Dexter Community Schools



Year Ended
June 30, 2026

Financial Statements and Supplementary Information

Rehmann

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DEXTER COMMUNITY SCHOOLS

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INDEPENDENT AUDITORS' REPORT

October 7, 2026

Board of Education
Dexter Community Schools
Dexter, Michigan

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying 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 the District as of June 30, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of GASB Statement No. 103

The District implemented the provisions of GASB Statement No. 103, *Financial Reporting Model Improvements,* in the current year. Our opinion is not modified with respect to this matter.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District 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.

HLB We are an independent member of THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

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

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 consolidated 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 the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the budgetary comparisons for general fund and the major special revenue fund, and the schedules for the pension and other postemployment benefit plans, as listed 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 the District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the schedule of bonds issued and outstanding but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued, under separate cover, our report dated October 7, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 the District's internal control over financial reporting and compliance.



MANAGEMENT'S DISCUSSION AND ANALYSIS

DEXTER COMMUNITY SCHOOLS

Management's Discussion and Analysis

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

If you have questions about this report or require further information, contact the Business Office, Dexter Community Schools, 2704 Baker Rd, Dexter, MI 48130, telephone number (734) 424-4100 extension 1015.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements, including management's discussion and analysis, budgetary comparison schedules, schedules for the pension and other postemployment benefits plans, schedule of general fund revenues and other financing sources, schedule of general fund expenditures and other financing uses, and combining statements for nonmajor funds.

Government-wide Financial Statements

The government-wide financial statements are full accrual basis statements that provide information about the District's overall financial status. They are used to help determine whether or not the District is better off, or worse off, as the result of the year's activities. The *Statement of Net Position* reports all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short-term and long-term, whether they are "currently available" or not. Capital assets and long-term obligations of the District are reported in this statement. 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 government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one way to measure the District's financial health or position.

- Over time, increases or decreases in net position are an indicator of whether the District's financial position is improving or deteriorating.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base, the quality of the education provided, and the condition of the District's buildings.

In government-wide statements, the District's activities are classified as *governmental activities.* This includes all of the District's basic instruction and supporting services, such as regular and special education, community services, student/school activities, athletics, food services, and technology. Governmental activities primarily are financed by taxes paid by District residents and businesses and grants from the State of Michigan and the federal government.

Management's Discussion and Analysis

Fund Financial Statements

The fund financial statements focus on individual parts of the District, while reporting the District's operations in more detail than the government-wide statements. The fund level statements are reported on a *modified accrual basis.* Only those assets that are *"measurable"* and *"currently available"* are reported. Liabilities are recognized to the extent that they are normally expected to be paid with current financial resources.

Fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, the District's major instructional and instructional support activities are reported in the *general fund.* Additional activities are reported in their relevant funds including: *special revenue funds* for community service activities, food service, student/school activity, and technology, *debt service funds, and capital projects funds.*

In fund financial statements, capital asset purchases are reported as expenditures in the year of acquisition, not as capital assets. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the financial statements. The District uses notes to (1) present information in greater detail than is possible within the financial statements themselves, (2) explain the nature of amounts reported in the financial statements and how those amounts were determined, and (3) report certain information that does not meet the requirements for inclusion in the financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information. The District presents a budgetary comparison schedule for the general fund and the major special revenue fund. In addition, the District's reports its progress in funding its obligations to provide pension and other postemployment benefits (OPEB) to its employees. Required supplementary information can be found immediately after the notes to the financial statements.

The schedule of general fund revenues and other financing sources, schedule of general fund expenditures and other financing uses, and combining statements for nonmajor funds are presented immediately following the required supplementary information.

Management's Discussion and Analysis

Financial Summary and Detailed Analysis

The net position of the District at June 30, 2026 was as follows:

	Net Position		Percentage
	2026	2025	Change
Assets			
Current and other assets	$ 113,055,640	$ 47,024,200	140%
Capital assets, net	134,514,445	131,565,332	2%
Total assets	247,570,085	178,589,532	39%
Deferred outflows of resources	19,542,884	25,139,856	-22%
Liabilities			
Other liabilities	10,516,209	9,436,736	11%
Long-term liabilities	193,770,873	151,666,871	28%
Total liabilities	204,287,082	161,103,607	27%
Deferred inflows of resources	32,365,043	35,020,616	-8%
Net position			
Net investment in capital assets	67,557,785	58,748,033	15%
Restricted	19,326,932	13,869,078	39%
Unrestricted (deficit)	(56,423,873)	(65,011,946)	-13%
Total net position	$ 30,460,844	$ 7,605,165	

The largest portion of the District's net position reflects investment in capital assets (e.g., land, construction in progress, buildings and improvements, and building furnishings and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining net position, with the exception of the amount specifically restricted for food service operations, debt service, cooperative activities, and other postemployment benefits, represents the unrestricted portion of the District's net position. Because of the requirement to present the District's proportionate share of the Michigan Public School Employees' Retirement System (MPSERS) net pension liability this unrestricted net position is a deficit.

Current and other assets increased $66,031,440 primarily due to the proceeds of the 2026 building and site bonds of $66,995,144.

Management's Discussion and Analysis

Deferred outflows of resourced decreased by $5,596,972 primarily due to changes in the pension and other post employment benefit plans. These amounts will be recognized in pension and OPEB expense in the future years. Additional information on the District's pension and other post employment benefits plan can be found in Note 11 of this report.

Other liabilities increased $1,079,473 mainly due to an increase of $153,305 in the 147g UAAL determined by the State budget, a $235,768 increase in salaries payable, and a $630,014 increase in accounts payable related to ongoing 2025 bond construction projects.

Long-term liabilities increased $42,104,002 mainly due to the issuance of the 2026 building and site bonds as these bonds were originally issued for $65,205,000. It was also noted that there was offsetting variances in the net pension liability decreasing $11,759,095, and payments on long-term liabilities of $12,855,000 that explain the net change in long-term liabilities.

	Change in Net Position		Percentage
	2026	2025	Change
Revenues			
Program revenues:			
Charges for services	$ 7,398,452	$ 7,011,180	6%
Operating grants and contributions	26,609,096	25,755,728	3%
Capital grants and contributions	319,476	3,241,751	-90%
General revenues:			
Property taxes - operations	6,457,705	5,852,713	10%
Property taxes - debt service	16,286,519	15,278,886	7%
Grants and contributions not restricted to specific programs	26,865,371	26,227,990	2%
Unrestricted investment earnings	523,218	670,634	-22%
Other revenues	1,102,069	886,322	24%
Total revenues	85,561,906	84,925,204	
Expenses			
Instruction	23,908,335	25,140,194	-5%
Supporting services	16,712,954	18,404,144	-9%
Community services	8,033,541	8,042,136	0%
Food services	1,993,287	2,047,970	-3%
Payments to not-for-profit entities	-	55,889	-100%
Interest on long-term debt	4,974,357	2,807,923	77%
Unallocated depreciation/amortization	7,083,753	6,865,267	3%
Total expenses	62,706,227	63,363,523	
Change in net position	22,855,679	21,561,681	6%
Net position:			
Beginning of year (deficit)	7,605,165	(13,956,516)	-154%
Net position, end of year	$ 30,460,844	$ 7,605,165	

Management's Discussion and Analysis

Capital grants revenue decreased $2,922,275, or 90.1% primarily due to an anticipated and planned decrease in grant revenue received in the cooperative activity fund related to the Dexter Senior Center and Dexter Wellness Center.

Property tax revenues for operations and debt service increased $1,612,625, or 7.09%, primarily due to an increase in the total taxable value of property within the District. Total taxable value increased approximately $117.5 million, from $1.814 billion in fiscal year 2025 to $1.932 billion in fiscal year 2026, resulting in a corresponding increase in property tax revenue.

Interest on long-term debt expense increased $2,166,434 or 71.7% mainly due to the issuance of the 2026 building and site bonds.

Instruction expenses decreased $1,231,859 or 4.9% primarily due to a decrease in pension and other post-employment benefit (OPEB) expenses recognized in accordance with GASB Statements No. 68 and 75.

Supporting services expenses decreased $1,691,190 or 9.19% primarily due to a decrease in pension and other post-employment benefit (OPEB) expenses recognized in accordance with GASB Statements No. 68 and 75.

Detailed Analysis of Governmental Funds

General Fund

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was $190,303, while the total fund balance was $12,399,187. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance and total fund balance represent 0.34% and 22.20%, respectively, of total general fund expenditures.

The fund balance of the District's general fund decreased by $466,926, or 3.63%, from the prior year, primarily attributable to increases in instructional expenditures for added needs populations.

Community Services Fund

The community services fund balance was $2,252,357, an increase of $363,860 from the prior year. The increase was due to additional support for programming.

Debt Retirement Fund

The debt retirement fund balance decreased by $490,569 to $533,282. Millage rates are determined annually to ensure that the District accumulates sufficient resources to pay annual bond issue-related debt service. The debt retirement fund balance is restricted to pay debt service obligations.

Management's Discussion and Analysis

2026 Capital Projects Fund

The 2026 capital projects fund incurred expenditures in the current year of $5,755,071 for various capital improvements and bond issuance costs related to the 2026 building and site bonds issued in the amount of $65,205,000. Restricted fund balance at year end totaled $63,190,499. The fund balance that resulted from the long-term debt issuance will be spent down in future periods as the related capital projects progress.

2017 Capital Projects Fund

The 2017 capital projects fund balance was $3,792,032, a decrease of $3,742,391 from the prior year. The decrease was caused by construction projects completed in this fiscal year utilizing the 2017 Bond proceeds.

Non-bonded Capital Projects Fund

The non-bonded capital projects fund balance was $546,148, an increase of $343,916 from the prior year. The increase was attributable to pursuing solar energy rebates from the federal government in the amount of $337,735.

Significant Capital Asset and Long-term Financing Activity

Capital Assets. The District's investment in capital assets for its governmental activities as of June 30, 2026 amounted to $134,514,445 (net of accumulated depreciation/amortization). Additions included renovations to the District's facilities being funded through voter-approved bond issues. Reductions were due to depreciation/amortization. Capital assets at year-end included the following:

	Capital Assets (Net of Depreciation/Amortization)	
	2026	**2025**
Land	$ 7,338,492	$ 7,338,492
Construction in progress	155,698	429,877
Buildings and improvements	118,465,110	116,381,588
Furniture and equipment	7,238,974	6,608,679
Vehicles and buses	1,242,359	708,280
Subscription assets	73,812	98,416
Total capital assets, net	$ 134,514,445	$ 131,565,332

Major capital assets events during the current fiscal year included renovations to the Districts sites and facilities such as roofing projects, elevator modernizations, and athletic stadium improvements including new LED lighting, a digital scoreboard, and restrooms.

Additional information on the District's capital assets can be found in Note 7 of this report.

