability	\$ 94,947,828,557	\$ 95,876,795,620
Plan Fiduciary Net Position	\$ 62,581,762,238	\$ 58,268,076,344
Net Pension Liability	\$ 32,366,066,319	\$ 37,608,719,276
Proportionate Share	0.10995%	0.10644%
Net Pension Liability for the District	\$ 35,586,257	\$ 40,031,514

For the year ended June 30, 2024, the District recognized pension expense of \$4,727,539.

At June 30, 2024, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 1,206,064	\$ 235,833
Differences between expected and actual experience	1,123,350	54,512
Changes of assumptions	4,822,100	2,780,313
Net differences between projected and actual earnings on pension plan investments	-	728,210
Reporting Unit's contributions subsequent to the measurement date	4,241,291	-
	<u>\$ 11,392,805</u>	<u>\$ 3,798,868</u>

**WILLIAMSTON COMMUNITY SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

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

\$4,241,291, 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:

<u>Year Ended September 30,</u>	<u>Amount</u>
2024	\$ 1,054,364
2025	885,468
2026	1,833,531
2027	<u>(420,717)</u>
	<u><u>\$ 3,352,646</u></u>

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

The net OPEB liability (asset) was measured as of September 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2022 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.

<u>MPSERS (Plan) Non-university Employers</u>	<u>September 30, 2023</u>	<u>September 30, 2022</u>
Total Other Postemployment Benefit Liability	\$ 11,223,648,949	\$ 12,522,713,324
Plan Fiduciary Net Position	\$ 11,789,347,341	\$ 10,404,650,683
Net Other Postemployment Benefit Liability (Asset)	\$ (565,698,392)	\$ 2,118,062,641
Proportionate Share	0.11240%	0.10729%
Net Other Postemployment Benefit Liability (Asset) for the District	\$ (635,859)	\$ 2,272,502

For the year ended June 30, 2024, the District recognized OPEB benefit of \$1,026,689.

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

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

At June 30, 2024, 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	\$ 1,415,532	\$ 170,457
Changes in proportion and differences between employer contributions and proportionate share of contributions	318,537	95,369
Differences between expected and actual experience	-	4,804,874
Net differences between projected and actual earnings on OPEB plan investments	1,939	-
Reporting Unit's contributions subsequent to the measurement date	831,388	-
	<u>\$ 2,567,396</u>	<u>\$ 5,070,700</u>

\$831,388, 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 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 Ended September 30,	Amount
2024	\$ (1,123,797)
2025	(1,049,706)
2026	(382,321)
2027	(352,263)
2028	(280,251)
2029	(146,354)
	<u>\$ (3,334,692)</u>

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.

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

**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 MP-202 adjusted for mortality improvements using projection scale 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** - The annual actuarial valuation report of the System used for these statements is dated September 30, 2022. 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 was 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, 7.50% for year one and graded to 3.5% in year fifteen. Post 65, 6.25% for year one and graded to 3.5% 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 are assumed to have coverage continuing after the retiree's death.

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

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

The target asset allocation at September 30, 2023 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.0%	5.8%
Private Equity Pools	16.0%	6.8%
International Equity Pools	15.0%	9.6%
Fixed Income Pools	13.0%	6.4%
Real Estate and Infrastructure Pools	10.0%	1.3%
Absolute Return Pools	9.0%	4.8%
Real return / Opportunistic Pools	10.0%	7.3%
Short Term Investment Pools	2.0%	0.3%
	<u>100.0%</u>	

\*Long term rate of return are net of administrative expenses and 2.7% inflation.

**Rate of Return** - For fiscal year ended September 30, 2023, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 8.29% and 7.94%, 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. The projection of cash flows used to determine this single discount rate assumed that 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 discount rate assumed that 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.

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)**

Actuarial Assumptions (continued)

**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	\$ 48,076,929	\$ 35,586,257	\$ 25,187,321

**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 Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	\$ 659,195	\$ (635,859)	\$ (1,748,830)

**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% Trend Decrease	Current Healthcare Cost Trend Rates	1% Trend Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	\$ (1,751,605)	\$ (635,859)	\$ 571,744

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 2023 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).

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RISK MANAGEMENT**

The District participates in a pool, the MASB-SEG Property and Casualty Pool with other school districts for boiler and machine, property, fleet, liability, in-land marine, data breach, terrorism and school violent acts, employee dishonesty, crime, and error and omissions. The pool is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self-insurance pool. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required in any of the past three fiscal years.

