

WILLIAMSTON COMMUNITY SCHOOLS

REPORT ON FINANCIAL STATEMENTS

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

YEAR ENDED JUNE 30, 2025

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2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
📠 517.323.6346

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, 2025, 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, 2025, 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.

Change in Accounting Principle

As discussed in Note 12 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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, is 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, is 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 27, 2025 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 27, 2025

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, 2025. Please read it in conjunction with the District’s financial statements, which immediately follow this section.

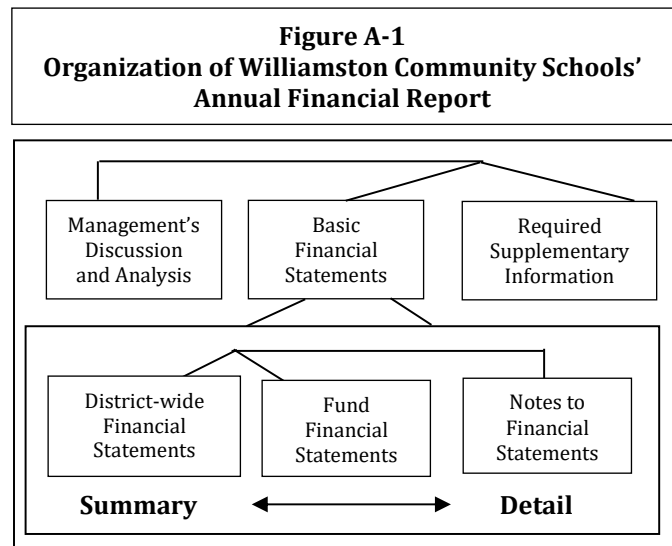
FINANCIAL HIGHLIGHTS

- Governmental funds revenues increased to \$36.4 million compared to \$35.2 million at June 30, 2024. Governmental fund expenditures were \$37.2 million compared to \$33.3 million at June 30, 2025.
- General Fund revenues were \$27.8 million, approximately \$1,200,000 more than General Fund expenditures.
- State Aid Foundation Allowance remained consistent at to \$9,608 per student.
- The District’s blended student count increased to 1,883 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 increased its outstanding long-term obligations \$34.4 million or 101.8% due to the issuance of a new bond.
- The total taxable value of property in the District increased 8.9%.

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.

Figure A-2 Major Features of District-wide and Fund Financial Statements		
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	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances
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 obligations) or to show that it is properly using certain revenues (like food service, 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, 2025, than the year before, decreasing to (\$9.1) 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.

Table A-3		
Williamston Community Schools Net Position		
	2025	2024*
ASSETS		
Current assets	\$ 52,934,129	\$ 14,055,104
Net other postemployment benefits asset	4,771,514	635,859
Capital assets, net of depreciation/amortization	37,669,603	36,159,550
TOTAL ASSETS	95,375,246	50,850,513
DEFERRED OUTFLOWS OF RESOURCES		
	10,727,482	14,103,591
LIABILITIES		
Current liabilities	9,369,130	7,638,649
Long-term liabilities	63,224,016	28,924,483
Net pension liability	27,275,334	35,586,257
TOTAL LIABILITIES	99,868,480	72,149,389
DEFERRED INFLOWS OF RESOURCES		
	15,339,711	11,110,893
NET POSITION		
Net investment in capital assets	8,720,508	4,402,843
Restricted	1,427,957	2,217,129
Restricted for net other postemployment benefits	4,771,514	635,859
Unrestricted	(24,025,442)	(25,562,009)
TOTAL NET POSITION	\$ (9,105,463)	\$ (18,306,178)
*The 2024 numbers have not been updated for the adoption of GASB 101.		

MANAGEMENT’S DISCUSSION & ANALYSIS

Table A-4		
Changes in Williamston Community Schools Net Position		
	2025	2024*
REVENUES		
Program revenues		
Charges for service	\$ 881,896	\$ 929,351
Operating grants and contributions	8,794,515	10,176,791
General revenues		
Property taxes	7,788,498	6,935,477
State aid-unrestricted	16,011,486	16,256,625
Other	3,329,645	1,977,033
TOTAL REVENUES	36,806,040	36,275,277
EXPENSES		
Instruction	12,320,713	13,326,779
Supporting services	10,176,470	9,944,902
Community services	915,748	990,360
Food service	963,325	1,055,782
Student/school activities	333,897	343,780
Interest on long-term debt	965,097	1,062,285
Unallocated depreciation/amortization	1,714,429	1,646,651
TOTAL EXPENSES	27,389,679	28,370,539
Change in net position	\$ 9,416,361	\$ 7,904,738
*The 2024 numbers have not been updated for the adoption of GASB 101.		

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 \$49.2 million. The General Fund’s fund balance decreased approximately \$213,000 to \$7.2 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 2024-2025, 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 a decrease to fund balance of \$238,901. The budget amendment approved in June of 2025 called for a decrease in fund balance of \$492,258. Actual expenditures and other financing uses exceeded revenues and other financing sources by \$213,207 at year end. Actual budget variance at year-end June 30, 2025 was approximately 1.05% of expenditures. As of June 30, 2025, the general fund balance reached 25.84% of total revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2025, the District had invested over \$76.4 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 \$2.8 million.