Management's Discussion and Analysis

Long-term Financing. At the end of the current fiscal year, the District had total long-term financing liabilities of $134,330,585, composed of general obligation bonds, unamortized premiums and discounts, school loan revolving debt and subscription-based information technology liability. During the current year, long-term financing liabilities increased by $53,903,086.

	Long-term Financing	
	2026	2025
General obligation bonds	$ 129,670,000	$ 77,320,000
Unamortized premiums and discounts	4,224,486	3,004,921
School loan revolving fund	357,378	941
Subscription liability	78,721	101,637
Total long term financing	$ 134,330,585	$ 80,427,499

The $129,670,000 general obligation bonds are bonded debt, backed by the full faith and credit of the District.

In 2025, voters approved the District to issue up to $241.8 million of general obligation - unlimited tax bonds to pay for erecting, remodeling, and equipping and re-equipping school buildings and facilities, and additions to school buildings and facilities; furnishing and refurnishing school buildings and facilities; purchasing school buses; acquiring, installing, equipping and re-equipping school buildings for instructional technology; and preparing, developing, improving and equipping athletic fields, play fields, playgrounds, structures, facilities and sites. The District issued $65,205,000 of those bonds in 2026; representing the first series of the bonds.

Under State statute, the District is legally restricted from incurring long-term bonded debt in excess of 15% of the assessed value of taxable property within the school district. The current debt limitation for the District is approximately $288.5 million, which is significantly more than the District's outstanding general obligation debt.

Additional information on the District's long-term financing activity can be found in Note 8 of this report.

Currently Known Facts, Decisions or Conditions

The following factors were considered in preparing the District's budget for the 2026-2027 fiscal year:

- **Foundation Allowance**
  The Board of Education and administration agreed to an estimated foundation allowance of $10,300 per pupil for the 2026-27 fiscal year, a $250 per pupil increase from 2025-26, based on information received from various educational organizations, the Executive, House and Senate budget proposals, and discussions with state representatives.

Management's Discussion and Analysis

- **Pupil Count**
  The Board of Education and the administration agreed to an estimated pupil count of 3,300 for the 2026-27 fiscal year, a decrease of 12.85 from 2025-26, based on information received from a third-party enrollment study and the District's own pupil projections. Construction of new housing developments and expansion of existing subdivisions is anticipated to increase enrollment in the near future.

- **Retirement Rate**
  The Michigan School Employees Retirement System recommends retirement rates to the legislature for approval. The actual rate depends on the Benefit Plan selected by each member. In 2026-27, the employer cost rate applied to wages will decrease slightly from 2025-26 rates, including the employer cost rate for the Unfunded Actuarial Accrued Liability (UAAL).

At the end of the current fiscal year, the unassigned fund balance in the General Fund was $190,303. The District adopted a budget with the use of $3,931,204 of fund balance for the 2026-2027 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Dexter Community Schools
2704 Baker Rd.
Dexter, MI 48130
Telephone: (734) 424-4100

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BASIC FINANCIAL STATEMENTS

DEXTER COMMUNITY SCHOOLS

Statement of Net Position

June 30, 2026

	Governmental Activities
Assets	
Cash and cash equivalents	$ 14,413,613
Investments	72,718,302
Receivables	8,113,797
Other assets	277,366
Net other postemployment benefit asset	17,532,562
Capital assets not being depreciated/amortized	7,494,190
Capital assets being depreciated/amortized, net	127,020,255
Total assets	247,570,085
Deferred outflows of resources	
Deferred charge on advance bond refundings, net	34,016
Deferred pension amounts	16,061,677
Deferred other postemployment benefit amounts	3,447,191
Total deferred outflows of resources	19,542,884
Liabilities	
Accounts payable and accrued liabilities	8,049,345
Unearned revenue	2,466,864
Bonds, notes, and other long-term liabilities:	
Due within one year	14,641,271
Due in more than one year	124,941,647
Net pension liability (due in more than one year)	54,187,955
Total liabilities	204,287,082
Deferred inflows of resources	
Deferred pension amounts	17,149,496
Deferred other postemployment benefit amounts	15,215,547
Total deferred inflows of resources	32,365,043
Net position	
Net investment in capital assets	67,557,785
Restricted for:	
Food service operations	1,794,370
Other postemployment benefits	17,532,562
Unrestricted (deficit)	(56,423,873)
Total net position	$ 30,460,844

The accompanying notes are an integral part of these financial statements.

DEXTER COMMUNITY SCHOOLS

Statement of Activities

For the Year Ended June 30, 2026

Functions / Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Governmental activities					
Instruction	$ 23,908,335	$ 64,100	$ 21,698,042	$ -	$ (2,146,193)
Supporting services	16,712,954	948,509	2,558,788	-	(13,205,657)
Community services	8,033,541	6,142,194	319,367	319,476	(1,252,504)
Food services	1,993,287	243,649	2,032,899	-	283,261
Interest on long-term debt	4,974,357	-	-	-	(4,974,357)
Unallocated depreciation/amortization	7,083,753	-	-	-	(7,083,753)
Total governmental activities	$ 62,706,227	$ 7,398,452	$ 26,609,096	$ 319,476	(28,379,203)
General revenues					
Property taxes - operations					6,457,705
Property taxes - debt service					16,286,519
Grants and contributions not restricted to specific programs					26,865,371
Unrestricted investment earnings					523,218
Gain on sale of capital assets					20,886
Other revenues					1,081,183
Total general revenues					51,234,882
Change in net position					22,855,679
Net position, beginning of year					7,605,165
Net position, end of year					$ 30,460,844

The accompanying notes are an integral part of these financial statements.

DEXTER COMMUNITY SCHOOLS

Balance Sheet

Governmental Funds
June 30, 2026

	General Fund	Community Service Fund	Debt Retirement Fund	2026 Capital Projects Fund
Assets				
Cash and cash equivalents	$ 7,563,094	$ 2,397,310	$ 459,251	$ -
Investments	5,277,999	-	74,031	63,287,073
Accounts receivable	14,349	380	-	-
Interest receivable	-	-	-	582,808
Due from other governments	7,106,218	82,852	-	-
Due from other funds	77,537	-	-	-
Inventory	-	-	-	-
Prepaid items	82,995	9,878	-	19,965
Total assets	$ 20,122,192	$ 2,490,420	$ 533,282	$ 63,889,846
Liabilities				
Accounts payable	$ 129,637	$ 40,952	$ -	$ 699,347
Accrued liabilities	4,839,464	-	-	-
Due to other governments	808,370	-	-	-
Due to other funds	-	22,249	-	-
Unearned revenue	1,945,534	174,862	-	-
Total liabilities	7,723,005	238,063	-	699,347
Fund balances				
Nonspendable	82,995	9,878	-	19,965
Restricted	-	-	533,282	63,170,534
Committed	8,194,685	303,961	-	-
Assigned	3,931,204	1,938,518	-	-
Unassigned	190,303	-	-	-
Total fund balances	12,399,187	2,252,357	533,282	63,190,499
Total liabilities and fund balances	$ 20,122,192	$ 2,490,420	$ 533,282	$ 63,889,846

The accompanying notes are an integral part of these financial statements.

2017 Capital Projects Fund	Non-bonded Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 539,177	$ 3,454,781	$ 14,413,613
4,079,199	-	-	72,718,302
-	-	44,549	59,278
-	-	-	582,808
-	-	282,641	7,471,711
-	6,971	6,526	91,034
-	-	21,613	21,613
-	-	142,915	255,753
$ 4,079,199	$ 546,148	$ 3,953,025	$ 95,614,112
$ 287,167	$ -	$ 301,299	$ 1,458,402
-	-	-	4,839,464
-	-	85	808,455
-	-	68,785	91,034
-	-	346,468	2,466,864
287,167	-	716,637	9,664,219
-	-	164,528	277,366
3,792,032	-	1,771,482	69,267,330
-	546,148	1,186,850	10,231,644
-	-	113,528	5,983,250
-	-	-	190,303
3,792,032	546,148	3,236,388	85,949,893
$ 4,079,199	$ 546,148	$ 3,953,025	$ 95,614,112

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DEXTER COMMUNITY SCHOOLS

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2026

Fund balances - total governmental funds	$ 85,949,893
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 therefore are not reported in the funds.	
Capital assets not being depreciated/amortized	7,494,190
Capital assets being depreciated/amortized, net	127,020,255
Certain liabilities, such as bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds, notes, and other long-term liabilities	(130,106,099)
Compensated absences	(5,252,333)
Unamortized bond premiums and discounts, net	(4,224,486)
Unamortized deferred charge on advance bond refunding	34,016
Accrued interest on bonds payable and School Loan Revolving Fund	(943,024)
Certain pension and other postemployment benefit-related amounts, such as the net pension liability, the net other postemployment benefit asset, and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.	
Net pension liability	(54,187,955)
Deferred outflows of resources related to the net pension liability	16,061,677
Deferred inflows of resources related to the net pension liability	(17,149,496)
Net other postemployment benefit asset	17,532,562
Deferred outflows of resources related to the other postemployment benefit asset	3,447,191
Deferred inflows of resources related to the other postemployment benefit asset	(15,215,547)
Net position of governmental activities	$ 30,460,844

The accompanying notes are an integral part of these financial statements.

DEXTER COMMUNITY SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2026

	General Fund	Community Service Fund	Debt Retirement Fund	2026 Capital Projects Fund
Revenues				
Local sources	$ 7,445,699	$ 3,027,816	$ 16,478,320	$ 1,793,934
State sources	39,889,400	318,957	309,239	-
Federal sources	1,262,537	-	-	-
Interdistrict sources	7,439,309	-	-	-
Total revenues	56,036,945	3,346,773	16,787,559	1,793,934
Expenditures				
Current:				
Instruction	33,758,873	199,751	-	-
Supporting services	21,790,419	2,009,382	-	-
Community services	249,118	1,689,553	-	-
Food services	-	-	-	-
Debt service:				
Principal	22,916	-	12,855,000	-
Interest and fiscal charges	3,608	-	4,779,565	455,058
Capital outlay	-	5,567	-	5,300,013
Other adjustments	36,885	-	-	-
Total expenditures	55,861,819	3,904,253	17,634,565	5,755,071
Revenues over (under) expenditures	175,126	(557,480)	(847,006)	(3,961,137)
Other financing sources (uses)				
Transfers in	354,830	1,118,924	-	-
Transfers out	(1,118,924)	(197,584)	-	-
Proceeds from sale of capital assets	20,886	-	-	-
Issuance of long-term liabilities	-	-	356,437	65,205,000
Premium on issuance of bonds payable	-	-	-	2,973,110
Discount on issuance of bonds payable	-	-	-	(1,026,474)
Insurance recovery	101,156	-	-	-
Total other financing sources (uses)	(642,052)	921,340	356,437	67,151,636
Net change in fund balances	(466,926)	363,860	(490,569)	63,190,499
Fund balances, beginning of year	12,866,113	1,888,497	1,023,851	-
Fund balances, end of year	$ 12,399,187	$ 2,252,357	$ 533,282	$ 63,190,499

The accompanying notes are an integral part of these financial statements.

