WILLIAMSTON COMMUNITY SCHOOLS

REPORT ON FINANCIAL STATEMENTS
(with required and additional supplementary information)

YEAR ENDED JUNE 30, 2026

Maner Costerisan

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Williamston Community Schools

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 7, 2026 on our consideration of Williamston Community Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Williamston Community Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Williamston Community Schools' internal control over financial reporting and compliance.

Maner Costerisan PC

Lansing, Michigan
October 7, 2026

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

If you have any questions about this report or need any additional information, please contact Business Services Office, Williamston Community Schools, Williamston, Michigan 48895, phone 517-655-4361.

OVERVIEW OF THE FINANCIAL STATEMENTS

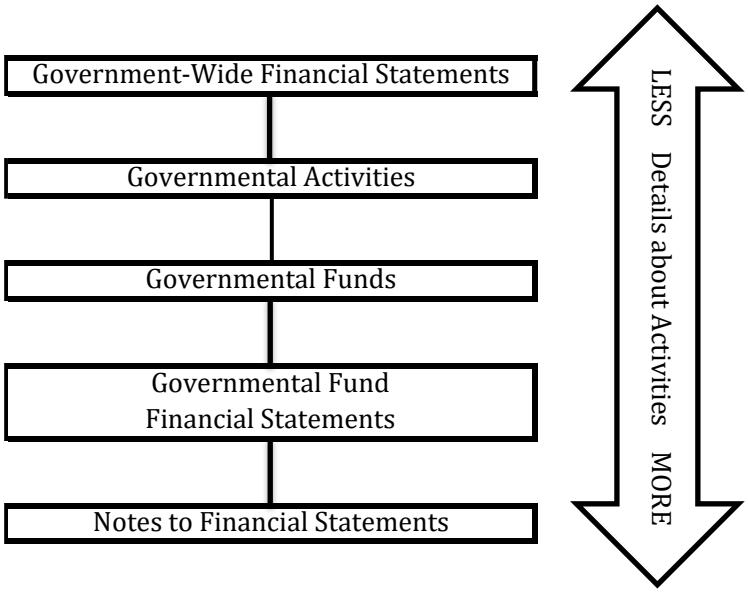
The District's financial report contains basic financial statements. Those financial statements present the District's finances at both an overall and a detailed level. The first two - the *government-wide financial statements* - cover the District's governmental activities. (See the diagram in Figure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

- *Governmental Activities* comprise the District's most basic functions, such as instruction, support services, and food services. Governmental activities primarily are financed by property taxes from non-principal residence exemption properties, state aid foundation, and federal grants. These statements provide both short-term and long-term information.

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

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

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



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

TYPES OF INFORMATION IN THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

ANALYSIS OF THE DISTRICT'S FINANCES

Table A-1
Williamston Community Schools Net Position

	2026	2025	Dollar Change	Total Percentage Change
ASSETS				
Current assets	$ 47,554,162	$ 52,934,129	$ (5,379,967)	-10.2%
Net other postemployment benefits asset	6,375,493	4,771,514	1,603,979	33.6%
Capital assets, net of depreciation/amortization	45,627,879	37,669,603	7,958,276	21.1%
TOTAL ASSETS	99,557,534	95,375,246	4,182,288	4.4%
DEFERRED OUTFLOWS OF RESOURCES	8,253,003	10,727,482	(2,474,479)	-23.1%
LIABILITIES				
Current liabilities	10,925,003	9,369,130	1,555,873	16.6%
Long-term liabilities	61,363,671	63,224,016	(1,860,345)	-2.9%
Net pension liability	22,378,514	27,275,334	(4,896,820)	-18.0%
TOTAL LIABILITIES	94,667,188	99,868,480	(5,201,292)	-5.2%
DEFERRED INFLOWS OF RESOURCES	14,067,248	15,339,711	(1,272,463)	-8.3%
NET POSITION				
Net investment in capital assets	11,744,612	8,720,508	3,024,104	34.7%
Restricted	1,726,472	1,427,957	298,515	20.9%
Restricted for net other postemployment benefits	6,375,493	4,771,514	1,603,979	33.6%
Unrestricted	(20,770,476)	(24,025,442)	3,254,966	13.5%
TOTAL NET POSITION	$ (923,899)	$ (9,105,463)	$ 8,181,564	89.9%

Table A-1 shows that as of June 30, 2026, the District's total net position - assets and deferred outflows minus liabilities and deferred inflows - was nearly ($924,000), an increase of $8,181,564 or 89.9% compared with 2025. This increase is primarily due to a $3,254,966 or 13.5% increase in unrestricted net position and a $3,024,104 or 34.7% increase in net investment of capital assets. All of the increase in net position was the result of the financial performance of the governmental activities. The following sections of MD&A analyze the finances of the governmental activities.

GOVERNMENTAL ACTIVITIES

Table A-2 shows that revenues continued to exceed expenses in the current year, resulting in an increase in net position. The total net position of the District's governmental activities increased approximately $8,200,000 from 2025. Various events contributed to this increase in net position; however, the primary factors affecting the change in net position are as follows:

1. Decreases in operating grants and contributions.
2. Growth in the taxable value of nonpersonal residential exempt properties.
3. Decrease in expenses for certain programs and functions.
4. Increase in interest on long-term debt.