Table A-5		
Williamston Community Schools Capital Assets		
	2025	2024
Construction in progress	\$ 1,596,094	\$ -
Land	1,506,971	1,506,971
Buildings and building improvements	65,746,635	64,260,729
Vehicles and equipment	7,592,465	7,449,983
	76,442,165	73,217,683
Accumulated depreciation/amortization	38,772,562	37,058,133
Total	\$ 37,669,603	\$ 36,159,550

MANAGEMENT'S DISCUSSION & ANALYSIS

Long-term Debt

At year-end the District had \$68.2 million in general obligation bonds and other long-term debt outstanding - a net increase of 101.8% from last year. (More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements.)

Table A-6				
Williamston Community Schools Outstanding Long-term Debt				
	Balance July 1, 2024*	Additions	Deletions	Balance June 30, 2025
1996 Building and Site Bonds	\$ 1,150,000	\$ -	\$ 1,150,000	\$ -
2015 Refunding Series A	6,000,000	-	1,000,000	5,000,000
2019 Refunding	18,400,000	-	1,725,000	16,675,000
2021 Refunding	4,525,000	-	685,000	3,840,000
2024 Building and Site Bonds	-	35,425,000	-	35,425,000
Installment loans	120,283	-	17,043	103,240
Michigan School Loan Revolving Fund				
Principal and interest	2,272,606	533,330	-	2,805,936
Compensated absences	602,063	215,646	9,448	808,261
Premium on bond issuances	491,780	3,202,844	194,481	3,500,143
	<u>\$ 33,561,732</u>	<u>\$ 39,376,820</u>	<u>\$ 4,780,972</u>	<u>\$ 68,157,580</u>

*The 2024 numbers have not been updated for the adoption of GASB 101.

- The District continued to pay down its debt, retiring \$4.6 million of outstanding bonds and paying off approximately \$17,000 of direct borrowings and direct placement obligations.
- The District accrued approximately \$105,000 in interest from the School Loan Revolving Fund as well as drawing an additional amount of \$427,928. This leaves an outstanding SLRF balance of approximately \$2,800,000 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, 2025. All increases in contract settlements were included in the budget adopted by the board in June 2025.
- The state had not passed its budget for 2025-26 at the time of our budget adoption. Our 2025-2026 original budget was adopted using a \$392 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, 2025**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,884,586
Cash and cash equivalents - restricted	724,691
Investments	7,371,123
Investments - restricted	38,256,080
Receivables	
Accounts receivable	77,826
Intergovernmental	4,048,292
Inventories	49,117
Prepays	522,414
Net other postemployment benefits asset	4,771,514
Capital assets not being depreciated/amortized	3,103,065
Capital assets, net of accumulated depreciation/amortization	<u>34,566,538</u>
TOTAL ASSETS	<u>95,375,246</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding, net of amortization	119,492
Related to pensions	9,259,814
Related to other postemployment benefits	<u>1,348,176</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>10,727,482</u>
LIABILITIES	
Accounts payable	1,570,313
Accrued salaries and related items	1,255,394
Accrued retirement	579,235
Accrued interest	686,349
Unearned revenue	344,275
Noncurrent liabilities	
Due within a year	4,933,564
Due in more than one year	63,224,016
Net pension liability	<u>27,275,334</u>
TOTAL LIABILITIES	<u>99,868,480</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	7,646,307
Related to state aid funding for pension	1,513,557
Related to other postemployment benefits	<u>6,179,847</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>15,339,711</u>
NET POSITION	
Net investment in capital assets	8,720,508
Restricted for debt service	150,958
Restricted for capital projects sinking fund	85,131
Restricted for high school exchange student program	1,078,371
Restricted for food service	113,497
Restricted for net other postemployment benefits	4,771,514
Unrestricted	<u>(24,025,442)</u>
TOTAL NET POSITION	<u><u>\$ (9,105,463)</u></u>

See notes to financial statements.

**WILLIAMSTON COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

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	\$ 12,320,713	\$ 8,025	\$ 6,904,140	\$ (5,408,548)
Supporting services	10,176,470	255,972	363,375	(9,557,123)
Community services	915,748	521,558	-	(394,190)
Food service	963,325	96,341	1,195,615	328,631
Student/school activities	333,897	-	331,385	(2,512)
Interest on long-term debt	965,097	-	-	(965,097)
Unallocated depreciation	1,714,429	-	-	(1,714,429)
Total governmental activities	<u>\$ 27,389,679</u>	<u>\$ 881,896</u>	<u>\$ 8,794,515</u>	<u>(17,713,268)</u>
General revenues				
Property taxes, levied for general purposes				2,114,937
Property taxes, levied for community services				434,334
Property taxes, levied for debt service				4,663,328
Property taxes, levied for sinking fund				575,899
State sources - unrestricted				16,011,486
Investment earnings				1,324,635
Intermediate sources				1,848,338
Other				156,672
Total general revenues				<u>27,129,629</u>
CHANGE IN NET POSITION				<u>9,416,361</u>
NET POSITION, beginning of year as previously reported				(18,306,178)
Adjustment to beginning net position				<u>(215,646)</u>
NET POSITION, beginning of year as restated				<u>(18,521,824)</u>
NET POSITION, end of year				<u>\$ (9,105,463)</u>

See notes to financial statements.