The District also participates in a pool, the SEG Self-Insurer Workers' Disability Compensation Fund, with other school districts for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. In the event the pool's claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The District has not been informed of any special assessments being required in any of the past three fiscal years.

**NOTE 9 - 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.

**NOTE 10 - TAX ABATEMENTS**

The District is required to disclose significant tax abatements as required by GASB Statement No. 77 (*Tax Abatements*).

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

<u>Municipality</u>	<u>Taxes Abated</u>
Williamston City	<u>\$ 2,338</u>

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.

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS**

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement requires a government to assess whether a concentration or constraint makes the government vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of circumstances disclosed and the government's vulnerability to the risk of substantial impact. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
  - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
    - 1) Overview of the Financial Statements,
    - 2) Financial Summary,
    - 3) Detailed Analyses,
    - 4) Significant Capital Asset and Long-Term Financing Activity,
    - 5) Currently Known Facts, Decisions, or Conditions;
  - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
  - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
  - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
  - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- 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 of should be presented after the fund financial statements;



**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)**

- 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.

The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

**NOTE 12 - SUBSEQUENT EVENTS**

The District's constituents voted to approve a bond on August 6, 2024 for \$34,905,000. As of June 30, 2024 no funds have been received and no expenses have been incurred related to this bond project.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**WILLIAMSTON COMMUNITY SCHOOLS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2024**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Local sources	\$ 2,492,445	\$ 2,704,079	\$ 2,696,943	\$ (7,136)
State sources	21,270,662	21,026,257	21,876,700	850,443
Federal sources	920,575	1,304,328	864,160	(440,168)
Intermediate sources	1,809,120	1,754,479	1,675,531	(78,948)
<b>TOTAL REVENUES</b>	<b>26,492,802</b>	<b>26,789,143</b>	<b>27,113,334</b>	<b>324,191</b>
<b>EXPENDITURES</b>				
Current				
Instruction				
Basic programs	12,318,204	12,196,785	11,813,302	383,483
Added needs	2,587,777	2,522,574	2,708,968	(186,394)
Adult and continuing education	10,437	10,437	355	10,082
Total instruction	14,916,418	14,729,796	14,522,625	207,171
Supporting services				
Pupil	2,032,799	2,000,256	2,074,950	(74,694)
Instructional staff	1,277,775	1,227,638	1,158,151	69,487
General administration	495,588	538,123	500,519	37,604
School administration	1,750,399	1,686,107	1,805,069	(118,962)
Business administration	5,260,193	5,348,755	4,978,014	370,741
Total supporting services	10,816,754	10,800,879	10,516,703	284,176
Community services	-	450,534	450,534	-
Debt service				
Principal repayment	89,227	76,828	16,376	60,452
Interest	5,172	5,172	5,172	-
Total debt service	94,399	82,000	21,548	60,452
<b>TOTAL EXPENDITURES</b>	<b>25,827,571</b>	<b>26,063,209</b>	<b>25,511,410</b>	<b>551,799</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>665,231</b>	<b>725,934</b>	<b>1,601,924</b>	<b>875,990</b>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	-	61,500	61,500
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>61,500</b>	<b>61,500</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 665,231</b>	<b>\$ 725,934</b>	<b>1,663,424</b>	<b>\$ 937,490</b>
<b>FUND BALANCE</b>			<b>5,744,625</b>	
Beginning of year				
End of year			<b>\$ 7,408,049</b>	

**WILLIAMSTON COMMUNITY SCHOOLS**  
**SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN**  
**LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's share of net pension liability (%)	0.10995%	0.10644%	0.10416%	0.10546%	0.10581%	0.10682%	0.10846%	0.10999%	0.10690%	0.10794%
Reporting Unit's proportionate share of net pension liability	\$ 35,586,257	\$ 40,031,514	\$ 24,660,407	\$ 36,225,616	\$ 35,040,864	\$ 32,110,647	\$ 28,106,439	\$ 27,441,253	\$ 26,110,017	\$ 23,775,595
Reporting Unit's covered-employee payroll	\$ 11,331,802	\$ 10,522,812	\$ 9,465,285	\$ 9,434,712	\$ 9,272,788	\$ 9,006,482	\$ 8,978,139	\$ 9,365,460	\$ 8,794,354	\$ 8,935,799
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	314.04%	380.43%	260.54%	383.96%	377.89%	356.53%	313.05%	293.00%	296.90%	266.07%
Plan fiduciary net position as a percentage of total pension liability (Non-university employees)	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