2017 Capital Projects Fund	Non-bonded Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
$ 370,012	$ 23,356	$ 4,303,488	$ 33,442,625
-	-	1,488,864	42,006,460
-	337,735	863,511	2,463,783
-	-	225,728	7,665,037
370,012	361,091	6,881,591	85,577,905
-	-	-	33,958,624
-	-	-	23,799,801
-	-	4,243,730	6,182,401
-	-	2,315,133	2,315,133
-	-	-	12,877,916
-	-	-	5,238,231
4,112,403	17,175	3,740	9,438,898
-	-	-	36,885
4,112,403	17,175	6,562,603	93,847,889
(3,742,391)	343,916	318,988	(8,269,984)
-	-	-	1,473,754
-	-	(157,246)	(1,473,754)
-	-	-	20,886
-	-	-	65,561,437
-	-	-	2,973,110
-	-	-	(1,026,474)
-	-	-	101,156
-	-	(157,246)	67,630,115
(3,742,391)	343,916	161,742	59,360,131
7,534,423	202,232	3,074,646	26,589,762
$ 3,792,032	$ 546,148	$ 3,236,388	$ 85,949,893

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DEXTER COMMUNITY SCHOOLS

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Change in Net Position of Governmental Activities
For the Year Ended June 30, 2026

Net changes in fund balances - total governmental funds	$ 59,360,131
Amounts reported for *governmental activities* in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital assets purchased/constructed	10,032,866
Depreciation/amortization expense	(7,083,753)
Gain on disposal of capital assets	20,886
Proceeds from sale of capital assets	(20,886)
Bond proceeds provide current financial resources to governmental funds in the period issued, but issuing bonds increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but a reduction in long-term debt on the statement of net position.	
Principal payments on bonds, notes, and other long-term liabilities	12,877,916
Issuance of long-term liabilities	(65,561,437)
Premium on issuance of bonds payable	(2,973,110)
Discount on issuance of bonds payable	1,026,474
Amortization of bond premiums and discounts, net	727,071
Amortization of deferred charge on advance bond refunding	(40,820)
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 funds.	
Change in the net pension liability and related deferred amounts	8,575,024
Change in the net other postemployment benefit asset and related deferred amounts	6,294,705
Change in accrued interest payable on bonds	(419,782)
Accrued interest on School Loan Revolving Fund added to principal	(2,595)
Change in compensated absences payable	42,989
Change in net position of governmental activities	$ 22,855,679

The accompanying notes are an integral part of these financial statements.

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NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies of Dexter Community Schools (the "District"), consistently applied in the preparation of the accompanying financial statements, is as follows:

The Reporting Entity

The District is governed by an elected seven-member Board of Education. As required by generally accepted accounting principles, these financial statements present the reporting entity of Dexter Community Schools. The criteria identified in GAAP, including financial accountability, have been utilized in identifying the District's reporting entity, which includes no component units.

Government-wide and Fund 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 nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District had no business-type activities during the year ended June 30, 2026.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

Notes to Financial Statements

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 collected within 60 days of the end of the current fiscal period or within one year for expenditure-driven grants. 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, are recorded only when payment is due.

Property taxes, State Aid, expenditure-driven grant revenue 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. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The g*eneral fund* is the District's primary operating fund. It accounts for all the financial resources of the District, except those accounted for and reported in another fund.

The *community services fund* accounts for and report the proceeds of specific revenue sources that are assigned or committed to expenditure for community services.

The *debt retirement fund* accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The *2017 capital projects fund* accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure in connection with the building and site bonds originally issued in 2017 with a second series issued in 2023.

The *2026 capital projects fund* accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure in connection with the building and site bonds issued in 2025.

The *non-bonded capital projects fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities, major remodeling, and improvements. The District's non-bonded fund resulted from the sale of the Copeland property.

Additionally, the District reports the following fund type:

S*pecial revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted, assigned, or committed to expenditure for specified purposes other than debt service or capital projects.

Restricted net position includes assets that are subject to restrictions beyond the District's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The effect of interfund activity has been eliminated from the government-wide financial statements.

Cash and Cash Equivalents

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

Investments

The District participates in an external investment pool. In accordance with GASB 79, the District's shares in that pool are recorded at amortized cost, which approximates fair value, and net asset value per share.

State statues authorize the District to invest in:

a. Bond, securities, other obligations and repurchase agreements 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 qualified financial institution.

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

d. Bankers acceptances of United States banks.

e. Obligations of the State of Michigan and its political subdivisions that are rated as investment grade by at least one standard rating service at the time of purchase.

f. Mutual funds registered under the Investment Company Act of 9140 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

g. External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Receivables and Revenues

The District follows the practice of recording receivables for revenues that have been earned but not yet received. Receivables consist primarily of State School Aid payments from the State of Michigan and Federal grant funds earned but not yet collected. No amounts have been identified as potentially uncollectible by management and no amount has been recorded as a provision for bad debts.

Inventory

Inventories consist of food items. All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when consumed.

Prepaids

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.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than $25,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the District are depreciated/amortized using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	20-50
Furniture and equipment	5-20
Vehicles and buses	5-10

Deferred Outflows of Resources

In addition to assets, the statement of financial 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 reports deferred outflows for the deferred charge on advance bond refundings, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District also reports deferred outflows of resources related to the net pension liability and other postemployment benefit asset. A portion of these costs represent contributions to the plans subsequent to the plan measurement date.

Notes to Financial Statements

Salaries Payable and Accrued Employee Benefits

A liability is recorded at June 30 for amounts owed to teachers and other District employees who do not work during the summer when school is not in session, but have elected to have their salaries paid over an entire year. This has the effect of properly charging their salaries to expenditures in the fiscal year in which their services are received, even though they are not paid until July and August of the following fiscal year.

The liability for accrued retirement and the employer share of FICA related to the salaries payable has been recorded as has the liability for employee health insurances for the months of July and August. The District pays these insurances for this period as a part of the compensation for services rendered in the preceding school year.

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. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences— vacation, sick pay, and retirement due upon separation. The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial 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 one or more future periods, and so will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources are related to the net pension liability and other postemployment benefit asset.

Unearned Revenue

Unearned revenue consists of revenue received prior to the delivery of goods or services or the incurrence of qualifying expenditures.

Subscription-Based Information Technology Arrangement (SBITA)

The District has a noncancellable subscription-based information technology arrangement. The District recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. The District recognizes subscription liabilities with an initial, individual value of $25,000 or more.

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

Key estimates and judgments related to subscriptions include how the District determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) subscription term, and (3) subscription payments. The District uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancellable period of the subscription. subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if applicable) that the District is reasonably certain to exercise.

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

Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the related bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognized bond premiums and discounts during the current period. The face amount of debt issued is reported as an other financing source. Discounts and premiums on debt issuances are reported as other financing uses and sources, respectively.

Property Taxes

Property taxes are recognized as revenue in the general and debt service funds on a levy year basis. The 2025 levy amounts are recognized as current property tax revenue to the extent they are collected during the year or within 60 days after year end. Collections of delinquent taxes in subsequent years are recognized as property tax revenues in the year collected. Assessed values are established annually by the various governmental units within the District and are equalized by the State of Michigan.

Notes to Financial Statements

Fund Balance

Governmental funds report *nonspendable fund* balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. *Restricted fund* balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. *Committed fund balance* is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Education. A formal resolution of the Board of Education is required to establish, modify, or rescind a fund balance commitment. The District reports *assigned fund balance* for amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The intent is expressed by the Board of Education. Unassigned fund balance is the residual classification for the general fund.

When the District incurs an expenditure for purposes for which various fund balance classifications can be used, it is the District's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance, but reserves the right to selectively spend unassigned resources first to defer the use of these classified funds.

Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers. Operating subsidies are also recorded as transfers. The amounts recorded as subsidies or advances are determined by the District. Balances outstanding at year-end are reported as due to/from other funds.

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability, the 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 benefit expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. 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.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires administration to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Notes to Financial Statements

Change in Accounting Principle

During the current year, the District implemented GASB Statement No. 103, *Financial Reporting Model Improvements.* GASB 103 introduces targeted enhancements to the financial reporting model to improve clarity, relevance, and decision-usefulness of governmental financial statements. As part of the implementation, MD&A content is now streamlined to focus on prescribed sections with clearer analytical explanations and reduced duplication. Additionally, budgetary comparison information is no longer included within MD&A and is presented separately as Required Supplementary Information. The District has updated reporting processes and presentation formats to comply with these requirements. Adoption of GASB 103 did not result in a restatement of prior period balances.

2. ACCOUNTABILITY AND BUDGETARY COMPLIANCE

Excess of Expenditures Over Appropriations

During the year ended June 30, 2026, the District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
General Fund			
Other adjustments	$ -	$ 36,885	$ 36,885
Community services fund			
Community services	1,653,466	1,689,553	36,087
Capital outlay	-	5,567	5,567

3. STATE OF MICHIGAN SCHOOL AID

The District reports State of Michigan school aid in the fiscal year in which the District is entitled to the revenue as provided by State of Michigan school aid appropriation acts. State funding represented 71% of the District's general fund revenue during the 2026 fiscal year.

4. DEPOSITS AND INVESTMENTS

Cash and investments are comprised of the following at year-end:

	Governmental Activities
Cash and cash equivalents	$ 14,413,613
Investments	72,718,302
Total	$ 87,131,915

Notes to Financial Statements

Cash and investments are comprised of the following at year-end:

	Governmental Activities
Checking and savings accounts	$ 14,412,454
Investments	72,718,303
Cash on hand	1,158
Total	$ 87,131,915

Cash and cash equivalents are comprised of deposits held with Chelsea State Bank, located in Michigan. State policy limits the District's investing options to financial institutions located in Michigan. All accounts are in the name of the District and a specific fund or common account.

The District chooses to disclose its investments by specifically identifying each. As of year-end, the District had the following investments:

	Maturity	Carrying Value	Rating
External investment pools:			
Michigan Liquid Asset Fund (MILAF):			
MILAF + Portfolio:			
Cash management class	N/A	$ 2	AAAm S&P
MAX class	N/A	49,718,301	AAAm S&P
MILAF term			
Michigan Term Series Sep 2026	7/27/2026	20,000,000	AAAf Fitch
Michigan Term Series Sep 2027	8/10/2026	3,000,000	AAAf Fitch
Total		$ 72,718,303	

Investment and Deposit Risk

Interest Rate Risk. State law limits the allowable investments and the maturities of some of the allowable investments as identified in Note 1 of the summary of significant accounting policies. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The maturity dates for the District's investments are indicated in the previous table.