Table A-2
Changes in Williamston Community Schools Net Position

	2026	2025	Dollar Change	Total Percentage Change
REVENUES				
Program revenues				
Charges for service	$ 808,721	$ 881,896	$ (73,175)	-8.3%
Operating grants and contributions	7,322,362	8,794,515	(1,472,153)	-16.7%
Capital grants and contributions	200,000	-	200,000	100.0%
General revenues				
Property taxes	8,684,270	7,788,498	895,772	11.5%
State aid-unrestricted	16,362,653	16,011,486	351,167	2.2%
Other	3,432,972	3,329,645	103,327	3.1%
TOTAL REVENUES	36,810,978	36,806,040	4,938	0.0%
EXPENSES				
Instruction	12,218,022	12,320,713	(102,691)	-0.8%
Supporting services	8,955,494	10,176,470	(1,220,976)	-12.0%
Community services	823,497	915,748	(92,251)	-10.1%
Food service	1,032,945	963,325	69,620	7.2%
Student/school activities	321,757	333,897	(12,140)	-3.6%
Interest on long-term debt	3,456,470	965,097	2,491,373	258.1%
Unallocated depreciation/amortization	1,821,229	1,714,429	106,800	6.2%
TOTAL EXPENSES	28,629,414	27,389,679	1,239,735	4.5%
Change in net position	8,181,564	9,416,361	$ (1,234,797)	13.1%
Net position-beginning of year	(9,105,463)	(18,521,824)		203.4%
Net position-end of year	$ (923,899)	$ (9,105,463)		985.5%

Decline in Operating Grants and Contributions

There were notable decreases in operating grants and contributions compared to the prior year, which accounts for 19.9% of overall revenues. Most of the decrease is attributed to fully utilizing the one time COVID related funding. This funding was scheduled to be all spent by the end of June 30, 2025, and did not carryover to the June 30, 2026 school year. The District also opted out of receiving 31aa funds for the June 30, 2026 school year. For the school year ended June 30, 2025, the District received approximately $213,000 in 31aa funds.

Increase in Taxable Values

Property tax revenues increased in the current year compared to the prior year, which accounts for 23.6% of overall revenues. Property tax revenues are a product of taxable values multiplied by the applicable millage rates. Non principal residential exempt property taxable values increased by roughly $24.5 million from the prior year, leading to a corresponding increase in property tax revenues.

Increase in Interest on Long-term Debt

Interest expense increased approximately $2,500,000 or 258.1% compared with 2025. The increase is primarily due to an approximately $2,600,000 interest payment on the 2024 bond debt.

Increase in Expenses

Total expenses for the District increased by 4.5% overall. The increase was due to a positive pension and OPEB adjustment as well as an increase in interest expenses. The adjustment was to reduce the pension liability and increase the OPEB asset by approximately $4.9 million and $1.6 million, respectively. The adjustment was a noncash transaction, and a significant portion of the adjustment was in the instruction function. Without the pension and OPEB adjustment, actual expenses would have increased by approximately $5.6 million. The District has no control over the pension and OPEB plans as they are administered by the state.

GOVERNMENTAL FUNDS

The District reports four major funds individually in the governmental fund financial statements. These funds are the general fund, the capital projects sinking fund, 2024 capital projects fund and the debt service fund. Most of the discussion regarding governmental activities is equally applicable to the finances of this governmental fund. However, certain factors that are relevant to the District's current financial health are more apparent in the fund financial statements than in the government-wide statements. The changes are shown in Table A-3 and are discussed in more detail below.

Table A-3
Revenues, Expenditures, and Changes in Fund Balances

	General Fund		Capital Projects Sinking Fund		2024 Capital Projects Fund		Debt Service Fund	
	2026	2025	2026	2025	2026	2025	2026	2025
REVENUES	$ 27,567,879	$ 27,838,744	$ 698,810	$ 584,510	$ 1,589,538	$ 1,045,776	$ 5,083,951	$ 4,709,135
EXPENDITURES	27,356,115	26,612,951	673,031	644,478	8,354,070	2,464,764	8,133,434	5,417,495
Excess (deficiency) of revenues over expenditures	211,764	1,225,793	25,779	(59,968)	(6,764,532)	(1,418,988)	(3,049,483)	(708,360)
OTHER FINANCING SOURCES (USES)								
Proceeds from bond issuance	-	-	-	-	-	35,425,000	-	-
Bond premium	-	-	-	-	-	3,202,844	-	-
School loan revolving fund issuance	-	-	-	-	-	-	3,029,611	428,205
Transfers in	66,000	61,000	-	-	-	-	-	-
Transfers out	(450,000)	(1,500,000)	-	-	-	-	-	-
Net change in fund balance	(172,236)	(213,207)	25,779	(59,968)	(6,764,532)	37,208,856	(19,872)	(280,155)
Fund balance - beginning of year	7,194,842	7,408,049	87,881	147,849	37,208,856	-	837,307	1,117,462
Fund balance - end of year	$ 7,022,606	$ 7,194,842	$ 113,660	$ 87,881	$ 30,444,324	$ 37,208,856	$ 817,435	$ 837,307

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

General Fund

The fund balance of the District's general fund decreased by 2.4%. The decrease in fund balance is attributable to revenues and expenditures remaining fairly consistent from 2025 to 2026 with a transfers to the capital projects fund to save for future capital improvements.

The overall fund balance at the end of June 30, 2026, represented approximately 25.7% of operating expenditures. The District aims to have a minimum fund balance of 10% of operating expenditures. Within fund balance, approximately 77% of the balance is considered unassigned. The remaining 23% is considered either restricted, committed, or assigned for other items and is not readily available for use.