**WILLIAMSTON COMMUNITY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	Capital Projects Sinking Fund	2024 Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 192,439	\$ -	\$ -	\$ 190,015	\$ 1,502,132	\$ 1,884,586
Cash and cash equivalents - restricted	-	721,621	3,070	-	-	724,691
Investments	6,292,104	-	-	648	1,078,371	7,371,123
Investments - restricted	-	-	38,256,080	-	-	38,256,080
Receivables						
Accounts receivable	77,826	-	-	-	-	77,826
Intergovernmental	4,028,143	-	-	-	20,149	4,048,292
Due from other funds	-	-	-	2,397,917	1,326,765	3,724,682
Inventories	29,580	-	-	-	19,537	49,117
Prepays	499,910	2,750	-	-	19,754	522,414
TOTAL ASSETS	\$ 11,120,002	\$ 724,371	\$ 38,259,150	\$ 2,588,580	\$ 3,966,708	\$ 56,658,811
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Payables						
Accounts payable	\$ 272,557	\$ 161,992	\$ 1,050,294	\$ -	\$ 85,470	\$ 1,570,313
Due to other funds	1,498,911	474,498	-	1,751,273	-	3,724,682
Accrued salaries	1,009,358	-	-	-	3,888	1,013,246
Accrued retirement	578,266	-	-	-	969	579,235
Other accrued liabilities	241,654	-	-	-	494	242,148
Unearned revenue	324,414	-	-	-	19,861	344,275
TOTAL LIABILITIES	3,925,160	636,490	1,050,294	1,751,273	110,682	7,473,899
FUND BALANCES						
Nonspendable						
Inventories	29,580	-	-	-	19,537	49,117
Prepays	499,910	2,750	-	-	19,754	522,414
Restricted for:						
Debt service	-	-	-	837,307	-	837,307
Community services	-	-	-	-	338,967	338,967
Food service	-	-	-	-	519,412	519,412
High school exchange student program	-	-	-	-	1,078,371	1,078,371
Capital projects	-	85,131	37,208,856	-	-	37,293,987
Committed for student/school activities	-	-	-	-	379,985	379,985
Assigned for:						
Capital projects	-	-	-	-	1,500,000	1,500,000
Subsequent year's expenditures	1,000,455	-	-	-	-	1,000,455
Unassigned						
General fund	5,664,897	-	-	-	-	5,664,897
TOTAL FUND BALANCES	7,194,842	87,881	37,208,856	837,307	3,856,026	49,184,912
TOTAL LIABILITIES AND FUND BALANCES	\$ 11,120,002	\$ 724,371	\$ 38,259,150	\$ 2,588,580	\$ 3,966,708	\$ 56,658,811

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, 2025**

Total Governmental Fund Balances \$ 49,184,912

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	\$ 76,442,165	
Accumulated depreciation is	<u>(38,772,562)</u>	
		\$ 37,669,603

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	4,771,514

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	119,492
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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 asset 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	9,259,814
Deferred outflows of resources - related to other postemployment benefits	1,348,176
Deferred inflows of resources - related to pensions	(7,646,307)
Deferred inflows of resources - related to other postemployment benefits	(6,179,847)
Deferred inflows of resources - related to state pension funding	(1,513,557)

Long-term obligations 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	(67,349,319)
Compensated absences	(808,261)
Accrued interest on long-term obligations is not included as a liability in governmental funds, it is recorded when paid	(686,349)
Net pension liability	<u>(27,275,334)</u>

Net Position of Governmental Activities \$ (9,105,463)