Notes to Financial Statements

Credit Risk. State law limits investments to specific government securities, certificates of deposit and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers acceptances of specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in the list of authorized investments in the summary of significant accounting policies. The District's investment policy does not have specific limits in excess of state law on investment credit risk. The ratings for each investment are identified in the previous table for investments held at year end.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District minimizes this risk by pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors to be in compliance with the requirements set forth in the District's investment policy. As of year-end, $15,264,791 of the District's bank balance of $15,514,791 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments. For an investment, custodial credit risk 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 minimized this risk by pre-qualifying the financial institutions, brokers/dealers, intermediaries, and advisors to be in compliance with the requirements set forth in the District's investment policy. The District is exposed to no custodial credit risk on its investments because they are held in the name of the District.

Concentration of Credit Risk. State law limits allowable investments but does not limit concentration of credit risk as identified above. The District's investment policy does not have specific limits in excess of state law on concentration of credit risk.

Investments in Entities that Calculate Net Asset Value per Share. The District holds shares in the Michigan Liquid Asset Fund (MILAF) Term Series whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

At year end, the net asset value of the District's investment in the MILAF Term Series was $23,000,000. The investment pool had no unfunded commitments and requires a minimum investment of $100,000.

The MILAF Term Series provides a fixed rate, fixed-term investment with a minimum maturity of 60 days and a maximum maturity of one year. The pool allows the District to set a specific redemption date upon initiation of the investment. Early redemptions are permitted; however, an early redemption fee would apply. The investment pool includes investments which the District does not control.

Notes to Financial Statements

5. RECEIVABLES AND PAYABLES

Receivables in the government-wide financial statements at year-end are as follows:

	Governmental Activities
Accounts receivable	$ 59,278
Due from other governments	7,471,711
Totals	$ 8,113,797

Accounts payable and accrued liabilities in the government-wide financial statements at year-end are as follows:

	Governmental Activities
Accounts payable	$ 1,458,402
Accrued liabilities	4,839,464
Due to other governments	808,455
Interest payable on long-term debt	943,024
Totals	$ 8,049,345

6. INTERFUND RECEIVABLE, PAYABLES, AND TRANSFERS

At June 30, 2026, interfund receivables and payables consisted of the following:

	Due from Other Funds	Due to Other Funds
General fund	$ 77,537	$ -
Community services fund	-	22,249
Non-bonded capital projects fund	6,971	-
Nonmajor governmental funds	6,526	68,785
	$ 91,034	$ 91,034

The District often reports interfund balances between many of its funds. These interfund balances result primarily 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.

Notes to Financial Statements

For the year ended June 30, 2026, interfund transfers consisted of the following:

	Transfers In		
Transfers Out	General Fund	Community Service Fund	Totals
General fund	$ -	$ 1,118,924	$ 1,118,924
Community service fund	197,584	-	197,584
Nonmajor governmental funds	157,246	-	157,246
	$ 354,830	$ 1,118,924	$ 1,473,754

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; and (4) to cover direct and indirect costs paid by general fund on behalf of special revenue funds. The $1,118,924 transfer into the community service was fund was for was for additional support for programming.

Notes to Financial Statements

7. CAPITAL ASSETS

A summary of changes in capital assets activity for the year ended June 30, 2026 was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Governmental activities					
Capital assets, not being depreciated/amortized:					
Land	$ 7,338,492	$ -	$ -	$ -	$ 7,338,492
Construction in progress	429,877	10,006,815	-	(10,280,994)	155,698
	7,768,369	10,006,815	-	(10,280,994)	7,494,190
Capital assets, being depreciated/amortized:					
Buildings and improvements	210,056,037	-	-	7,578,146	217,634,183
Furniture and equipment	20,699,773	26,051	-	2,022,852	22,748,676
Vehicles and buses	3,832,586	-	(576,109)	679,996	3,936,473
Subscription assets (Note 9)	147,805	-	-	-	147,805
	234,736,201	26,051	(576,109)	10,280,994	244,467,137
Less accumulated depreciation/amortization for:					
Buildings and improvements	(93,674,449)	(5,494,624)	-	-	(99,169,073)
Furniture and equipment	(14,091,094)	(1,418,608)	-	-	(15,509,702)
Vehicles and buses	(3,124,306)	(145,917)	576,109	-	(2,694,114)
Subscription assets (Note 9)	(49,389)	(24,604)	-	-	(73,993)
	(110,939,238)	(7,083,753)	576,109	-	(117,446,882)
Total capital assets being depreciated/ amortized, net	123,796,963	(7,057,702)	-	10,280,994	127,020,255
Governmental activities capital assets, net	$ 131,565,332	$ 2,949,113	$ -	$ -	$ 134,514,445

Depreciation/amortization expense is reported as unallocated in the statement of activities.

At June 30, 2026, the District has $42,251,290 in commitments related to the construction in progress reported above.

Notes to Financial Statements

8. BONDS, NOTES, AND OTHER LONG-TERM LIABILITIES

The following is a summary of bonds, notes, and other long-term liabilities transactions of the District for the year ended June 30, 2026:

	Beginning Balance	Additions	Deductions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	$ 77,320,000	$ 65,205,000	$ (12,855,000)	$ 129,670,000	$ 12,950,000
Unamortized premiums and discounts	3,004,921	1,946,636	(727,071)	4,224,486	748,701
School loan revolving Fund	941	356,437	-	357,378	-
Compensated absences	5,295,322	-	(42,989)	5,252,333	918,046
Subscription liability (Note 9)	101,637	-	(22,916)	78,721	24,524
Total governmental activities	$ 85,722,821	$ 67,508,073	$ (13,647,976)	$ 139,582,918	$ 14,641,271

The change in compensated absences above is a net change for the year.

General obligation bonds

$31,500,000 (original issuance of $69,900,000 before refunding), 1998 school building and site bonds due in annual installments of $2,625,000 plus interest at 5.10% through 2028	$ 5,250,000
$50,605,000 2017 series 1 school building and site bonds due in amounts ranging from $760,000 through $7,835,000 plus interest ranging from 3.00-4.00% through 2034	43,315,000
$20,010,000, 2017 refunding bonds due in amounts ranging from $1,280,000 through $4,010,000 plus interest at 4.00% through 2028	2,700,000
$16,470,000 2023 series 2 school building and site bonds due in amounts ranging from $85,000 through $3,025,000 plus Interest at 5.00% through 2028	13,285,000
$65,205,000 2026 series 1 school building and site bonds due in amounts ranging from $3,185,000 through $6,730,000 plus interest ranging from 4.38% to 6.00% through 2055	65,120,000
Total	$ 129,670,000

Notes to Financial Statements

The District has advance refunded certain bonds payable in previous periods through issuance of refunding bonds. The proceeds from issuance of the refunding bonds were placed in escrow until the related bonds were called. Of the refunding bonds reported in the table above, there are no amounts currently held in escrow, as the original bonds in each instance have already been called and repaid in full.

Future principal and interest payment requirements on outstanding general obligation debt are as follows:

Year Ended June 30,	Principal	Interest	Total
2027	$ 12,950,000	$ 5,642,576	$ 18,592,576
2028	13,140,000	5,026,801	18,166,801
2029	7,190,000	4,405,076	11,595,076
2030	7,515,000	4,109,176	11,624,176
2031	7,830,000	3,803,926	11,633,926
2032-2036	26,555,000	15,149,415	41,704,415
2037-2041	15,065,000	11,017,969	26,082,969
2042-2046	15,110,000	7,484,056	22,594,056
2047-2051	15,055,000	4,114,350	19,169,350
2052-2055	9,260,000	889,650	10,149,650
Totals	$ 129,670,000	$ 61,642,994	$ 191,312,994

The State of Michigan school loan revolving funds represent amounts borrowed from the State of Michigan school bond loan program to supplement property tax revenue for making payments on the District's general obligation bonds. Although interest accrues each year, no payment is due until such time as the District's property tax revenue is sufficient to support the debt service requirements on the general obligation bonds. Changes to the school loan revolving funds for the year ended June 30, 2026 are as follows:

	School Loan Revolving Fund		
	Principal	Interest	Total
Beginning balance	$ 941	$ -	$ 941
Additions	356,437	2,595	359,032
Deductions	-	-	-
Ending balance	$ 357,378	$ 2,595	$ 359,973

Notes to Financial Statements

9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENT (SBITA)

The District is involved in one arrangement that qualifies as a long-term SBITA arrangement. Below is a summary of the nature of this arrangement. This agreement qualifies as an intangible, right-to-use subscription asset as the District has the control of the right to use another party's IT software and the noncancelable term of the arrangement surpasses one year.

The right-to-use-asset and the related activity is included in Note 7, Capital Assets. The subscription payable and related activity are presented in Note 8, Bonds, Notes and Other Long-term Liabilities.

	Remaining Term of Arrangement
Asset Type	
Subscription asset	3 years

The net present value of future minimum payments as of June 30, 2026, were as follows:

Year Ended June 30,	Principal	Interest
2027	$ 24,524	$ 2,795
2028	26,214	1,924
2029	27,983	993
	$ 78,721	$ 5,712

10. UNEARNED REVENUE

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. The District has recorded $1,601,661 in unearned revenue to offset the amounts passed to the District from various taxing authorities for excess capture of DDA and TIFA taxes. These amounts will be due back to the State upon final determination of the amounts due for each taxing authority. At the end of the current fiscal year, the various components of unearned revenue are as follows:

Future State aid adjustment for prior year DDA/TIFA captures	$ 1,601,661
Deferred grant revenue from State sources	288,272
Prepaid student lunches	70,794
Other	506,137
	$ 2,466,864

Notes to Financial Statements

11. PENSION AND OTHER POSTEMPLOYMENT BENEFITS PLANS

Plan Description

The Michigan Public School Employees' Retirement System (the "System" or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (the "State") originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members - eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

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

Pension Benefits Provided

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

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

Notes to Financial Statements

Participants in the defined contribution plan consist of one of the following: (1) members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan; (2) members who elected to transfer from the defined benefit plan to the defined contribution plan under the reform (P.A. 300) of 2012; or (3) members who worked for a Michigan public school on or after February 1, 2018 and did not elect participation in the Pension Plus 2 plan. Members who worked for a Michigan public school on or after September 4, 2012 and elected to be enrolled in the defined contribution plan receive a 100% match of the member contribution rate up to a maximum of 3% based on the member's gross earnings. Additionally, there is a mandatory employer contribution of 4% of the member's gross earnings for MPSERS members who elected to convert from a Basic or MIP benefit plan to the defined contribution benefit plan. Members electing the Pension Plus or Pension Plus 2 benefit plan receive a 50% match of the member's contribution percent up to a maximum of 1% based on the member's gross earnings. Effective October 1, 2017, there is a mandatory employer contribution of 4% of the member's gross earnings for members who elect the Defined Contribution benefit plan. The employer must match 100% of the employee contribution for any member who elected the Personal Healthcare Fund up to a maximum of 2% of the member's gross earnings. For all members with a Personal Health Care Fund (PHF), the first 2% of DC contributions must go into the PHF and must be matched 100% by the employer.