Capital Projects Sinking Fund

The fund balance for the capital projects sinking fund is considered to be 100% restricted. This means that the fund balance can only be used for the restricted purpose of that fund and is not readily available for use. Revenues and expenditures remained fairly consistent from 2025 to 2026.

2024 Capital Projects Fund

The fund balance for the 2024 capital projects fund is considered to be 100% restricted. This means that the fund balance can only be used for the restricted purpose of that fund and is not readily available for use. The District spent down approximately $6,764,000 during fiscal year 2026 on various bond projects.

Debt Service Fund

The fund balance for the debt service fund is considered to be 100% restricted. This means that the fund balance can only be used for the restricted purpose of that fund and is not readily available for use. Fund balance for the debt service fund remained fairly consistent as the District borrowed on the school loan revolving fund to pay for current year principal and interest expenditures.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM OBLIGATIONS

Capital Assets

The discussion thus far has only touched upon certain significant transactions and events during 2026 with respect to capital assets and long-term obligations. Overall, the carrying value of capital assets-original cost minus accumulated depreciation- increased 21.1% over 2025. See Table A-4 for the carrying value of capital assets.

Table A-4
Williamston Community Schools Capital Assets

	2026			2025	Total
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	Percentage Change
Construction in progress	$ 8,000,419	$ -	$ 8,000,419	$ 1,596,094	401.2%
Land	1,506,971	-	1,506,971	1,506,971	0.0%
Buildings and building improvements	66,929,028	33,908,786	33,020,242	33,215,994	-0.6%
Vehicles and equipment	6,024,818	2,924,571	3,100,247	1,350,544	129.6%
Total	$ 82,461,236	$ 36,833,357	$ 45,627,879	$ 37,669,603	21.1%

A significant reason for the increase in the net capital assets relates to the construction in progress category. During 2026, the District completed and placed in service approximately $9.8 million for building improvements, vehicles and equipment.

Long-term Obligations

Overall, the carrying value of the District's long-term obligations decreased by 2.7% from the prior year. See Table A-5 for the carrying value of the District's long-term obligations.

Table A-5
Williamston Community Schools Outstanding Long-term Debt

	2026	2025	Total Percentage Change
2015 Refunding Series A	$ 4,000,000	$ 5,000,000	-20.0%
2019 Refunding	13,550,000	16,675,000	-18.7%
2021 Refunding	3,130,000	3,840,000	-18.5%
2024 Building and Site Bonds	35,425,000	35,425,000	0.0%
Installment loans	85,502	103,240	-17.2%
Michigan School Loan Revolving Fund Principal and interest	5,991,772	2,805,936	113.5%
Compensated absences	843,223	808,261	4.3%
Premium on bond issuances	3,305,662	3,500,143	-5.6%
	$ 66,331,159	$ 68,157,580	-2.7%

During 2026, the total amount of principal paid in the current year was approximately $4.9 million and the District borrowed approximately $3.0 million from the school loan revolving fund.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

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

- Foundation Allowance: The State's per pupil foundation allowance for 2026-2027 is budgeted at $10,300, an increase of $250 from 2025-2026.
- Enrollment: The original budget projected a fall 2026 enrollment of 1850 students, a decrease of 17 students from the fall of 2025.
- Federal Revenue Uncertainty: While federal revenue comprises a relatively small percentage of the District's total funding, it supports specific programs and services that benefit students. Uncertainty at the federal level regarding future appropriations or program funding could result in reduced allocations. Even modest reductions in these funds may require the District to adjust the scope or funding sources for affected programs.
- All employee contracts were settled as of June 30, 2026. All increases in contract settlements were included in the budget adopted by the board in June 2026.

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BASIC FINANCIAL STATEMENTS

WILLIAMSTON COMMUNITY SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 630,359
Cash and cash equivalents - restricted	1,341,139
Investments	8,682,811
Investments - restricted	31,998,223
Receivables	
Accounts receivable	6,068
Intergovernmental	4,103,217
Inventories	55,535
Prepaids	736,810
Net other postemployment benefits asset	6,375,493
Capital assets not being depreciated/amortized	9,507,390
Capital assets, net of accumulated depreciation/amortization	36,120,489
TOTAL ASSETS	99,557,534
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refunding, net of amortization	95,594
Related to pensions	6,912,555
Related to other postemployment benefits	1,244,854
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,253,003
LIABILITIES	
Accounts payable	2,667,685
Accrued salaries and related items	1,354,211
Due to other governmental units	549,114
Accrued retirement	629,493
Accrued interest	392,930
Unearned revenue	173,788
Noncurrent liabilities	
Due within a year	5,157,782
Due in more than one year	61,173,377
Arbitrage liability	190,294
Net pension liability	22,378,514
TOTAL LIABILITIES	94,667,188
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	6,797,919
Related to state aid funding for pension	1,850,951
Related to other postemployment benefits	5,418,378
TOTAL DEFERRED INFLOWS OF RESOURCES	14,067,248
NET POSITION	
Net investment in capital assets	11,744,612
Restricted for debt service	424,505
Restricted for capital projects sinking fund	110,910
Restricted for high school exchange student program	1,091,306
Restricted for food service	99,751
Restricted for net other postemployment benefits	6,375,493
Unrestricted	(20,770,476)
TOTAL NET POSITION	$ (923,899)

See notes to financial statements.