WILLIAMSTON COMMUNITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	Capital Projects Sinking Fund	2024 Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
REVENUES						
Local sources						
Property taxes	\$ 2,114,937	\$ 575,899	\$ -	\$ 4,663,328	\$ 434,334	\$ 7,788,498
Tuition	358,373	-	-	-	-	358,373
Investment earnings	260,556	4,592	1,045,776	13,711	-	1,324,635
Food sales, athletics, and community service	161,816	-	-	-	267,551	429,367
Student/school activities	-	-	-	-	331,385	331,385
Other	237,728	-	-	-	-	237,728
Total local sources	3,133,410	580,491	1,045,776	4,677,039	1,033,270	10,469,986
State sources	22,104,533	4,019	-	32,096	785,412	22,926,060
Federal sources	752,463	-	-	-	413,197	1,165,660
Intermediate sources	1,848,338	-	-	-	-	1,848,338
TOTAL REVENUES	27,838,744	584,510	1,045,776	4,709,135	2,231,879	36,410,044
EXPENDITURES						
Current						
Instruction	14,968,737	-	-	-	-	14,968,737
Supporting services	11,263,772	-	-	-	-	11,263,772
Community services	358,893	-	-	-	648,370	1,007,263
Food service	-	-	-	-	1,023,736	1,023,736
Student/school activities	-	-	-	-	333,897	333,897
Capital outlay	-	644,478	2,155,360	-	-	2,799,838
Debt service						
Principal retirement	17,043	-	-	4,560,000	-	4,577,043
Interest, fiscal, and other charges	4,506	-	-	857,495	-	862,001
Bond issuance cost	-	-	309,404	-	-	309,404
TOTAL EXPENDITURES	26,612,951	644,478	2,464,764	5,417,495	2,006,003	37,145,691
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,225,793	(59,968)	(1,418,988)	(708,360)	225,876	(735,647)
OTHER FINANCING SOURCES (USES)						
Proceeds from bond issuance	-	-	35,425,000	-	-	35,425,000
Bond premium	-	-	3,202,844	-	-	3,202,844
School loan revolving fund issuance	-	-	-	428,205	-	428,205
Transfers in	61,000	-	-	-	1,500,000	1,561,000
Transfers out	(1,500,000)	-	-	-	(61,000)	(1,561,000)
TOTAL OTHER FINANCING SOURCES (USES)	(1,439,000)	-	38,627,844	428,205	1,439,000	39,056,049
NET CHANGE IN FUND BALANCES	(213,207)	(59,968)	37,208,856	(280,155)	1,664,876	38,320,402
FUND BALANCES						
Beginning of year	7,408,049	147,849	-	1,117,462	2,191,150	10,864,510
End of year	<u>\$ 7,194,842</u>	<u>\$ 87,881</u>	<u>\$ 37,208,856</u>	<u>\$ 837,307</u>	<u>\$ 3,856,026</u>	<u>\$ 49,184,912</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, 2025**

Net Change in Fund Balances - Total Governmental Funds \$ 38,320,402

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	(1,714,429)
Capital outlay	3,224,482

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	142,578
Accrued interest payable, end of the year	(686,349)

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 governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has

School loan revolving fund issuance	(428,205)
Proceeds from direct debt issuance	(35,425,000)
Premium on issuance of bonds	(3,202,844)
Payments on debt	4,577,043
Amortization of deferred charge on refunding	(23,898)
Amortization of bond premium	194,481
Long-term interest on school loan revolving fund (accrued)	(105,125)

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	(331,772)
Unavailable revenue, end of the year	-

Compensated absences 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, as restated	817,709
Accrued compensated absences, end of the year	(808,261)

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	2,330,493
Other postemployment benefit items	1,807,288

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	727,768
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Change in Net Position of Governmental Activities	\$ 9,416,361
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See notes to financial statements.

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 and other nonexchange transactions.

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. 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 Sinking Fund* accounts for the receipt of property taxes revenue for sinking fund a subsequent expenditures of these funds. 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 *2024 Capital Projects Fund* accounts for the receipt of debt proceeds and the acquisition of capital assets or construction of major projects funded with bonds approved by voters on August 6, 2024. For these capital projects, the school district has complied with the applicable provisions of §1351a of the Revised School Code. The fund is not yet considered substantially complete and a subsequent year audit is expected.

**WILLIAMSTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Major Governmental Funds (continued):

The following summary of the revenues and other financing sources and expenditures for the *2024 Capital Projects Fund* bond activity since inception of the funds through the current fiscal year.

	2024 Capital Projects
Revenue and other financing sources	\$ 39,673,620
Expenditures and other financing sources	\$ 2,464,764

The above revenue and other financing sources amount includes \$38,627,844 of bond proceeds.

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.

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 food service, community service activities and student/school activities in special revenue funds.

The *Capital Projects Fund* accounts for the transfers from the general fund for the acquisition of capital assets as constructed of major capital projects.

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.

**WILLIAMSTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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, deferred outflows, deferred inflows, 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.

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.

**WILLIAMSTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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.
- 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, 2025. 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.

**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

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

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

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

Inventories and Prepaid Items

Inventories are 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.

**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)

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

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has 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.

**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 Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first is 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 \$2,606,210 are considered capital-related debt. Accrued interest on the school bond revolving fund of \$199,726 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, 2025 is \$872,150.

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.

**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 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.

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.

**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)

- 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.

For the year ended June 30, 2025, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	7.8400
Sinking fund	
PRE, Non-PRE, Commercial Personal Property	0.9818
Community services fund	
PRE, Non-PRE, Commercial Personal Property	0.7315

**WILLIAMSTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities 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, 2025 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, 2025, \$3,036,378 of the District's bank balance of \$3,286,378 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 \$2,609,227, including petty cash.

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.

**WILLIAMSTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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	\$ 119	N/A
MILAF External Investment Pool - MAX	947	N/A
Michigan CLASS Investment Pool	45,626,137	0.1050
Total fair value	\$ 45,627,203	
Portfolio weighted average maturity		0.1050

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	\$ 119	AAAm	Standard & Poor's
MILAF External Investment Pool - MAX	947	AAAm	Standard & Poor's
Michigan CLASS Investment Pool	45,626,137	AAAm	Standard & Poor's
	\$ 45,627,203		

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 statues and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At year ended June 30, 2025, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency, if Eligible</u>	<u>Redemption Notice Period</u>
Michigan CLASS Investment Pool	<u>\$ 45,626,137</u>	<u>\$ -</u>	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	\$ 119
MILAF External Investment Pool - MAX	947
Total amortized cost	\$ 1,066

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, 2025:

	Primary Government
Cash and cash equivalents	\$ 1,884,586
Cash and cash equivalents - restricted	724,691
Investments	7,371,123
Investments - restricted	38,256,080
	\$ 48,236,480

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2025 consist of the following:

State aid - Michigan Department of Education	\$ 3,843,847
Federal	168,401
Intermediate school district and other	36,044
	\$ 4,048,292

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, 2024	Additions	Deletions	Balance June 30, 2025
Governmental activities				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 1,596,094	\$ -	\$ 1,596,094
Land	1,506,971	-	-	1,506,971
Total capital assets not being depreciated	1,506,971	1,596,094	-	3,103,065
Capital assets, being depreciated				
Buildings and building improvements	64,260,729	1,485,906	-	65,746,635
Vehicles and equipment	7,449,983	142,482	-	7,592,465
Total capital assets, being depreciated	71,710,712	1,628,388	-	73,339,100
Accumulated depreciation				
Buildings and building improvements	31,223,500	1,307,141	-	32,530,641
Vehicles and equipment	5,834,633	407,288	-	6,241,921
Total accumulated depreciation	37,058,133	1,714,429	-	38,772,562
Net capital assets being depreciated	34,652,579	(86,041)	-	34,566,538
Net governmental capital assets	\$ 36,159,550	\$ 1,510,053	\$ -	\$ 37,669,603

Depreciation for the fiscal year ended June 30, 2025 amounted to \$1,714,429. 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, 2025:

	General Obligation Bonds	Notes from Direct Borrowings and Direct Placements			Total
		Installment Loans	School Loan Revolving Fund	Compensated Absences*	
Balance July 1, 2024, as restated	\$ 30,566,780	\$ 120,283	\$ 2,272,606	\$ 817,709	\$ 33,777,378
Additions	38,627,844	-	533,330	-	39,161,174
Deletions	(4,754,481)	(17,043)	-	(9,448)	(4,780,972)
Balance June 30, 2025	64,440,143	103,240	2,805,936	808,261	68,157,580
Due within one year	(4,835,000)	(17,738)	-	(80,826)	(4,933,564)
Due in more than one year	\$ 59,605,143	\$ 85,502	\$ 2,805,936	\$ 727,435	\$ 63,224,016

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

**WILLIAMSTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2025 is comprised of the following issues:

General Obligation Bonds

\$14,690,000 Refunding Bonds, Series A dated September 29, 2015, due in annual installments of \$1,000,000 through May 1, 2030 with interest ranging from 3.00% to 5.00%, payable semi-annually. \$ 5,000,000

\$20,950,000 Refunding Bonds, dated November 19, 2019, due in an annual installments ranging from \$3,125,000 to \$3,555,000 through May 1, 2030 with interest ranging from 2.506% to 2.744%, payable semi-annually. 16,675,000

\$5,820,000 Refunding Bond, dated July 28, 2021, due in annual installments ranging from \$710,000 to \$820,000 through May 1, 2030 with interest ranging from 1.25% to 1.98%, payable semi-annually. 3,840,000

\$35,425,000 School Building and Site Bonds dated October 18, 2024, due in annual installments ranging from \$100,000 to \$2,525,000 through May 1, 2054 with interest of 5.00%, payable semi-annually. 35,425,000

Plus premium on bond issuances 3,500,143

Total general obligation bonds 64,440,143

Notes from Direct Borrowings and Direct Placements

Borrowings from the State of Michigan under the School Loan Revolving Fund, including interest at 4.22% at June 30, 2025. 2,805,936

\$177,500 installment note dated October 8, 2020, due in monthly installments of \$1,796, including interest of 0.33%, through October 2030. 103,240

Total notes from direct borrowings and direct placements 2,909,176

Total general obligation bonds and notes
from direct borrowings and direct placements 67,349,319

Compensated absences 808,261

Total general long-term obligations \$ 68,157,580

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$103,240 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, 2025, \$5,000,000 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, 2025 was 4.22%. 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, 2025, including interest are as follows:

Year Ending June 30,	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements		Compensated Absences	Total
	Principal	Interest	Principal	Interest		
2026	\$ 4,835,000	\$ 3,296,433	\$ 17,738	\$ 3,811	\$ -	\$ 8,152,982
2027	5,055,000	2,357,583	18,460	3,088	-	7,434,131
2028	5,200,000	2,208,049	19,213	2,336	-	7,429,598
2029	5,350,000	2,052,326	19,995	1,553	-	7,423,874
2030	5,475,000	1,905,035	20,810	739	-	7,401,584
2031 - 2035	3,945,000	8,386,000	7,024	59	-	12,338,083
2036 - 2040	5,340,000	7,267,250	-	-	-	12,607,250
2041 - 2045	7,095,000	5,764,750	-	-	-	12,859,750
2046 - 2050	9,275,000	3,782,500	-	-	-	13,057,500
2051 - 2054	9,370,000	1,201,250	-	-	-	10,571,250
Total	60,940,000	38,221,176	103,240	11,586	-	99,276,002
Issuance premium	3,500,143	-	-	-	-	3,500,143
School loan revolving fund	-	-	2,606,210	199,726	-	2,805,936
Compensated absences and severance benefits	-	-	-	-	808,261	808,261
	<u>\$ 64,440,143</u>	<u>\$ 38,221,176</u>	<u>\$ 2,709,450</u>	<u>\$ 211,312</u>	<u>\$ 808,261</u>	<u>\$ 106,390,342</u>