Other Postemployment Benefits Provided

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

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

Notes to Financial Statements

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

Contributions

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

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

The table below summarizes pension contribution rates in effect for fiscal year 2026:

Benefit Structure	Member Rates	Employer Rates
Basic	0.00% - 4.00%	26.08% - 30.11%
Member Investment Plan (MIP)	3.00% - 7.00%	26.08% - 30.11%
Pension Plus	3.00% - 6.40%	21.34% - 26.27%
Pension Plus 2	6.00% - 6.20%	21.41% - 27.16%
Defined Contribution	0.00%	15.21% - 20.96%

For the year ended June 30, 2026, required and actual contributions from the District to the pension plan were $11,447,292, which included $4,441,682, the amount received from the State and remitted to the System to fund the MPSERS unfunded actuarial accrued liability ("UAAL") stabilization rate.

The table below summarizes OPEB contribution rates in effect for fiscal year 2026:

Benefit Structure	Member Rates	Employer Rates
Premium Subsidy	0.00% - 3.00%	1.25% - 3.83%
Personal Healthcare Fund (PHF)	0.00%	0.00%

Notes to Financial Statements

For the year ended June 30, 2026, required and actual contributions from the District to the OPEB plan were $665,796.

The table below summarizes defined contribution rates in effect for fiscal year 2026:

Benefit Structure	Member Rates	Employer Rates
Defined Contribution	0.00% - 3.00%	0.00% - 7.00%
Personal Healthcare Fund (PHF)	0.00% - 2.00%	0.00% - 2.00%

For the year ended June 30, 2026, required and actual contributions from the District for those members with a defined contribution benefit were $805,711.

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

At June 30, 2026, the District reported a liability of $54,187,955 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2024. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2025, the District's proportion was 0.27049%, which was an increase of 0.00358% from its proportion measured as of September 30, 2024.

Notes to Financial Statements

For the year ended June 30, 2026, the District recognized pension expense of $2,511,698. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ 2,098,855	$ 482,648	$ 1,616,207
Changes in assumptions	1,944,961	2,863,964	(919,003)
Net difference between projected and actual earnings on pension plan investments	-	12,949,761	(12,949,761)
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,466,288	853,123	613,165
	5,510,104	17,149,496	(11,639,392)
District contributions subsequent to the measurement date	10,551,573	-	10,551,573
Total	$ 16,061,677	$ 17,149,496	$ (1,087,819)

The amount reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2027. 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
2027	$ (414,693)
2028	(5,511,516)
2029	(4,390,667)
2030	(1,322,516)
Total	$ (11,639,392)

Notes to Financial Statements

OPEB Assets/Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2026, the District reported an asset of $17,532,562 for its proportionate share of the MPSERS net OPEB asset. The net OPEB asset was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation rolled forward from September 2024. The District's proportion of the net OPEB asset was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2025, the District's proportion was 0.28841% which was an increase of 0.01220% from its proportion measured as of September 30, 2024.

For the year ended June 30, 2026, the District recognized OPEB benefit of $5,610,546. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Differences between expected and actual experience	$ -	$ 12,003,623	$ (12,003,623)
Changes in assumptions	2,339,908	185,948	2,153,960
Net difference between projected and actual earnings on OPEB plan investments	-	2,463,707	(2,463,707)
Changes in proportion and differences between employer contributions and proportionate share of contributions	457,565	562,269	(104,704)
	2,797,473	15,215,547	(12,418,074)
District contributions subsequent to the measurement date	649,718	-	649,718
Total	$ 3,447,191	$ 15,215,547	$ (11,768,356)

Notes to Financial Statements

The amount reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as an adjustment to the net OPEB asset in the year ended June 30, 2027. 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
2027	$ (3,353,006)
2028	(3,279,495)
2029	(2,949,024)
2030	(1,936,640)
2031	(692,544)
Thereafter	(207,365)
Total	$ (12,418,074)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. The total pension and OPEB liabilities in the September 30, 2024 actuarial valuation were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age, normal
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans (non-hybrid)	6.00%
Pension Plus plan (hybrid)	6.00%
Pension Plus 2 plan (hybrid)	6.00%
OPEB plans	6.00%
Projected salary increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of living pension adjustments	3% annual non-compounded for MIP members
Healthcare cost trend rate	Pre-65: 7.75% Year 1 graded to 3.5% Year 15 Post-65: 6.50% Year 1 graded to 3.5% Year 15
Mortality	Retirees: PubT-2010 Male and Female Retiree Mortality Tables scaled by 116% for males and 116% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010. Active: PubT-2010 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Other OPEB assumptions:

Opt-out assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt-out of the retiree health plan.
Survivor coverage	80% of male retirees and 67% of female retirees electing two-person coverage are assumed to have coverages continuing after the retiree's death.
Coverage election at retirement	Of those not opting out, 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2017 through 2022 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2023 valuation. The total pension and OPEB liabilities as of September 30, 2025, are based on the results of an actuarial valuation date of September 30, 2024, and rolled forward using generally accepted actuarial procedures, including the experience study. The recognition period for pension liabilities is 4.4524 years which is the average of the expected remaining service lives of all employees. The recognition period for OPEB liabilities is 6.4654 years which is the average of the expected remaining service lives of all employees. The recognition period for assets is 5 years.

Changes in assumptions. Healthcare cost trend rates for pre-65 increased from 7.25% to 7.75%.

Notes to Financial Statements

Long-term Expected Return on Pension and OPEB Plan Assets

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

Pension

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	21.00%	5.48%	1.15%
Private equity pools	16.00%	8.78%	1.40%
International equity pools	14.00%	5.29%	0.74%
Fixed income pools	15.00%	2.36%	0.35%
Real estate and infrastructure pools	8.00%	6.61%	0.53%
Absolute return pools	13.00%	4.15%	0.54%
Real return/opportunistic pools	9.00%	6.61%	0.59%
Short-term investment pools	4.00%	1.23%	0.05%
	100.00%		5.35%
Inflation			2.40%
Risk adjustment			-1.75%
Investment rate of return			6.00%

Notes to Financial Statements

OPEB

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic equity pools	16.00%	5.48%	0.88%
Private equity pools	16.00%	8.78%	1.40%
International equity pools	11.00%	5.29%	0.58%
Fixed income pools	26.00%	2.36%	0.61%
Real estate and infrastructure pools	5.00%	6.61%	0.33%
Absolute return pools	15.00%	4.15%	0.62%
Real return/opportunistic pools	7.00%	6.61%	0.46%
Short-term investment pools	4.00%	1.23%	0.05%
	100.00%		4.93%
Inflation			2.40%
Risk adjustment			-1.33%
Investment rate of return			6.00%

Rate of Return

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

Discount Rate

A discount rate of 6.00% was used to measure the total pension and OPEB liabilities. This discount rate was based on the long-term expected rate of return on pension and OPEB plan investments of 6.00%. The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension and 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 pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net pension liability	$ 85,511,581	$ 54,187,955	$ 28,099,383

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB asset calculated using the discount rate of 6.00%, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's proportionate share of the net OPEB asset	$ (15,105,412)	$ (17,532,562)	$ (19,656,845)

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Healthcare Cost Trend Rate

The following presents the District's proportionate share of the net OPEB asset calculated using the assumed trend rates, as well as what the District's proportionate share of the net OPEB asset would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	$ (19,637,461)	$ (17,532,562)	$ (15,322,488)

Pension and OPEB Plans Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued MPSERS financial statements available on the State of Michigan Office of Retirement Services website at www.michigan.gov/orsschools.

Payable to the Pension Plan

At June 30, 2026, the District reported a payable of $1,607,838 for the outstanding amount of pension contributions to the Plan required for the year ended June 30, 2026.

Payable to the OPEB Plan

At June 30, 2026, the District reported a payable of $117,469 for the outstanding amount of OPEB contributions to the Plan required for the year ended June 30, 2026.

Notes to Financial Statements

12. FUND BALANCES - GOVERNMENTAL FUNDS

Detailed information on fund balances of governmental funds is as follows:

	General Fund	Community Service Fund	Debt Retirement Fund	2026 Capital Projects Fund	2017 Capital Projects Fund
Nonspendable					
Inventory	$ -	$ -	$ -	$ -	$ -
Prepaid items	82,995	9,878	-	19,965	-
	82,995	9,878	-	19,965	-
Restricted					
Debt service	-	-	533,282	-	-
Food service program	-	-	-	-	-
Capital projects	-	-	-	63,170,534	3,792,032
	-	-	533,282	63,170,534	3,792,032
Committed					
Unspent supply carryover	199,195	-	-	-	-
Facilities, equipment and maintenance	1,000,000	-	-	-	-
Facilities, athletics	1,125,000	-	-	-	-
Performing arts equipment	170,000	-	-	-	-
Instructional materials and equipment	1,000,000	-	-	-	-
Technology	1,500,000	-	-	-	-
New programs	1,800,000	-	-	-	-
New buildings and spaces	300,490	-	-	-	-
Retirement and severance	1,100,000	-	-	-	-
Athletic programs	-	303,961	-	-	-
Student / school activity	-	-	-	-	-
Non-bonded capital projects	-	-	-	-	-
	8,194,685	303,961	-	-	-
Assigned					
Community services	-	1,938,518	-	-	-
Cooperative activities	-	-	-	-	-
Subsequent year expenditures	3,931,204	-	-	-	-
	3,931,204	1,938,518	-	-	-
Unassigned	190,303	-	-	-	-
Total fund balances - governmental funds	$ 12,399,187	$ 2,252,357	$ 533,282	$ 63,190,499	$ 3,792,032

Non-bonded Capital Projects Fund	Nonmajor Governmental Funds	Total
$ -	$ 21,613	$ 21,613
-	142,915	255,753
-	164,528	277,366
-	-	533,282
-	1,771,482	1,771,482
-	-	66,962,566
-	1,771,482	69,267,330
-	-	199,195
-	-	1,000,000
-	-	1,125,000
-	-	170,000
-	-	1,000,000
-	-	1,500,000
-	-	1,800,000
-	-	300,490
-	-	1,100,000
-	-	303,961
-	1,186,850	1,186,850
546,148	-	546,148
546,148	1,186,850	10,231,644
-	-	1,938,518
-	113,528	113,528
-	-	3,931,204
-	113,528	5,983,250
-	-	190,303
$ 546,148	$ 3,236,388	$ 85,949,893

Notes to Financial Statements

13. NET INVESTMENT IN CAPITAL ASSETS

The composition of the District's net investment in capital assets as of June 30, 2026, was as follows:

	Governmental Activities
Capital assets:	
Capital assets not being depreciated/amortized	$ 7,494,190
Capital assets being depreciated/amortized, net	127,020,255
	134,514,445
Related debt:	
General obligation bonds	129,670,000
Premiums/discounts on bonds payable, net	4,224,486
Subscription liabilities	78,721
Deferred charge on advance bond refundings, net	(34,016)
Unexpended bond proceeds	(66,982,531)
	66,956,660
Net investment in capital assets	$ 67,557,785

14. BONDED CONSTRUCTION COSTS

2017 Capital Projects Fund Compliance

The 2017 Building and Site Fund includes capital project activities funded with bonds. For this capital project, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code.