WILLIAMSTON COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES
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	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Governmental activities					
Instruction	$ 12,218,022	$ 2,175	$ 5,565,946	$ -	$ (6,649,901)
Supporting services	8,955,494	239,650	293,844	200,000	(8,222,000)
Community services	823,497	479,601	60,000	-	(283,896)
Food service	1,032,945	87,295	1,087,773	-	142,123
Student/school activities	321,757	-	314,799	-	(6,958)
Interest on long-term debt	3,456,470	-	-	-	(3,456,470)
Unallocated depreciation/amortization	1,821,229	-	-	-	(1,821,229)
Total governmental activities	$ 28,629,414	$ 808,721	$ 7,322,362	$ 200,000	(20,298,331)
General revenues					
Property taxes, levied for general purposes					2,567,525
Property taxes, levied for community services					466,352
Property taxes, levied for debt service					5,024,024
Property taxes, levied for sinking fund					626,369
State sources - unrestricted					16,362,653
Investment earnings					1,712,335
Intermediate sources					1,522,748
Other					197,889
Total general revenues					28,479,895
CHANGE IN NET POSITION					8,181,564
NET POSITION, beginning of year					(9,105,463)
NET POSITION, end of year					$ (923,899)

See notes to financial statements.

WILLIAMSTON COMMUNITY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Capital Projects Sinking Fund	2024 Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
ASSETS						
Cash and cash equivalents	$ 494,847	$ -	$ -	$ 45,522	$ 89,990	$ 630,359
Cash and cash equivalents - restricted	-	616,278	724,861	-	-	1,341,139
Investments	6,016,236	-	-	125,269	2,541,306	8,682,811
Investments - restricted	-	-	31,998,223	-	-	31,998,223
Receivables						
Accounts receivable	6,068	-	-	-	-	6,068
Intergovernmental	4,015,590	-	-	-	87,627	4,103,217
Due from other funds	-	-	-	2,218,296	1,204,767	3,423,063
Inventories	41,864	-	-	-	13,671	55,535
Prepaids	708,779	2,750	-	-	25,281	736,810
TOTAL ASSETS	$ 11,283,384	$ 619,028	$ 32,723,084	$ 2,389,087	$ 3,962,642	$ 50,977,225
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Payables						
Accounts payable	$ 214,608	$ 21,088	$ 2,278,760	$ -	$ 153,229	$ 2,667,685
Due to other funds	1,367,131	484,280	-	1,571,652	-	3,423,063
Due to other governmental units	549,114	-	-		-	549,114
Accrued salaries	1,090,931	-	-	-	5,195	1,096,126
Accrued retirement	628,199	-	-	-	1,294	629,493
Other accrued liabilities	257,465	-	-	-	620	258,085
Unearned revenue	153,330	-	-	-	20,458	173,788
TOTAL LIABILITIES	4,260,778	505,368	2,278,760	1,571,652	180,796	8,797,354
FUND BALANCES						
Nonspendable						
Inventories	41,864	-	-	-	13,671	55,535
Prepaids	708,779	2,750	-	-	25,281	736,810
Restricted for:						
Debt service	-	-	-	817,435	-	817,435
Community services	-	-	-	-	227,705	227,705
Food service	-	-	-	-	499,659	499,659
High school exchange student program	-	-		-	1,091,306	1,091,306
Capital projects	-	110,910	30,444,324	-	-	30,555,234
Committed for student/school activities	-	-	-	-	395,866	395,866
Assigned for:						
Capital projects	-	-	-	-	1,528,358	1,528,358
Subsequent year's expenditures	852,649	-	-	-	-	852,649
Unassigned						
General fund	5,419,314	-	-	-	-	5,419,314
TOTAL FUND BALANCES	7,022,606	113,660	30,444,324	817,435	3,781,846	42,179,871
TOTAL LIABILITIES AND FUND BALANCES	$ 11,283,384	$ 619,028	$ 32,723,084	$ 2,389,087	$ 3,962,642	$ 50,977,225

See notes to financial statements.

WILLIAMSTON COMMUNITY SCHOOLS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT
OF NET POSITION
GOVERNMENTAL FUNDS
JUNE 30, 2026

Total Governmental Fund Balances		$ 42,179,871
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital assets is	$ 82,461,236	
Accumulated depreciation/amortization is	(36,833,357)	
		45,627,879
Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.		
Noncurrent assets at year-end consist of:		
Net other postemployment benefits asset		6,375,493
Governmental funds report the difference between the carrying amount of the defeased debt and its reacquisition price when debt is first issued, whereas these amounts are deferred and amortized in the government-wide statement of net position. These amounts consist of:		
Deferred outflows of resources - deferred charge on refunding, net of amortization		95,594
Governmental funds report actual pension/OPEB expenditures for the fiscal year, whereas the governmental activities will recognize the net pension/OPEB asset as of the measurement date. Pension/OPEB contributions subsequent to the measurement date will be deferred in the statement of net position. In addition, resources related to changes of assumptions, differences between expected and actual experience, and the differences between projected and actual plan investment earnings will be deferred over time in the government-wide financial statements. These amounts consist of:		
Deferred outflows of resources - related to pensions		6,912,555
Deferred outflows of resources - related to other postemployment benefits		1,244,854
Deferred inflows of resources - related to pensions		(6,797,919)
Deferred inflows of resources - related to other postemployment benefits		(5,418,378)
Deferred inflows of resources - related to state pension funding		(1,850,951)
Long-term obligations are not due and payable in the current period and are not reported in the funds.		
Bonds payable and notes from direct borrowing and direct placements		(65,487,936)
Compensated absences		(843,223)
Accrued interest on long-term obligations is not included as a liability in governmental funds, it is recorded when paid		(392,930)
Arbitrage liability		(190,294)
Net pension liability		(22,378,514)
Net Position of Governmental Activities		$ (923,899)

See notes to financial statements.