**WILLIAMSTON COMMUNITY SCHOOLS**  
**SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS**  
**MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN**  
**LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 4,553,572	\$ 4,983,646	\$ 3,477,004	\$ 3,032,589	\$ 2,984,220	\$ 2,948,780	\$ 2,936,701	\$ 2,566,667	\$ 2,369,641	\$ 1,809,441
Contributions in relation to statutorily required contributions	<u>4,553,572</u>	<u>4,983,646</u>	<u>3,477,004</u>	<u>3,032,589</u>	<u>2,984,220</u>	<u>2,948,780</u>	<u>2,936,701</u>	<u>2,566,667</u>	<u>2,369,641</u>	<u>1,809,441</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 11,816,326	\$ 11,489,367	\$ 10,271,307	\$ 9,340,337	\$ 9,373,384	\$ 9,196,160	\$ 8,991,915	\$ 9,037,853	\$ 8,953,645	\$ 8,775,957
Contributions as a percentage of covered-employee payroll	38.54%	43.38%	33.85%	32.47%	31.84%	32.07%	32.66%	28.40%	26.47%	20.62%

**WILLIAMSTON COMMUNITY SCHOOLS  
SCHEDULE OF THE REPORTING UNIT'S  
PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net other postemployment benefits liability (asset) (%)	0.11240%	0.10729%	0.10432%	0.10556%	0.10600%	0.10587%	0.10863%
Reporting Unit's proportionate share of net other postemployment benefits liability (asset)	\$ (635,859)	\$ 2,272,502	\$ 1,592,298	\$ 5,654,923	\$ 7,608,304	\$ 8,415,702	\$ 9,619,784
Reporting Unit's covered-employee payroll	\$ 11,331,802	\$ 10,522,812	\$ 9,465,285	\$ 9,434,712	\$ 9,272,788	\$ 9,006,482	\$ 8,978,139
Reporting Unit's proportionate share of net other postemployment benefits liability (asset) as a percentage of its covered-employee payroll	5.61%	21.60%	16.82%	59.94%	82.05%	93.47%	107.15%
Plan fiduciary net position as a percentage of total other postemployment benefits liability (asset) (Non-university employees)	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.

**WILLIAMSTON COMMUNITY SCHOOLS  
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS  
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT PLAN  
LAST TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 952,576	\$ 905,071	\$ 810,054	\$ 791,361	\$ 807,493	\$ 848,880	\$ 708,795
Contributions in relation to statutorily required contributions	<u>952,576</u>	<u>905,071</u>	<u>810,054</u>	<u>791,361</u>	<u>807,493</u>	<u>848,880</u>	<u>708,795</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 11,816,326	\$ 11,489,367	\$ 10,271,307	\$ 9,340,337	\$ 9,373,384	\$ 9,196,160	\$ 8,991,915
Contributions as a percentage of covered-employee payroll	8.06%	7.88%	7.89%	8.47%	8.61%	9.23%	7.88%

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.

**WILLIAMSTON COMMUNITY SCHOOLS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2024**

**NOTE 1 - PENSION INFORMATION**

Benefit Changes - there were no changes of benefit terms in 2023.

Changes of Assumptions - the assumption changes for 2023 were:

- Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.

**NOTE 2 - OPEB INFORMATION**

Benefit Changes - there were no changes of benefit terms in 2023.

Changes of Assumptions - the assumption changes for 2023 were:

- Healthcare cost trend rate
  - Pre 65 decreased to 7.50% for year one graded to 3.50% for year fifteen from 7.75% for year one graded to 3.50% for year fifteen.
  - Post 65 increased to 6.25% for year one and graded to 3.5% for year fifteen from 5.25% for year one and graded to 3.5% for year fifteen.
- Mortality assumptions were updated to the Pub-2010 Male and Female Retiree Mortality Tables from the RP-2014 Male and Female Healthy Annuitant table.