Beginning with the year of bond issuance, the school district has reported the annual construction activity in the 2017 Building and Site Fund. The project for which the 2017 School Building and Site Bonds, Series I, were issued was considered complete on June 30, 2026 (95% of proceeds expended) and the cumulative expenditures recognized for the construction period were $56,055,189.

2026 Capital Projects Fund Compliance

The 2026 Capital Projects Fund includes capital project activities funded with bonds. For this capital project, the District has complied with the applicable provisions of Section 1351a of the Revised School Code. The fund is not yet considered substantially complete and a subsequent year audit is expected.

Notes to Financial Statements

15. CONTINGENCIES

Federal Grant Programs

The District participates in federally assisted grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, not to be material.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in and pays premiums to M.A.I.S.L. Joint Management Trust and SET-SEG, Inc. Insurance Trust. The pools maintain loss funds and are also required by the terms of the participation agreements to obtain insurance and reinsurance as necessary.

The terms of the participation agreement with the pools indicate that, should losses of the pools incurred in a given coverage period exceed the loss fund and the aggregate excess reinsurance, the fund may assess its member districts on a pro-rata basis to cover excess losses. In past years, the loss funds have exceeded the amount necessary to maintain prudent loss reserves, resulting in annual premium refunds to member districts. The District's management believes that participation in these pools provide sufficient coverage to protect the District from significant adverse financial impact.

16. DEXTER WELLNESS CENTER MANAGEMENT AGREEMENT

In April 2024, the District entered into a management agreement with the Chelsea Health and Wellness Foundation following the District's purchase of the Dexter Wellness Center at 2810 Baker Road, Dexter, Michigan effective through March 31, 2025. The agreement sets forth that the Foundation will provide all services, duties, and responsibilities for the general administration and day-to-day operation of the Wellness Center. The first amendment, effective April 2025, extends the Dexter Wellness Center management agreement by two years and formalizes the Foundation's use of Power Wellness as a subcontractor, while keeping the Foundation fully responsible for performance. It also updates the management fee to a flat $18,000 annually, revises insurance and financial provisions, and clarifies shared data ownership and approval processes between the District and the Foundation.

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REQUIRED SUPPLEMENTARY INFORMATION

DEXTER COMMUNITY SCHOOLS

Statement of Revenues, Expenditures and Changes in Fund Balance

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget	Actual	Variance with Final Budget
Revenues					
Local sources	$ 7,205,242	$ 7,335,627	$ 130,385	$ 7,445,699	$ 110,072
State sources	35,415,810	37,897,717	2,481,907	39,889,400	1,991,683
Federal sources	891,337	1,290,735	399,398	1,262,537	(28,198)
Interdistrict sources	7,651,182	7,369,954	(281,228)	7,439,309	69,355
Total revenues	51,163,571	53,894,033	2,730,462	56,036,945	2,142,912
Expenditures					
Current:					
Instruction:					
Basic programs	24,328,564	26,508,748	2,180,184	25,848,086	(660,662)
Added needs	7,635,019	8,345,941	710,922	7,910,787	(435,154)
Total instruction	31,963,583	34,854,689	2,891,106	33,758,873	(1,095,816)
Supporting services:					
Student services	6,441,905	5,847,817	(594,088)	5,681,658	(166,159)
Instructional support	3,027,357	3,033,568	6,211	2,982,709	(50,859)
General administration	851,663	893,114	41,451	835,392	(57,722)
School administration	2,953,617	2,973,904	20,287	2,738,905	(234,999)
Business administration	873,226	933,693	60,467	882,615	(51,078)
Operation & maintenance of plant	5,433,677	5,913,935	480,258	5,903,462	(10,473)
Transportation	2,079,830	2,258,612	178,782	2,034,873	(223,739)
Other support services	683,821	737,429	53,608	730,805	(6,624)
Total supporting services	22,345,096	22,592,072	246,976	21,790,419	(801,653)
Community services	273,928	253,844	(20,084)	249,118	(4,726)
Debt service:					
Principal	22,916	22,916	-	22,916	-
Interest	3,608	3,608	-	3,608	-
Total debt service	26,524	26,524	-	26,524	-
Other adjustments	-	-		36,885	36,885
Total expenditures	54,609,131	57,727,129	3,117,998	55,861,819	(1,865,310)
Revenues over (under) expenditures	(3,445,560)	(3,833,096)	(387,536)	175,126	(4,008,222)
Other financing sources (uses)					
Transfers in	475,626	478,769	3,143	354,830	(123,939)
Transfers out	(985,263)	(1,164,300)	(179,037)	(1,118,924)	45,376
Insurance recovery	-	-	-	101,156	101,156
Proceeds from sale of capital assets	20,000	20,000	-	20,886	886
Total other financing uses	(489,637)	(665,531)	(175,894)	(642,052)	23,479
Net change in fund balance	(3,935,197)	(4,498,627)	(563,430)	(466,926)	4,031,701
Fund balance, beginning of year	12,866,113	12,866,113	-	12,866,113	-
Fund balance, end of year	$ 8,930,916	$ 8,367,486	$ (563,430)	$ 12,399,187	$ 4,031,701

The accompanying notes are an integral part of these financial statements.

DEXTER COMMUNITY SCHOOLS

Schedule of Revenues, Expenditures and Changes in Fund Balance

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Community Service Fund
For the Year Ended June 30, 2026

	Original Budget	Final Budget	Variance with Original Budget	Actual	Variance with Final Budget
Revenues					
Local sources	$ 2,893,890	$ 2,918,221	$ 24,331	$ 3,027,816	$ 109,595
State sources - state reimbursements	59,345	250,225	190,880	318,957	68,732
Total revenues	2,953,235	3,168,446	215,211	3,346,773	178,327
Expenditures					
Instruction:					
Basic programs	167,055	199,751	32,696	199,751	-
Support services					
Instructional staff support	12,005	19,622	7,617	19,620	(2)
Operations and maintenance	62,808	79,431	16,623	77,521	(1,910)
School administration	2,767	5,824	3,057	5,824	-
Business administration	2,235	7,808	5,573	7,669	(139)
Other central support	1,765,237	1,940,711	175,474	1,898,748	(41,963)
Community services	1,671,581	1,653,466	(18,115)	1,689,553	36,087
Capital outlay	-	-	-	5,567	5,567
Total expenditures	3,683,688	3,906,613	222,925	3,904,253	(2,360)
Revenues over (under) expenditures	(730,453)	(738,167)	(7,714)	(557,480)	180,687
Other financing sources (uses)					
Transfers in	984,263	1,163,300	179,037	1,118,924	(44,376)
Transfers out	(190,329)	(202,578)	(12,249)	(197,584)	4,994
Total other financing sources	793,934	960,722	166,788	921,340	(39,382)
Net changes in fund balance	63,481	222,555	159,074	363,860	141,305
Fund balance, beginning of year	1,888,497	1,888,497	-	1,888,497	-
Fund balance, end of year	$ 1,951,978	$ 2,111,052	$ 159,074	$ 2,252,357	$ 141,305

The accompanying notes are an integral part of these financial statements.

DEXTER COMMUNITY SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of the District's Proportionate Share of the Net Pension Liability

	Year Ended June 30,				
	2026	2025	2024	2023	2022
District's proportionate share of the net pension liability	$ 54,187,955	$ 65,944,050	$ 86,388,258	$ 97,322,302	$ 63,513,923
District's proportion of the net pension liability	0.27049%	0.26936%	0.26691%	0.25878%	0.26827%
District's covered payroll	$ 30,078,138	$ 28,153,049	$ 27,586,479	$ 25,134,639	$ 24,366,821
District's proportionate share of the net pension liability as a percentage of its covered payroll	180.16%	234.23%	313.15%	387.20%	260.66%
Plan fiduciary net position as a percentage of the total pension liability	79.44%	74.44%	65.91%	60.77%	72.60%

See notes to required supplementary information.

Year Ended June 30,				
2021	2020	2019	2018	2017
$ 91,569,173	$ 86,772,214	$ 78,076,238	$ 66,388,499	$ 62,177,767
0.26657%	0.26202%	0.25972%	0.25619%	0.24922%
$ 24,033,841	$ 23,160,721	$ 22,350,671	$ 21,844,616	$ 21,116,479
381.00%	374.65%	349.32%	303.91%	294.45%
59.72%	60.31%	62.38%	64.21%	63.27%

DEXTER COMMUNITY SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of the District's Pension Contributions

	Year Ended June 30,				
	2026	2025	2024	2023	2022
Statutorily required contribution	$ 11,447,292	$ 10,973,393	$ 11,216,330	$ 12,212,128	$ 8,799,078
Contributions in relation to the statutorily required contribution	(11,447,292)	(10,973,393)	(11,216,330)	(12,212,128)	(8,799,078)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 30,397,495	$ 29,867,179	$ 27,723,275	$ 27,392,729	$ 24,737,501
Contributions as a percentage of covered payroll	37.66%	36.74%	40.46%	44.58%	35.57%

See notes to required supplementary information.

Year Ended June 30,				
2021	2020	2019	2018	2017
$ 7,960,419	$ 7,319,434	$ 6,953,030	$ 6,467,637	$ 5,956,455
(7,960,419)	(7,319,434)	(6,953,030)	(6,467,637)	(5,956,455)
$ -	$ -	$ -	$ -	$ -
$ 23,838,048	$ 23,821,083	$ 21,043,362	$ 22,283,619	$ 21,652,765
33.39%	30.73%	33.04%	29.02%	27.51%

DEXTER COMMUNITY SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan

Schedule of the District's Proportionate Share of the Net Other Postemployment Benefit (Asset) Liability

	Year Ended June 30,				
	2026	2025	2024	2023	2022
District's proportionate share of the net OPEB (asset) liability	$ (17,532,562)	$ (11,518,349)	$ (1,562,510)	$ 5,476,593	$ 4,108,559
District's proportion of the net OPEB asset/liability	0.28841%	0.26759%	0.27621%	0.25857%	0.26917%
District's covered payroll	$ 30,078,138	$ 28,153,049	$ 27,586,479	$ 25,134,639	$ 24,366,821
District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-58.29%	-40.91%	-5.66%	21.79%	16.86%
Plan fiduciary net position as a percentage of the total OPEB liability	164.94%	143.08%	105.04%	83.09%	87.33%

See notes to required supplementary information.