WILLIAMSTON COMMUNITY SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2026

	General Fund	Capital Projects Sinking Fund	2024 Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
REVENUES						
Local sources						
Property taxes	$ 2,567,525	$ 626,369	$ -	$ 5,024,024	$ 466,352	$ 8,684,270
Tuition	327,341	-	-	-	-	327,341
Investment earnings	241,010	5,094	1,389,538	40,919	35,774	1,712,335
Food sales, athletics, and community service	160,559	-	-	-	301,730	462,289
Student/school activities	-	-	-	-	314,799	314,799
Other	204,563	-	200,000	-	-	404,563
Total local sources	3,500,998	631,463	1,589,538	5,064,943	1,118,655	11,905,597
State sources	22,389,007	2,370	-	19,008	692,007	23,102,392
Federal sources	155,126	64,977	-	-	397,532	617,635
Intermediate sources	1,522,748	-	-	-	-	1,522,748
TOTAL REVENUES	27,567,879	698,810	1,589,538	5,083,951	2,208,194	37,148,372
EXPENDITURES						
Current						
Instruction	15,801,108	-	-	-	-	15,801,108
Supporting services	11,201,931	-	-	-	-	11,201,931
Community services	331,527	-	-	-	793,815	1,125,342
Food service	-	-	-	-	1,129,160	1,129,160
Student/school activities	-	-	-	-	321,757	321,757
Capital outlay	-	673,031	8,354,070	-	421,642	9,448,743
Debt service						
Principal retirement	17,738	-	-	4,835,000	-	4,852,738
Interest, fiscal, and other charges	3,811	-	-	3,298,434	-	3,302,245
TOTAL EXPENDITURES	27,356,115	673,031	8,354,070	8,133,434	2,666,374	47,183,024
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	211,764	25,779	(6,764,532)	(3,049,483)	(458,180)	(10,034,652)
OTHER FINANCING SOURCES (USES)						
School loan revolving fund issuance	-	-	-	3,029,611	-	3,029,611
Transfers in	66,000	-	-	-	450,000	516,000
Transfers out	(450,000)	-	-	-	(66,000)	(516,000)
TOTAL OTHER FINANCING SOURCES (USES)	(384,000)	-	-	3,029,611	384,000	3,029,611
NET CHANGE IN FUND BALANCES	(172,236)	25,779	(6,764,532)	(19,872)	(74,180)	(7,005,041)
FUND BALANCES						
Beginning of year	7,194,842	87,881	37,208,856	837,307	3,856,026	49,184,912
End of year	$ 7,022,606	$ 113,660	$ 30,444,324	$ 817,435	$ 3,781,846	$ 42,179,871

See notes to financial statements.

WILLIAMSTON COMMUNITY SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Net Change in Fund Balances - Total Governmental Funds	$ (7,005,041)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation/amortization.	
Depreciation/amortization expense	(1,821,229)
Capital outlay	9,786,923
Net book value of assets disposed	(7,418)
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid.	
Accrued interest payable, beginning of the year	686,349
Accrued interest payable, end of the year	(392,930)
The issuance of long-term debt (e.g., bonds) provides current financial resources to any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences is the treatment of long-term debt and related items and are as follows:	
School loan revolving fund issuance	(3,029,611)
Payments on debt	4,852,738
Amortization of deferred charge on refunding	(23,898)
Amortization of bond premium	194,481
Long-term interest on school loan revolving fund (accrued)	(156,225)
Arbitrage liability, beginning of the year	-
Arbitrage liability, end of the year	(190,294)
Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds.	
Accrued compensated absences, beginning of the year, as restated	808,261
Accrued compensated absences, end of the year	(843,223)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	
Pension related items	3,397,949
Other postemployment benefit items	2,262,126
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension benefits contributions subsequent to the measurement period.	
Change in state aid funding for pension benefits	(337,394)
Change in Net Position of Governmental Activities	$ 8,181,564

See notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

Description of Government-wide Financial Statements

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

Basis of Presentation - Government-wide Financial Statements

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

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

Basis of Presentation - Fund Financial Statements

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

The District reports the following *Major Governmental Funds*:

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

The *Capital Projects Sinking Fund* accounts for the receipt of property taxes revenue for sinking fund a subsequent expenditures of these funds. The fund has complied with the applicable provisions of Section 1212 of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2023-1.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Major Governmental Funds (continued):

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

	2024 Capital Projects
Revenue and other financing sources	$ 41,263,158
Expenditures and other financing uses	$ 10,818,834

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash and Cash Equivalents

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

Investments

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

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

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

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

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

e. Bankers acceptances of United States banks.

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

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

Inventories and Prepaid Items

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

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

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

Buildings and building improvements	5-50 years
Equipment	3-20 years
Vehicles	7-8 years

Defined Benefit Plans

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

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. They are the deferred charge on refunding, pension and other postemployment benefits related items reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferred outflow is recognized for pension and other postemployment benefit related items. These amounts are expensed in the plan year in which they apply.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Inflows

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

Net Position Flow Assumption

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

In the computation of net investment in capital assets, net of related debt, the school loan revolving fund principal balance of $5,635,821 are considered capital-related debt. Accrued interest on the school bond revolving fund of $355,951 is not considered capital related debt.