## **ADDITIONAL SUPPLEMENTARY INFORMATION**

**WILLIAMSTON COMMUNITY SCHOOLS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES  
JUNE 30, 2024**

		Special Revenue		Total
	Food Service	Student/School Activities	Community Services	Nonmajor Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 406	\$ 1,726	\$ -	\$ 2,132
Investments	-	1,013,178	-	1,013,178
Receivables				
Accounts receivable	-	83,968	-	83,968
Intergovernmental	25,554	-	-	25,554
Due from other funds	394,223	362,068	384,539	1,140,830
Inventories	17,540	-	-	17,540
Prepays	11,870	-	-	11,870
<b>TOTAL ASSETS</b>	<b>\$ 449,593</b>	<b>\$ 1,460,940</b>	<b>\$ 384,539</b>	<b>\$ 2,295,072</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 73,223	\$ 72	\$ 772	\$ 74,067
Accrued salaries	1,495	-	3,496	4,991
Accrued retirement	-	-	1,250	1,250
Other accrued liabilities	265	-	222	487
Unearned revenue	23,127	-	-	23,127
<b>TOTAL LIABILITIES</b>	<b>98,110</b>	<b>72</b>	<b>5,740</b>	<b>103,922</b>
<b>FUND BALANCES</b>				
Nonspendable				
Inventories	17,540	-	-	17,540
Prepays	11,870	-	-	11,870
Restricted for:				
Community services	-	-	378,799	378,799
Food service	322,073	-	-	322,073
High school exchange student program	-	1,097,146	-	1,097,146
Committed for student/school activities	-	363,722	-	363,722
<b>TOTAL FUND BALANCES</b>	<b>351,483</b>	<b>1,460,868</b>	<b>378,799</b>	<b>2,191,150</b>
<b>TOTAL LIABILITIES AND     FUND BALANCES</b>	<b>\$ 449,593</b>	<b>\$ 1,460,940</b>	<b>\$ 384,539</b>	<b>\$ 2,295,072</b>

**WILLIAMSTON COMMUNITY SCHOOLS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUND TYPES  
YEAR ENDED JUNE 30, 2024**

	Special Revenue			Total
	Food Service	Student/School Activities	Community Services	Nonmajor Funds
REVENUES				
Local sources				
Property taxes	\$ -	\$ -	\$ 396,730	\$ 396,730
Investment earnings	550	-	-	550
Community service activities	-	-	198,789	198,789
Student/school activities	-	1,443,654	-	1,443,654
Food sales	87,896	-	-	87,896
Total local sources	88,446	1,443,654	595,519	2,127,619
State sources	670,679	-	3,294	673,973
Federal sources	475,917	-	-	475,917
TOTAL REVENUES	1,235,042	1,443,654	598,813	3,277,509
EXPENDITURES				
Current				
Food service activities	1,086,271	-	-	1,086,271
Community services	-	-	630,818	630,818
Student/school activities	-	343,780	-	343,780
TOTAL EXPENDITURES	1,086,271	343,780	630,818	2,060,869
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	148,771	1,099,874	(32,005)	1,216,640
OTHER FINANCING SOURCES (USES)				
Transfers out	(61,500)	-	-	(61,500)
TOTAL OTHER FINANCING SOURCES (USES)	(61,500)	-	-	(61,500)
NET CHANGE IN FUND BALANCES	87,271	1,099,874	(32,005)	1,155,140
FUND BALANCES				
Beginning of year	264,212	360,994	410,804	1,036,010
End of year	\$ 351,483	\$ 1,460,868	\$ 378,799	\$ 2,191,150

**WILLIAMSTON COMMUNITY SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-through Grantor Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2023	Prior Year Expenditures (memo only)	Adjustments	Current Year Expenditures	Current Year Receipts	Accrued Revenue June 30, 2024
<u>U.S. Department of Agriculture</u>									
Passed through Michigan Department of Education									
Child Nutrition Cluster									
Non-Cash Assistance (Donated Foods)									
National School Lunch Program									
Entitlement	10.555	N/A	\$ 59,681	\$ -	\$ -	\$ -	\$ 59,681	\$ 59,681	\$ -
Bonus		N/A	313	-	-	-	313	313	-
Total non-cash assistance			59,994	-	-	-	59,994	59,994	-
Cash Assistance									
National School Lunch Program	10.555	220910	46,389	-	-	-	46,389	46,389	-
National School Lunch Program		240910	1,843	-	-	-	1,843	1,843	-
National School Lunch Program		231960	42,208	-	-	-	42,208	42,208	-
National School Lunch Program		241960	243,101	-	-	-	243,101	237,094	6,007
			333,541	-	-	-	333,541	327,534	6,007
Total ALN 10.555			393,535	-	-	-	393,535	387,528	6,007
National School Breakfast Program	10.553	231970	7,174	-	-	-	7,174	4,663	2,511
National School Breakfast Program		241970	69,974	-	-	-	69,974	31,828	-
Total ALN 10.553			77,148	-	-	-	77,148	36,491	2,511
Total cash assistance			410,689	-	-	-	410,689	364,025	8,518
Total Child Nutrition Cluster			470,683	-	-	-	470,683	424,019	8,518
Local Food for Schools	10.185	230985-2024	5,234	-	-	-	5,234	5,234	-
Total U.S. Department of Agriculture			475,917	-	-	-	475,917	429,253	8,518