Interest expense for all funds for the year ended June 30, 2025 was approximately \$862,000.

At June 30, 2025, \$837,307 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, 2025 are as follows:

Receivable Fund		Payable Fund	
General fund	\$ -	General fund	\$ 1,498,911
Debt service fund	2,397,917	Capital projects sinking fund	474,498
Nonmajor governmental funds	1,326,765	Debt service fund	1,751,273
	\$ 3,724,682	Nonmajor governmental funds	-
			\$ 3,724,682

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, 2025, the food service fund transferred \$61,000 to the general fund for indirect costs and the general fund transferred \$1,500,000 to the capital projects fund.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

**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.

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

Pension Reform of 2023

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

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

**WILLIAMSTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Retiree Healthcare Reform of 2012 (continued)

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

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

Employer Contributions

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

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

Pension and OPEB contributions made in the fiscal year ending September 30, 2024, were determined as of the September 30, 2021 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2021, are amortized over a 15-year period beginning October 1, 2023 and ending September 30, 2038.

**WILLIAMSTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

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

	Pension	Other Postemployment Benefit
October 1, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%

The District's pension contributions for the year ended June 30, 2025, were equal to the required contribution total. Total pension contributions were approximately \$5,171,000. Of the total pension contributions approximately \$4,935,000 was contributed to fund the Defined Benefit Plan and approximately \$236,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2025 were equal to the required contribution total. Total OPEB contributions were approximately \$185,000. Of the total OPEB contributions approximately \$63,000 was contributed to fund the Defined Benefit Plan and approximately \$122,000 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, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2023 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.

<i>MPSERS (Plan)</i> Non-university Employers	September 30, 2024	September 30, 2023
Total Pension Liability	\$ 95,765,499,515	\$ 94,947,828,557
Plan Fiduciary Net Position	\$ 71,283,482,728	\$ 62,581,762,238
Net Pension Liability	\$ 24,482,016,787	\$ 32,366,066,319
Proportionate Share	0.11141%	0.10995%
Net Pension Liability for the District	\$ 27,275,334	\$ 35,586,257

For the year ended June 30, 2025, the District recognized pension expense of \$2,604,882.

**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)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in proportion and differences between employer contributions and proportionate share of contributions	\$ 1,150,557	\$ 146,248
Differences between expected and actual experience	739,999	296,350
Changes of assumptions	2,843,615	1,998,419
Net differences between projected and actual earnings on pension plan investments	-	5,205,290
Reporting Unit's contributions subsequent to the measurement date	4,525,643	-
	\$ 9,259,814	\$ 7,646,307

\$4,525,643, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ended June 30,	Amount
2026	\$ (414,261)
2027	547,114
2028	(1,734,661)
2029	(1,310,328)
	\$ (2,912,136)

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, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2023 and rolled-forward using generally accepted actuarial procedures.

**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)

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, 2024</u>	<u>September 30, 2023</u>
Total Other Postemployment Benefit Liability	\$ 9,991,545,923	\$ 11,223,648,949
Plan Fiduciary Net Position	\$ 14,295,943,589	\$ 11,789,347,341
Net Other Postemployment Benefit Liability (Asset)	\$ (4,304,397,666)	\$ (565,698,392)
Proportionate Share	0.11085%	0.11240%
Net Other Postemployment Benefit Liability (Asset) for the District	\$ (4,771,514)	\$ (635,859)

For the year ended June 30, 2025, the District recognized OPEB benefit of \$1,744,015.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 1,042,167	\$ 119,788
Changes in proportion and differences between employer contributions and proportionate share of contributions	276,392	100,409
Differences between expected and actual experience	-	5,056,348
Net differences between projected and actual earnings on OPEB plan investments	-	903,302
Reporting Unit's contributions subsequent to the measurement date	<u>29,617</u>	<u>-</u>
	<u>\$ 1,348,176</u>	<u>\$ 6,179,847</u>

\$29,617, 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.

**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)

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 June 30,	Amount
2026	\$ (1,602,362)
2027	(944,107)
2028	(914,299)
2029	(843,565)
2030	(465,798)
2031	(91,157)
	\$ (4,861,288)

Actuarial Assumptions

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

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

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

Inflation - 3.0%.

Mortality Assumptions -

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

Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and 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 - 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.

**WILLIAMSTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.25% for year one and graded to 3.5% in year fifteen. Post 65, 6.50% 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.