In addition, during the years ended June 30, 2020 and June 30, 2022 the District issued bonded debt in the amount of $20,950,000 and $5,820,000 used to make principal and interest payments related to the School Loan Revolving fund and the School Bond Loan Fund. 5% and 1% of these proceeds are not considered capital-related debt as this amount was used to pay off accrued interest. The remaining allocation of this debt not considered capital related debt at June 30, 2026 is $708,800.

Fund Balance Flow Assumptions

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies

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

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

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

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

Leases and Subscription-based IT Arrangements (SBITA)

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

Revenues and Expenditures/Expenses

Program Revenues

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

Property Taxes

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

For the year ended June 30, 2026, the District levied the following amounts per $1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	7.8400
Sinking fund	
PRE, Non-PRE, Commercial Personal Property	0.9775
Community services fund	
PRE, Non-PRE, Commercial Personal Property	0.7283

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Compensated Absences

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method over the term of the related debt. Bond issuance costs are reported as expenditures in the year in which they are incurred.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2026 the District had deposits and investments subject to the following risk:

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2026, $2,365,310 of the District's bank balance of $2,615,310 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was $1,971,498, including petty cash.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

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

Investment Type	Fair Value	Weighted Average Maturity (Years)
MILAF External Investment Pool - CMC	$ 124	N/A
MILAF External Investment Pool - MAX	1,002	N/A
Michigan CLASS Investment Pool	40,679,908	0.1342
Total fair value	$ 40,681,034	
Portfolio weighted average maturity		0.1342

Concentration of Credit Risk

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

Investment Type	Fair Value	Rating	Rating Agency
MILAF External Investment Pool - CMC	$ 124	AAAm	Standard & Poor's
MILAF External Investment Pool - MAX	1,002	AAAm	Standard & Poor's
Michigan CLASS Investment Pool	40,679,908	AAAm	Standard & Poor's
	$ 40,681,034		

Foreign Currency Risk

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement

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

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

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

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

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

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

Investments in Entities that Calculate Net Asset Value Per Share

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

The Michigan CLASS investment pool invest U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statues and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

At year ended June 30, 2026, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan CLASS Investment Pool	$ 40,679,908	$ -	No restrictions	None

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF funds are considered external investment pools as defined by the GASB and as such are recorded at amortized cost which approximate fair value. The MILAF (MAX Class) fund requires notification of redemptions prior to 14 days to avoid penalties. These funds are not subject to the fair value disclosures.

	Amortized Cost
MILAF External Investment Pool - CMC	$ 124
MILAF External Investment Pool - MAX	1,002
Total amortized cost	$ 1,126

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

The following summarizes the categorization of these amounts in the financial statements as of June 30, 2026:

	Primary Government
Cash and cash equivalents	$ 630,359
Cash and cash equivalents - restricted	1,341,139
Investments	8,682,811
Investments - restricted	31,998,223
	$ 42,652,532

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables at June 30, 2026 consist of the following:

State aid - Michigan Department of Education	$ 3,993,075
Federal	8,368
Intermediate school district and other	101,774
	$ 4,103,217

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

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2025	Additions/ Reclassifications	Deletions/ Reclassifications	Balance June 30, 2026
Governmental activities				
Capital assets not being depreciated/amortized				
Construction in progress	$ 1,596,094	$ 8,078,647	$ 1,674,322	$ 8,000,419
Land	1,506,971	-	-	1,506,971
Total capital assets not being depreciated/amortized	3,103,065	8,078,647	1,674,322	9,507,390
Capital assets, being depreciated/amortized				
Buildings and building improvements	65,746,635	2,052,125	869,732	66,929,028
Vehicles and equipment	7,592,465	1,330,473	2,898,120	6,024,818
Total capital assets, being depreciated/amortized	73,339,100	3,382,598	3,767,852	72,953,846
Accumulated depreciation/amortization				
Buildings and building improvements	32,530,641	1,378,145	-	33,908,786
Vehicles and equipment	6,241,921	443,084	3,760,434	2,924,571
Total accumulated depreciation/amortization	38,772,562	1,821,229	3,760,434	36,833,357
Net capital assets being depreciated/amortized	34,566,538	1,561,369	7,418	36,120,489
Net governmental capital assets	$ 37,669,603	$ 9,640,016	$ 1,681,740	$ 45,627,879

Depreciation/amortization for the fiscal year ended June 30, 2026 amounted to $1,821,229. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 5 - LONG-TERM OBLIGATIONS

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

		Notes from Direct Borrowings and Direct Placements			
	General Obligation Bonds	Installment Loans	School Loan Revolving Fund	Compensated Absences*	Total
Balance July 1, 2025	$ 64,440,143	$ 103,240	$ 2,805,936	$ 808,261	$ 68,157,580
Additions	-	-	3,185,836	34,962	3,220,798
Deletions	(5,029,481)	(17,738)	-	-	(5,047,219)
Balance June 30, 2026	59,410,662	85,502	5,991,772	843,223	66,331,159
Due within one year	(5,055,000)	(18,460)	-	(84,322)	(5,157,782)
Due in more than one year	$ 54,355,662	$ 67,042	$ 5,991,772	$ 758,901	$ 61,173,377

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

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2026 is comprised of the following issues:

General Obligation Bonds	
$14,690,000 Refunding Bonds, Series A dated September 29, 2015, due in annual installments of $1,000,000 through May 1, 2030 with interest ranging from 3.50% to 5.00%, payable semi-annually.	$ 4,000,000
$20,950,000 Refunding Bonds, dated November 19, 2019, due in an annual installments ranging from $3,225,000 to $3,555,000 through May 1, 2030 with interest ranging from 2.59% to 2.74%, payable semi-annually.	13,550,000
$5,820,000 Refunding Bond, dated July 28, 2021, due in annual installments ranging from $730,000 to $820,000 through May 1, 2030 with interest ranging from 1.49% to 1.98%, payable semi-annually.	3,130,000
$35,425,000 School Building and Site Bonds dated October 18, 2024, due in annual installments ranging from $100,000 to $2,525,000 through May 1, 2054 with interest of 5.00%, payable semi-annually.	35,425,000
Plus premium on bond issuances	3,305,662
Total general obligation bonds	59,410,662
Notes from Direct Borrowings and Direct Placements	
Borrowings from the State of Michigan under the School Loan Revolving Fund, including interest at 3.77% at June 30, 2026.	5,991,772
$177,500 installment note dated October 8, 2020, due in monthly installments of $1,796, including interest of 0.33%, through October 2030.	85,502
Total notes from direct borrowings and direct placements	6,077,274
Total general obligation bonds and notes from direct borrowings and direct placements	65,487,936
Compensated absences	843,223
Total general long-term obligations	$ 66,331,159

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of $85,502 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

NOTE 5 - LONG-TERM OBLIGATIONS (continued)

Borrowing from the State of Michigan - The School Loan Revolving Fund payable represents notes payable to the State of Michigan for loans made to the school district, as authorized by the State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the school district issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. The interest rate at June 30, 2026 was 3.77%. Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 7.84 mills. The school district is required to levy 7.84 mills and repay to the state any excess of the amount levied over the bonded debt service requirements. Currently the District levies 7.84 mills. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the school district, no provision for repayment has been included in the above amortization schedule. The state may apply a default late charge on the note if the District does not make the repayments, or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default.

The annual requirements to amortize long-term obligations outstanding as of June 30, 2026, including interest are as follows:

Year Ending June 30,	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements		Compensated Absences	Total
	Principal	Interest	Principal	Interest		
2027	$ 5,055,000	$ 2,357,583	$ 18,460	$ 3,088	$ -	$ 7,434,131
2028	5,200,000	2,208,050	19,213	2,336	-	7,429,599
2029	5,350,000	2,052,326	19,995	1,553	-	7,423,874
2030	5,475,000	1,905,035	20,810	739	-	7,401,584
2031	695,000	1,751,250	7,024	59	-	2,453,333
2032 - 2036	4,195,000	8,188,750	-	-	-	12,383,750
2037 - 2041	5,660,000	7,000,250	-	-	-	12,660,250
2042 - 2046	7,495,000	5,410,000	-	-	-	12,905,000
2047 - 2051	9,775,000	3,318,750	-	-	-	13,093,750
2052 - 2055	7,205,000	732,750	-	-	-	7,937,750
Total	56,105,000	34,924,744	85,502	7,775	-	91,123,021
Issuance premium	3,305,662	-	-	-	-	3,305,662
School loan revolving fund	-	-	5,635,821	355,951	-	5,991,772
Compensated absences and severance benefits	-	-	-	-	843,223	843,223
	$ 59,410,662	$ 34,924,744	$ 5,721,323	$ 363,726	$ 843,223	$ 101,263,678

Interest expense for all funds for the year ended June 30, 2026 was approximately $3,302,000.

At June 30, 2026, $817,435 is available in the debt service funds to service the general obligation debt.

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

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

Receivable Fund		Payable Fund	
General fund	$ -	General fund	$ 1,367,131
Capital projects sinking fund	-	Capital projects sinking fund	484,280
Debt service fund	2,218,296	Debt service fund	1,571,652
Nonmajor governmental funds	1,204,767	Nonmajor governmental funds	-
	$ 3,423,063		$ 3,423,063

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

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. For the purpose of the statement of activities, all interfund transfers between individual governmental funds have been eliminated. During the year ended June 30, 2026, the food service fund transferred $66,000 to the general fund for indirect costs and the general fund transferred $450,000 to the capital projects fund.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

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

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Overall

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

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

Benefits Provided - Pension

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

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

Pension Reform 2010

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

Pension Reform 2012

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

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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

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

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

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

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

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

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

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

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform of 2017

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

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

Pension Reform of 2023

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

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Retiree Healthcare Reform of 2012 (continued)

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

Regular Retirement (no reduction factor for age)

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

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

Member Contributions

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

Employer Contributions

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

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

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

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

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

The District's pension contributions for the year ended June 30, 2026 were equal to the required contribution total. Total pension contributions were approximately $5,179,000. Of the total pension contributions approximately $4,912,000 was contributed to fund the Defined Benefit Plan and approximately $267,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2026 were equal to the required contribution total. Total OPEB contributions were approximately $361,000. Of the total OPEB contributions approximately $217,000 was contributed to fund the Defined Benefit Plan and approximately $144,000 was contributed to fund the Defined Contribution Plan.

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

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

The net pension liability was measured as of September 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2024 and rolled-forward using generally accepted actuarial procedures.

The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers	September 30, 2025	September 30, 2024
Total Pension Liability	$ 97,436,103,863	$ 95,765,499,515
Plan Fiduciary Net Position	$ 77,403,114,236	$ 71,283,482,728
Net Pension Liability	$ 20,032,989,627	$ 24,482,016,787
Proportionate Share	0.11171%	0.11141%
Net Pension Liability for the District	$ 22,378,514	$ 27,275,334

For the year ended June 30, 2026, the District recognized pension expense of $1,513,902.