Year Ended June 30,			
2021	2020	2019	2018
$ 14,508,268	$ 19,005,006	$ 20,863,637	$ 22,742,261
0.27081%	0.26478%	0.26247%	0.25682%
$ 24,033,841	$ 23,160,721	$ 22,350,671	$ 21,844,616
60.37%	82.06%	93.35%	104.11%
59.44%	48.46%	42.95%	36.39%

DEXTER COMMUNITY SCHOOLS

Required Supplementary Information

MPSERS Cost-Sharing Multiple-Employer Plan
Schedule of the District's Other Postemployment Benefit Contributions

	Year Ended June 30,				
	2026	2025	2024	2023	2022
Statutorily required contributions	$ 665,796	$ 543,073	$ 2,117,642	$ 2,153,313	$ 1,979,501
Contributions in relation to the statutorily required contributions	(665,796)	(543,073)	(2,117,642)	(2,153,313)	(1,979,501)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 30,397,495	$ 29,867,179	$ 27,723,275	$ 27,392,729	$ 24,737,501
Contributions as a percentage of covered payroll	2.19%	1.82%	7.64%	7.86%	8.00%

See notes to required supplementary information.

Year Ended June 30,			
2021	2020	2019	2018
$ 1,953,217	$ 1,914,592	$ 1,961,551	$ 1,761,556
(1,953,217)	(1,914,592)	(1,961,551)	(1,761,556)
$ -	$ -	$ -	$ -
$ 23,838,048	$ 23,821,083	$ 21,043,362	$ 22,283,619
8.19%	8.04%	9.32%	7.91%

DEXTER COMMUNITY SCHOOLS

Notes to Required Supplementary Information

Budgets and Budgetary Accounting

Budgets are adopted for general and special revenue funds as required by state law and are adopted on a basis consistent with generally accepted accounting principles (GAAP). The District considers the debt service payment schedule to be an adequate budgetary control for the debt service funds. The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1.

2. Adoption and amendments of all budgets used by the District are governed by Public Act 621, which was followed for the year ended June 30, 2026. Expenditures may not exceed appropriations at the function code level. The appropriations resolutions are based on the projected expenditures budget of the department heads of the District. Any amendment to the original budget must meet the requirements of Public Act 621. Any revisions that alter the total expenditures of any fund must be approved by the Board of Education.

Excess of Expenditures over Appropriations in Budgetary Funds

During the year ended June 30, 2026, the District incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	Total Appropriations	Total Expenditures	Budget Variance
General Fund			
Other adjustments	$ -	$ 36,885	$ 36,885
Community Service Fund			
Community services	1,653,466	1,689,553	36,087
Capital outlay	-	5,567	5,567

DEXTER COMMUNITY SCHOOLS

Notes to Required Supplementary Information

General Fund Budgetary Highlights

	Amount
Budgetary revenues	
Differences - original budget to final budget:	
State sources	$ 2,481,907
Final budgeted revenues for state sources were greater than the original budget primarily due to a true-up of MPSERS offset funds to be received from the State, as the original budget was based on an estimate pending finalization of the State budget.	
Differences - final budget to actual:	
State sources	1,991,683
Final budgeted revenues for state sources were greater than the original budget primarily due to 31aa funds received that were not anticipated or intended to be requested, as well as uncertainty surrounding the acceptance of the funds due to a lack of clarity in the applicable statutory language and the associated legal risk.	
Budgetary expenditures	
Differences - original budget to final budget:	
Basic programs	2,180,184
The budget for basic programs was increased due to the finalization of staffing costs, including positions, salaries, benefits and health insurance. The original budget was based on estimated staffing costs, which are updated in the December revision once staffing assignments and associated costs are finalized.	
Differences - final budget to actual:	
There were no significant variances from final budget to actual	
Budgetary other financing sources (uses)	
Differences - original budget to final budget:	
There were no significant variances from final budget to actual	
Differences - final budget to actual:	
There were no significant variances from final budget to actual	

DEXTER COMMUNITY SCHOOLS

Notes to Required Supplementary Information

Community Services Fund Budgetary Highlights

	Amount
Budgetary revenues	
Differences - original budget to final budget:	
State sources - state reimbursements	$ 190,880
Final budgeted revenues for federal sources were greater than the original budget primarily due to the finalization of the GSRP award amount.	
Differences - final budget to actual:	
Local sources	109,595
Final budgeted revenues for federal sources were greater than the original budget primarily due to additional revenue received for child care that exceeded budgeted expectations.	
Budgetary expenditures	
Differences - original budget to final budget:	
Other central support	175,474
The budget for other central support programs was increased due to an increase in anticipated athletic expenditures.	
Differences - final budget to actual:	
There were no significant variances from final budget to actual	
Budgetary other financing sources (uses)	
Differences - original budget to final budget:	
Transfers in	179,037
The budget for transfers in were increased due to an increase in the athletics subsidy.	
Differences - final budget to actual:	
There were no significant variances from final budget to actual	

Notes to Required Supplementary Information

Pension Information

The amounts presented in the schedule of the District's Proportionate Share of the Net Pension Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2026 - There have been no material changes in the valuation assumptions.
- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00% for the MIP and Basic plans, and 6.00% for the Pension Plus Plan.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.80% for the MIP and Basic plans, 6.80% for the Pension Plus Plan, and 6.00% for the Pension Plus 2 Plan.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.05% for the MIP and Basic plans, 7.00% for the Pension Plus plan, and 6.00% for the Pension Plus 2 plan.
- 2018 - The discount rate used in the September 30, 2016 actuarial valuation decreased to 7.50% for the MIP and Basic plans and 7.00% for the Pension Plus plan.

DEXTER COMMUNITY SCHOOLS

Notes to Required Supplementary Information

OPEB Information

GASB 75 was implemented in fiscal year 2018. The OPEB plan schedules are being built prospectively. Ultimately, 10 years of data will be presented.

The amounts presented in the schedule of the District's Proportionate Share of the Net OPEB (Asset) Liability were determined as of September 30 of the preceding year (the plan year).

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2026 - Healthcare cost trend rates for pre-65 increased from 7.25% to 7.75%.
- 2025 - The method for amortizing UAAL transitioned from the level percent of payroll to the level dollar method. In addition, healthcare cost trend rates for pre-65 decreased from 7.50% to 7.25% and post-65 increased from 6.25% to 6.50%.
- 2024 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2025 and 2026 employer contributions decreased from 2.00% to 1.50% and 1.50% to 0.75%, respectively. In addition, the PubT-2010 mortality tables were used in the September 2022 valuation compared to the RP-2014 mortality tables used in the September 2021 valuation. Finally, healthcare cost trend rates for pre-65 decreased from 7.75% to 7.50% and post-65 increased from 5.25% to 6.25%.
- 2023 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2024 employer contributions decreased from 2.5% to 2.0%. Additionally, the discount rate used in the September 30, 2021 actuarial valuation decreased to 6.00%.
- 2022 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2023 employer contributions decreased from 3.0% to 2.5%. The healthcare cost trend rate used in the September 30, 2020 actuarial valuation increased to 7.75%.
- 2021 - The payroll growth assumption for amortization purposes used in determining the fiscal year 2022 employer contributions decreased from 3.5% to 3.0%. The healthcare cost trend rate used in the September 30, 2019 actuarial valuation decreased to 7.0%.
- 2020 - The discount rate used in the September 30, 2018 actuarial valuation decreased to 6.95%.
- 2019 - The discount rate used in the September 30, 2017 actuarial valuation decreased to 7.15%.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

DEXTER COMMUNITY SCHOOLS

Schedule of Revenues and Other Financing Sources

General Fund

For the Year Ended June 30, 2026

Revenues	
Local sources	
Property taxes	$ 6,457,705
Earnings on investments and deposits	475,489
Tuition	64,100
Transportation	206,699
Rentals	163,774
Other local revenues	77,932
Total local sources	7,445,699
State sources	
State aid - membership - section 20	26,849,656
At risk	535,222
Special education	3,332,202
Other state grants	9,172,320
Total state sources	39,889,400
Federal sources	
Title II - Teacher Principal Training	46,832
Title III - Immigrant Students and English Learners	5,470
Elementary and Secondary School Emergency Relief Program	287,052
Special Education	830,628
Special Education - Preschool	17,594
Total federal sources	1,262,537
Interdistrict sources	7,439,309
Total revenues	56,036,945
Other financing sources	
Transfers in	354,830
Proceeds from sale of capital assets	20,886
Insurance recovery	101,156
Total other financing sources	476,872
Total revenues and other financing sources	$ 56,513,817

DEXTER COMMUNITY SCHOOLS

Schedule of Expenditures and Other Financing Uses

General Fund

For the Year Ended June 30, 2026

Instruction	
Basic programs	
Elementary	
Salaries	$ 7,533,808
Insurances	1,110,534
FICA, retirement, etc.	3,756,817
Purchased services	434,251
Supplies and materials	118,490
Total elementary	12,953,900
Middle/junior high	
Salaries	2,450,438
Insurances	382,108
FICA, retirement, etc.	1,194,875
Purchased services	97,643
Supplies and materials	26,308
Other	1,760
Total middle/junior high	4,153,132
High school	
Salaries	4,909,869
Insurances	701,173
FICA, retirement, etc.	2,413,061
Purchased services	438,981
Supplies and materials	114,047
Other	163,923
Total high school	8,741,054
Total basic programs	25,848,086
Added needs	
Special education	
Salaries	3,941,843
Insurances	477,969
FICA, retirement, etc.	1,867,275
Purchased services	129,967
Supplies and materials	26,939
Other	241,620
Total special education	6,685,613

continued…

DEXTER COMMUNITY SCHOOLS

Schedule of Expenditures and Other Financing Uses

General Fund

For the Year Ended June 30, 2026

Instruction (concluded)		
Added needs (concluded)		
Compensatory education		
Salaries	$	392,972
Insurances		55,303
FICA, retirement, etc.		201,371
Purchased services		25,412
Total compensatory education		675,058
Vocational education		
Salaries		88,872
Insurances		21,729
FICA, retirement, etc.		42,224
Purchased services		10,460
Supplies and materials		3,006
Other		383,825
Total vocational education		550,116
Total added needs		7,910,787
Total instruction		33,758,873
Supporting services		
Student services		
Salaries		3,263,888
Insurances		550,513
FICA, retirement, etc.		1,592,789
Purchased services		253,408
Supplies and materials		12,296
Other		8,764
Total student services		5,681,658
Instructional support		
Salaries		1,319,095
Insurances		191,435
FICA, retirement, etc.		664,775
Other benefits		20,948
Purchased services		477,138
Supplies and materials		225,648
Other		83,670
Total instructional support		2,982,709

continued…

DEXTER COMMUNITY SCHOOLS

Schedule of Expenditures and Other Financing Uses
General Fund
For the Year Ended June 30, 2026