The accompanying notes are an integral part of this schedule.

**WILLIAMSTON COMMUNITY SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-through Grantor Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2023	Prior Year Expenditures (memo only)	Adjustments	Current Year Expenditures	Current Year Receipts	Accrued Revenue June 30, 2024
<u>U.S. Department of Education</u>									
Passed through Michigan Department of Education									
Title I Grants to Local Educational Agencies	84.010	231530-2223	\$ 58,603	\$ 58,603	\$ 58,603	\$ -	\$ -	\$ 58,603	\$ -
Title I Grants to Local Educational Agencies		241530-2324	109,718	-	-	-	109,718	109,718	-
Total ALN 84.010			168,321	58,603	58,603	-	109,718	168,321	-
Supporting Effective Instruction State Grants	84.367	230520-2223	28,269	28,269	28,269	-	-	28,269	-
Supporting Effective Instruction State Grants		240520-2324	27,333	-	-	-	27,333	27,333	-
Total ALN 84.367			55,602	28,269	28,269	-	27,333	55,602	-
Student Support and Academic Enrichment Program	84.424	230750-2223	10,000	10,000	-	-	-	10,000	-
Student Support and Academic Enrichment Program		240750-2324	10,000	-	-	-	10,000	10,000	-
Total ALN 84.424			20,000	10,000	-	-	10,000	20,000	-
<u>Education Stabilization Fund</u>									
COVID-19 Elementary and Secondary School									
Emergency Relief Fund (ESSER II Formula Funds)	84.425D	213712-2021	416,629	234,978	416,629	-	-	234,978	-
COVID-19 Elementary and Secondary School									
Emergency Relief Fund (98c Formula Funds)	84.425D	213782-2223	96,021	96,021	96,021	-	-	96,021	-
COVID-19 Elementary and Secondary School									
Emergency Relief Fund (ESSER III ARP Funds)	84.425U	213713-2122	936,354	395,332	653,030	-	283,324	510,659	167,997
COVID-19 Elementary and Secondary School									
Emergency Relief Fund (ESSER III Section 11t Funds)	84.425U	213723-2122	1,128,695	576,340	581,845	-	546,850	959,415	163,775
Total ALN 84.425			2,577,699	1,302,671	1,747,525	-	830,174	1,801,073	331,772

The accompanying notes are an integral part of this schedule.

**WILLIAMSTON COMMUNITY SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-through Grantor Program Title	Federal Assistance Listing Number	Pass-through Grantor's Number	Approved Grant Award Amount	Accrued Revenue July 1, 2023	Prior Year Expenditures (memo only)	Adjustments	Current Year Expenditures	Current Year Receipts	Accrued Revenue June 30, 2024
<u>U.S. Department of Education (continued)</u>									
Passed through Ingham Intermediate School District									
Special Education Cluster									
Special Education Grants to States	84.027	220450-2122	\$ 9,382	\$ 8,280	\$ 8,280	\$ -	\$ -	\$ 8,280	\$ -
Special Education Grants to States		230450-2223	8,669	-	-	-	8,669	-	8,669
Total ALN 84.027			18,051	8,280	8,280	-	8,669	8,280	8,669
Special Education Preschool Grants	84.173	230460-2223	15,980	15,980	15,980	-	-	15,980	-
Special Education Preschool Grants		240460-2324	13,706	-	-	-	13,706	13,706	-
COVID-19 IDEA Preschool ARP	84.173X	221285-2122	29,902	25,376	25,376	-	1,736	27,112	-
Total ALN 84.173			59,588	41,356	41,356	-	15,442	56,798	-
Total Special Education Cluster and passed through Ingham Intermediate School District			77,639	49,636	49,636	-	24,111	65,078	8,669
Total U.S. Department of Education			2,899,261	1,449,179	1,884,033	-	1,001,336	2,110,074	340,441
<u>U.S. Department of Health and Human Services</u>									
Passed through Ingham Intermediate School District									
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	232810-HRA2023	224,000	158,661	224,000	-	-	158,661	-
		242810-HRA2024	224,000	-	-	-	178,171	80,072	98,099
Total ALN 93.323			448,000	158,661	224,000	-	178,171	238,733	98,099
Medicaid Cluster									
Medical Assistance Program	93.778	N/A	16,425	-	-	-	16,425	16,425	-
Total U.S. Department of Health and Human Services			464,425	158,661	224,000	-	194,596	255,158	98,099
TOTAL FEDERAL AWARDS			\$ 3,839,603	\$ 1,607,840	\$ 2,108,033	\$ -	\$ 1,671,849	\$ 2,794,485	\$ 447,058