The target asset allocation at September 30, 2024 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

**WILLIAMSTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Rate of Return - For fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 15.47% and 15.45%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Discount Rate - A single discount rate of 6.00% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate 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.

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	\$ 39,985,933	\$ 27,275,334	\$ 16,691,315

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)	\$ (3,687,465)	\$ (4,771,514)	\$ (5,708,788)

**WILLIAMSTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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)	\$ (5,708,799)	\$ (4,771,514)	\$ (3,766,281)

Pension and OPEB Plan Fiduciary Net Position

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

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

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.

**WILLIAMSTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

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>\$ 465</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.

NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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;

**WILLIAMSTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS (continued)

- 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;
- 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.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosure separately in the capital assets note disclosure required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. 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 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*.

Summary:

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 established 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.

**WILLIAMSTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 12 - CHANGE IN ACCOUNTING PRINCIPLE (continued)

During fiscal year 2025, changes to beginning net position, are as follows:

	<u>Reporting Units Affected by Adjustments to an Restatements of Beginning Balances</u>
Net position balance as of July 1, 2024, as previously reported	\$ (18,306,178)
Adoption of GASB Statement 101	<u>(215,646)</u>
Net position balance as of July 1, 2024, as restated	<u><u>\$ (18,521,824)</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**WILLIAMSTON COMMUNITY SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 2,658,477	\$ 3,002,756	\$ 3,133,410	\$ 130,654
State sources	21,603,345	21,930,981	22,104,533	173,552
Federal sources	518,748	870,399	752,463	(117,936)
Intermediate sources	1,735,468	1,754,909	1,848,338	93,429
TOTAL REVENUES	26,516,038	27,559,045	27,838,744	279,699
EXPENDITURES				
Current				
Instruction				
Basic programs	12,296,095	12,358,226	12,020,011	338,215
Added needs	3,179,879	3,105,131	2,948,611	156,520
Adult and continuing education	10,437	-	115	(115)
Total instruction	15,486,411	15,463,357	14,968,737	494,620
Supporting services				
Pupil	2,181,645	1,997,424	2,220,645	(223,221)
Instructional staff	1,188,087	1,512,074	1,274,760	237,314
General administration	552,348	549,077	456,783	92,294
School administration	1,674,905	1,672,532	1,756,063	(83,531)
Business administration	5,589,543	5,690,249	5,555,521	134,728
Total supporting services	11,186,528	11,421,356	11,263,772	157,584
Community services	-	284,590	358,893	(74,303)
Debt service				
Principal repayment	76,828	76,828	17,043	59,785
Interest	5,172	5,172	4,506	666
Total debt service	82,000	82,000	21,549	60,451
TOTAL EXPENDITURES	26,754,939	27,251,303	26,612,951	637,686
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(238,901)	307,742	1,225,793	917,385
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	61,000	61,000
Transfers out	-	(800,000)	(1,500,000)	(700,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	(800,000)	(1,439,000)	(639,000)
NET CHANGE IN FUND BALANCE	\$ (238,901)	\$ (492,258)	(213,207)	\$ 278,385
FUND BALANCE			7,408,049	
Beginning of year			<u>7,408,049</u>	
End of year				<u>\$ 7,194,842</u>

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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Reporting Unit's share of net pension liability (%)	0.11141%	0.10995%	0.10644%	0.10416%	0.10546%	0.10581%	0.10682%	0.10846%	0.10999%	0.10690%
Reporting Unit's proportionate share of net pension liability	\$ 27,275,334	\$ 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
Reporting Unit's covered-employee payroll	\$ 11,863,429	\$ 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
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	229.91%	314.04%	380.43%	260.54%	383.96%	377.89%	356.53%	313.05%	293.00%	296.90%
Plan fiduciary net position as a percentage of total pension liability (Non-university employees)	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

**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>2025</u>	<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>
Statutorily required contributions	\$ 4,935,375	\$ 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
Contributions in relation to statutorily required contributions	<u>4,935,375</u>	<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>
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	\$ 12,381,860	\$ 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
Contributions as a percentage of covered-employee payroll	39.86%	38.54%	43.38%	33.85%	32.47%	31.84%	32.07%	32.66%	28.40%	26.47%

**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>2024</u>	<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) (%)	0.11085%	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)	\$ (4,771,514)	\$ (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	\$ 11,863,429	\$ 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	40.22%	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 (Non-university employees)	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

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

**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>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 63,273	\$ 952,576	\$ 905,071	\$ 810,054	\$ 791,361	\$ 807,493	\$ 848,880	\$ 708,795
Contributions in relation to statutorily required contributions	<u>63,273</u>	<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>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 12,381,860	\$ 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	0.51%	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, 2025**

NOTE 1 - PENSION INFORMATION

Benefit Changes

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

Changes of Assumptions

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

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

NOTE 2 - OPEB INFORMATION

Benefit Changes

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

Changes of Assumptions

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

- 2024 - The health care cost trend rate used in the September 30, 2023 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage point for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2022 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

**WILLIAMSTON COMMUNITY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

NOTE 2 - OPEB INFORMATION (continued)