Supporting services (continued)	
General administration	
Salaries	$ 402,988
Insurances	27,899
FICA, retirement, etc.	216,554
Other benefits	52,366
Purchased services	114,739
Supplies and materials	6,339
Other	14,507
Total general administration	835,392
School administration	
Salaries	1,603,107
Insurances	261,382
FICA, retirement, etc.	789,471
Other benefits	46,799
Purchased services	16,841
Supplies and materials	15,213
Other	6,092
Total school administration	2,738,905
Business administration	
Salaries	479,244
Insurances	103,131
FICA, retirement, etc.	231,536
Other benefits	5,164
Purchased services	29,614
Supplies and materials	1,362
Other	32,564
Total business administration	882,615
Operation and maintenance of plant	
Salaries	1,813,215
Insurances	473,758
FICA, retirement, etc.	892,485
Purchased services	1,063,639
Supplies and materials	1,660,365
Total operation and maintenance of plant	5,903,462

continued…

DEXTER COMMUNITY SCHOOLS

Schedule of Expenditures and Other Financing Uses

General Fund

For the Year Ended June 30, 2026

Supporting services (concluded)	
Transportation	
Salaries	$ 1,016,000
Insurances	216,747
FICA, retirement, etc.	498,518
Other benefits	4,007
Purchased services	128,328
Supplies and materials	167,710
Other	3,563
Total transportation	2,034,873
Other supporting services	
Salaries	317,887
Insurances	34,847
FICA, retirement, etc.	179,505
Other benefits	16,383
Purchased services	178,658
Supplies and materials	1,176
Other	2,349
Total other supporting services	730,805
Total supporting services	21,790,419
Community services	
Salaries	4,277
Insurances	388
FICA, retirement, etc.	1,747
Purchased services	94,817
Supplies and materials	147,889
Total community services	249,118
Debt service	
Principal	22,916
Interest	3,608
Total debt service	26,524
Other financing uses	
Transfers out	1,118,924
Total expenditures and other financing uses	$ 56,980,743

concluded

DEXTER COMMUNITY SCHOOLS

Combining Balance Sheet

Nonmajor Governmental Funds
June 30, 2026

	Special Revenue			
	Food Service	Student/ School Activity	Cooperative Activity	Total
Assets				
Cash and cash equivalents	$ 1,582,277	$ 1,397,615	$ 474,889	$ 3,454,781
Accounts receivable	-	-	44,549	44,549
Due from other governments	276,550	-	6,091	282,641
Due from other funds	411	6,115	-	6,526
Inventory	15,807	-	5,806	21,613
Prepaid items	7,081	1,211	134,623	142,915
Total assets	$ 1,882,126	$ 1,404,941	$ 665,958	$ 3,953,025
Liabilities				
Accounts payable	$ 2,828	$ 39,325	$ 259,146	$ 301,299
Due to other governments	10	-	75	85
Due to other funds	14,124	47,690	6,971	68,785
Unearned revenue	70,794	129,865	145,809	346,468
Total liabilities	87,756	216,880	412,001	716,637
Fund balances				
Nonspendable	22,888	1,211	140,429	164,528
Restricted	1,771,482	-	-	1,771,482
Committed	-	1,186,850	-	1,186,850
Assigned	-	-	113,528	113,528
Total fund balances	1,794,370	1,188,061	253,957	3,236,388
Total liabilities and fund balances	$ 1,882,126	$ 1,404,941	$ 665,958	$ 3,953,025

DEXTER COMMUNITY SCHOOLS

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds
For the Year Ended June 30, 2026

	Special Revenue			
	Food Service	Student/ School Activity	Cooperative Activity	Total
Revenues				
Local sources	$ 293,042	$ 865,933	$ 3,144,513	$ 4,303,488
State sources	1,488,864	-	-	1,488,864
Federal sources	544,035	-	319,476	863,511
Interdistrict sources	225,728	-	-	225,728
Total revenues	2,551,669	865,933	3,463,989	6,881,591
Expenditures				
Current:				
Community services	-	904,993	3,338,737	4,243,730
Food services	2,315,133	-	-	2,315,133
Capital outlay	-	-	3,740	3,740
Total expenditures	2,315,133	904,993	3,342,477	6,562,603
Revenues over (under) expenditures	236,536	(39,060)	121,512	318,988
Other financing uses				
Transfers out	(157,246)	-	-	(157,246)
Net changes in fund balances	79,290	(39,060)	121,512	161,742
Fund balances, beginning of year	1,715,080	1,227,121	132,445	3,074,646
Fund balances, end of year	$ 1,794,370	$ 1,188,061	$ 253,957	$ 3,236,388

SCHEDULE OF BONDS ISSUED AND OUTSTANDING (UNAUDITED)

DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)

1998 School and Building Site Bonds
June 30, 2026

Issue dated April 20, 1998 in the amount of		$ 69,600,000
Less:		
Bonds paid in prior years		61,725,000
Bonds due and paid May 1, 2026		2,625,000
Balance outstanding - June 30, 2026		$ 5,250,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
2026 - 2027	5.10	$ 2,625,000	$ 133,875	$ 133,875	$ 2,892,750
2027 - 2028	5.10	2,625,000	66,938	66,937	2,758,875
		$ 5,250,000	$ 200,813	$ 200,812	$ 5,651,625

continued…

DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)

2017 School Building and Site Bonds
June 30, 2026

Issue dated November 28, 2017 in the amount of	$ 50,605,000
Less:	
Bonds paid in prior years	5,855,000
Bonds due and paid May 1, 2026	1,435,000
Balance outstanding - June 30, 2026	$ 43,315,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
2026 - 2027	4.00	$ 2,235,000	$ 780,266	$ 780,266	$ 3,795,532
2027 - 2028	4.00	2,455,000	735,565	735,565	3,926,130
2028 - 2029	4.00	6,775,000	686,465	686,466	8,147,931
2029 - 2030	4.00	7,050,000	550,965	550,966	8,151,931
2030 - 2031	4.00	7,340,000	409,966	409,965	8,159,931
2031 - 2032	3.00	7,600,000	263,165	263,166	8,126,331
2032 - 2033	3.00	7,835,000	149,166	149,165	8,133,331
2033 - 2034	3.125	2,025,000	31,641	31,640	2,088,281
		$ 43,315,000	$ 3,607,199	$ 3,607,199	$ 50,529,398

continued…

DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)

2017 Refunding Bonds
June 30, 2026

Issue dated November 28, 2017 in the amount of	$ 20,010,000
Less:	
Bonds paid in prior years	13,300,000
Bonds due and paid May 1, 2026	4,010,000
Balance outstanding - June 30, 2026	$ 2,700,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
2026 - 2027	4.00	$ 1,280,000	$ 54,000	$ 54,000	$ 1,388,000
2027 - 2028	4.00	1,420,000	28,400	28,400	1,476,800
		$ 2,700,000	$ 82,400	$ 82,400	$ 2,864,800

continued…

DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)

2023 School Building and Site Bonds
June 30, 2026

Issue dated March 23, 2023 in the amount of	$ 16,470,000
Less:	
Bonds paid in prior years	-
Bonds due and paid May 1, 2026	3,185,000
Balance outstanding - June 30, 2026	$ 13,285,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
2026 - 2027	5.00	$ 6,730,000	$ 332,125	$ 332,125	$ 7,394,250
2027 - 2028	5.00	6,555,000	163,875	163,875	6,882,750
		$ 13,285,000	$ 496,000	$ 496,000	$ 14,277,000

continued...

DEXTER COMMUNITY SCHOOLS

Schedule of Bonds Issued and Outstanding (Unaudited)

2026 School Building and Site Bonds
June 30, 2026

Issue dated October 16, 2025 in the amount of	$ 65,205,000
Less:	
Bonds paid in prior years	-
Bonds due and paid May 1, 2026	85,000
Balance outstanding - June 30, 2026	$ 65,120,000

Due	Interest Rate (%)	Principal Due	November Interest Requirement	May Interest Requirement	Total
2026 - 2027	6.00	$ 80,000	$ 1,521,022	$ 1,521,022	$ 3,122,044
2027 - 2028	6.00	85,000	1,518,622	1,518,622	3,122,244
2028 - 2029	6.00	415,000	1,516,072	1,516,072	3,447,144
2029 - 2030	5.00	465,000	1,503,622	1,503,622	3,472,244
2030 - 2031	5.00	490,000	1,491,997	1,491,997	3,473,994
2031 - 2032	5.00	515,000	1,479,747	1,479,747	3,474,494
2032 - 2033	5.00	540,000	1,466,872	1,466,872	3,473,744
2033 - 2034	5.00	2,015,000	1,453,372	1,453,372	4,921,744
2034 - 2035	5.00	3,010,000	1,402,997	1,402,997	5,815,994
2035 - 2036	5.00	3,015,000	1,327,747	1,327,747	5,670,494
2036 - 2037	5.00	3,010,000	1,252,372	1,252,372	5,514,744
2037 - 2038	5.00	3,010,000	1,177,122	1,177,122	5,364,244
2038 - 2039	5.00	3,015,000	1,101,872	1,101,872	5,218,744
2039 - 2040	5.00	3,015,000	1,026,497	1,026,497	5,067,994
2040 - 2041	4.50	3,015,000	951,122	951,122	4,917,244
2041 - 2042	4.50	3,020,000	883,284	883,284	4,786,568
2042 - 2043	4.50	3,025,000	815,334	815,334	4,655,668
2043 - 2044	4.38	3,025,000	747,272	747,272	4,519,544
2044 - 2045	4.38	3,020,000	681,100	681,100	4,382,200
2045 - 2046	4.50	3,020,000	615,038	615,038	4,250,076
2046 - 2047	4.50	3,015,000	547,088	547,088	4,109,176
2047 - 2048	4.50	3,015,000	479,250	479,250	3,973,500
2048 - 2049	4.50	3,015,000	411,413	411,413	3,837,826
2049 - 2050	4.50	3,010,000	343,575	343,575	3,697,150
2050 - 2051	4.50	3,000,000	275,850	275,850	3,551,700
2051 - 2052	4.50	3,005,000	208,350	208,350	3,421,700
2052 - 2053	4.50	3,000,000	140,738	140,738	3,281,476
2053 - 2054	4.50	2,255,000	73,238	73,238	2,401,476
2054 - 2055	4.50	1,000,000	22,500	22,500	1,045,000
		$ 65,120,000	$ 26,435,085	$ 26,435,085	$ 117,990,170

concluded