The accompanying notes are an integral part of this schedule.

**WILLIAMSTON COMMUNITY SCHOOLS**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2024**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Williamston Community Schools under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Williamston Community Schools, it is not intended to and does not present the financial position or changes in net position of Williamston Community Schools.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Williamston Community Schools has elected not to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Management has utilized the NexSys, Cash Management System and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards. The District does not pass-through federal funds.

**NOTE 3 - RECONCILIATION WITH AUDITED FINANCIAL STATEMENTS**

Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	\$ 864,160
Other nonmajor governmental funds	<u>475,917</u>
Total per financial statements	1,340,077
Plus revenue received after September 1, 2024	<u>331,772</u>
Total expenditures reported on the schedule of expenditures of federal awards	<u><u>\$ 1,671,849</u></u>



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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 of  
Williamston Community Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williamston Community Schools as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Williamston Community Schools' basic financial statements and have issued our report thereon dated October 24, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Williamston Community Schools' internal control over financial reporting (internal control) to determine the 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 Williamston Community Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Williamston Community Schools' 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. 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 Williamston Community 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

### **Purpose of this Report**

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

*Maney Costeiran PC*

October 24, 2024



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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education of  
Williamston Community Schools

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Williamston Community Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Williamston Community Schools' major federal programs for the year ended June 30, 2024. Williamston Community Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Williamston Community Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Williamston Community Schools and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Williamston Community Schools' compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Williamston Community Schools' federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Williamston Community Schools' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Williamston Community Schools' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Williamston Community Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Williamston Community Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Williamston Community Schools' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, as discussed above, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Maney Costeiran PC*

October 24, 2024

**WILLIAMSTON COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024**

**Section I - Summary of Auditor's Results**

---

***Financial Statements***

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- |   |     |     |     |   |               |
|---|-----|-----|-----|---|---------------|
| ➤ Material weakness(es) identified?   | ___ | Yes | ___ | X | None          |
| ➤ Significant deficiency(ies) identified that are not considered to be material weakness(es)? | ___ | Yes | ___ | X | None reported |

Noncompliance material to financial statements noted?	___	Yes	___	X	None
---	-----	-----	-----	---	------

***Federal Awards***

Internal control over major programs:

- |   |     |     |     |   |               |
|---|-----|-----|-----|---|---------------|
| ➤ Material weakness(es) identified?   | ___ | Yes | ___ | X | None          |
| ➤ Significant deficiency(ies) identified that are not considered to be material weakness(es)? | ___ | Yes | ___ | X | None reported |

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?	___	Yes	___	X	None
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Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553 & 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?	___	X	Yes	___	No
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**Section II - Financial Statement Findings**

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None noted

**Section III - Federal Award Findings and Questioned Costs**

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None noted

**WILLIAMSTON COMMUNITY SCHOOLS  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2024**

There were no audit findings required to be reported on this schedule for the previous year.



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October 24, 2024

To the Board of Education of  
Williamston Community Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williamston Community Schools for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as well as certain information related to the planned scope and timing of our audit. 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 Williamston Community Schools are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2024. We noted no transactions entered into by the Williamston Community 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 asset.

Management's estimate in calculating the liability for employee compensated absences is based on hourly rates 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 on an actuarial study which utilized certain actuarial assumptions.

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 misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No misstatements were detected as a result of audit procedures.

#### *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 24, 2024.

#### *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 District's 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 the District's 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) which are required and supplement 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 the other supplementary information, which accompany the financial statements but are not RSI. With respect to this other 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 other supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

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

Very truly yours,

*Maney Costeiran PC*