Changes in Assumptions (continued)

- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

ADDITIONAL SUPPLEMENTARY INFORMATION

**WILLIAMSTON COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2025**

	Food Service	Special Revenue Student/School Activities	Community Services	Capital Projects	Total Nonmajor Funds
ASSETS					
Cash and cash equivalents	\$ 406	\$ 1,726	\$ -	\$ 1,500,000	\$ 1,502,132
Investments	-	1,078,371	-	-	1,078,371
Receivables					
Intergovernmental	20,149	-	-	-	20,149
Due from other funds	594,977	378,331	353,457	-	1,326,765
Inventories	19,537	-	-	-	19,537
Prepays	19,754	-	-	-	19,754
TOTAL ASSETS	\$ 654,823	\$ 1,458,428	\$ 353,457	\$ 1,500,000	\$ 3,966,708
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 74,615	\$ 72	\$ 10,783	\$ -	\$ 85,470
Accrued salaries	1,325	-	2,563	-	3,888
Accrued retirement	-	-	969	-	969
Other accrued liabilities	319	-	175	-	494
Unearned revenue	19,861	-	-	-	19,861
TOTAL LIABILITIES	96,120	72	14,490	-	110,682
FUND BALANCES					
Nonspendable					
Inventories	19,537	-	-	-	19,537
Prepays	19,754	-	-	-	19,754
Restricted for:					
Community services	-	-	338,967	-	338,967
Food service	519,412	-	-	-	519,412
High school exchange student program	-	1,078,371	-	-	1,078,371
Committed for student/school activities	-	379,985	-	-	379,985
Assigned for:					
Capital Projects	-	-	-	1,500,000	1,500,000
TOTAL FUND BALANCES	558,703	1,458,356	338,967	1,500,000	3,856,026
TOTAL LIABILITIES AND FUND BALANCES	\$ 654,823	\$ 1,458,428	\$ 353,457	\$ 1,500,000	\$ 3,966,708

**WILLIAMSTON COMMUNITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2025**

	Food Service	Special Revenue Student/School Activities	Community Services	Capital Projects	Total Nonmajor Funds
REVENUES					
Local sources					
Property taxes	\$ -	\$ -	\$ 434,334	\$ -	\$ 434,334
Community service activities	-	-	171,210	-	171,210
Student/school activities	-	331,385	-	-	331,385
Food sales	96,341	-	-	-	96,341
Total local sources	96,341	331,385	605,544	-	1,033,270
State sources	782,418	-	2,994	-	785,412
Federal sources	413,197	-	-	-	413,197
TOTAL REVENUES	1,291,956	331,385	608,538	-	2,231,879
EXPENDITURES					
Current					
Food service activities	1,023,736	-	-	-	1,023,736
Community services	-	-	648,370	-	648,370
Student/school activities	-	333,897	-	-	333,897
TOTAL EXPENDITURES	1,023,736	333,897	648,370	-	2,006,003
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	268,220	(2,512)	(39,832)	-	225,876
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	-	1,500,000	1,500,000
Transfers out	(61,000)	-	-	-	(61,000)
TOTAL OTHER FINANCING SOURCES (USES)	(61,000)	-	-	1,500,000	1,439,000
NET CHANGE IN FUND BALANCES	207,220	(2,512)	(39,832)	1,500,000	1,664,876
FUND BALANCES					
Beginning of year	351,483	1,460,868	378,799	-	2,191,150
End of year	\$ 558,703	\$ 1,458,356	\$ 338,967	\$ 1,500,000	\$ 3,856,026



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

☎ 517.323.7500

🖨 517.323.6346

**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, 2025, 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 27, 2025.

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 27, 2025



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

☎ 517.323.7500

🖨 517.323.6346

October 27, 2025

To the Board of Education of
Williamston Community Schools

In planning and performing our audit of the financial statements of Williamston Community Schools as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered Williamston Community Schools' internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted one matter involving the internal control and other operational matters that is presented for your consideration. This letter does not affect our report dated October 27, 2025 on the financial statements of Williamston Community Schools. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which has been discussed with appropriate members of management, is intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, perform any additional study of this matter, or assist you in implementing the recommendation. Our comment is summarized as follows.

Food Service Fund Balance

Per Michigan Department of Education (MDE) guidelines, school food authorities (SFA) must operate food services on a nonprofit basis. We noted that the food service fund balance exceeded the three months' operating expenditures allowed. MDE requires that the SFA spend down the excess by the end of the next school year. We recommend that Williamston Community Schools develop a plan to spend down the excess by June 30, 2026.

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

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

Very truly yours,

Maner Costerisan PC



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

☎ 517.323.7500

🖨 517.323.6346

October 27, 2025

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, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. 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. As described in Note 12 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101 *Compensated Absences*, during the year ended June 30, 2025. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by 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 calculation of the accrued compensated absences is based on current hourly rates, historical usage, and policies regarding payment of sick and vacation banks.

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

The calculation of the net other post-employment benefits asset and related deferred outflows and inflows of resources is based 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 known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 27, 2025.

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

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

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,

Manes Costeiran PC