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 803,229	$ 1,182,758
Net difference between projected and actual pension plan investment earnings	-	5,347,986
Differences between expected and actual experience	866,784	199,324
Changes in proportion and differences between employer contributions and proportionate share of contributions	729,435	67,851
Reporting Unit's contributions subsequent to the measurement date	4,513,107	-
	$ 6,912,555	$ 6,797,919

$4,513,107, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ended June 30,	Amount
2027	$ 95,457
2028	(2,191,947)
2029	(1,766,096)
2030	(535,885)
	$ (4,398,471)

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

The net OPEB liability (asset) was measured as of September 30, 2025, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation date of September 30, 2024 and rolled-forward using generally accepted actuarial procedures.

The District's proportion of the net OPEB liability (asset) was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers	September 30, 2025	September 30, 2024
Total Other Postemployment Benefit Liability	$ 9,360,649,860	$ 9,991,545,923
Plan Fiduciary Net Position	$ 15,439,767,833	$ 14,295,943,589
Net Other Postemployment Benefit Liability (Asset)	$ (6,079,117,973)	$ (4,304,397,666)
Proportionate Share	0.10488%	0.11085%
Net Other Postemployment Benefit Liability (Asset) for the District	$ (6,375,493)	$ (4,771,514)

For the year ended June 30, 2026, the District recognized OPEB benefit of $2,044,868.

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 850,878	$ 67,618
Net difference between projected and actual other postemployment benefits plan investment earnings	-	895,896
Differences between expected and actual experience	-	4,364,965
Changes in proportion and differences between employer contributions and proportionate share of contributions	206,357	89,899
Reporting Unit's contributions subsequent to the measurement date	187,619	-
	$ 1,244,854	$ 5,418,378

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

$187,619, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

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

Year Ended June 30,	Amount
2027	$ (1,151,344)
2028	(1,122,500)
2029	(1,056,692)
2030	(700,385)
2031	(252,743)
2032	(77,479)
	$ (4,361,143)

Actuarial Assumptions

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

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

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

Inflation - 3.0%.

Mortality Assumptions -

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

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

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

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

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

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

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

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

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

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

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

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

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

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

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

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	$ 35,314,530	$ 22,378,514	$ 11,604,469

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

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	$ (5,492,891)	$ (6,375,493)	$ (7,147,962)

NOTE 7 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

	Other Postemployment Benefits		
	1% Decrease	Current Healthcare Cost Trend Rates	1% increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	$ (7,140,913)	$ (6,375,493)	$ (5,571,828)

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

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

NOTE 8 - RISK MANAGEMENT

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

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

NOTE 9 - CONTINGENT LIABILITIES

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

NOTE 10 - TAX ABATEMENTS

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

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

Municipality	Taxes Abated
Williamston City	$ 465

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

There are no abatements made by the District.

NOTE 11 - UPCOMING ACCOUNTING PRONOUNCEMENTS

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

NOTE 12 - CHANGES IN ACCOUNTING PRINCIPLES

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

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

a. Management's discussion and analysis (MD&A)
b. Unusual or infrequent items
c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements should be presented after the fund financial statements;

NOTE 12 - CHANGES IN ACCOUNTING PRINCIPLES (continued)

e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

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

REQUIRED SUPPLEMENTARY INFORMATION

WILLIAMSTON COMMUNITY SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2026

	Budgeted Amounts		Variance with Original and Final Budget	Actual	Variance with Final Budget and Actual
	Original	Final			
REVENUES					
Local sources	$ 3,064,892	$ 3,377,672	$ 312,780	$ 3,500,998	$ 123,326
State sources	21,601,224	22,419,777	818,553	22,389,007	(30,770)
Federal sources	199,067	133,979	(65,088)	155,126	21,147
Intermediate school districts	1,554,909	1,610,894	55,985	1,522,748	(88,146)
TOTAL REVENUES	26,420,092	27,542,322	1,122,230	27,567,879	25,557
EXPENDITURES					
Current					
Instruction					
Basic programs	12,563,690	12,436,257	127,433	12,500,586	(64,329)
Added needs	3,402,978	3,325,630	77,348	3,300,122	25,508
Adult and continuing education	-	-	-	400	(400)
Total instruction	15,966,668	15,761,887	204,781	15,801,108	(39,221)
Supporting services					
Pupil	2,065,674	1,982,507	83,167	2,213,130	(230,623)
Instructional staff	1,384,561	1,558,298	(173,737)	1,193,500	364,798
General administration	555,276	546,773	8,503	560,970	(14,197)
School administration	1,688,785	1,733,554	(44,769)	1,754,935	(21,381)
Business administration	5,444,411	5,852,279	(407,868)	5,479,396	372,883
Total supporting services	11,138,707	11,673,411	(534,704)	11,201,931	471,480
Community services	233,172	303,077	(69,905)	331,527	(28,450)
Debt service					
Principal repayment	76,828	18,000	58,828	17,738	262
Interest	5,172	4,000	1,172	3,811	189
Total debt service	82,000	22,000	60,000	21,549	451
TOTAL EXPENDITURES	27,420,547	27,760,375	(339,828)	27,356,115	404,260
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,000,455)	(218,053)	782,402	211,764	429,817
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	66,000	66,000
Transfers out	-	(200,000)	(200,000)	(450,000)	(250,000)
TOTAL OTHER FINANCING SOURCES (USES)	-	(200,000)	(200,000)	(384,000)	(184,000)
NET CHANGE IN FUND BALANCE	(1,000,455)	(418,053)	582,402	(172,236)	245,817
FUND BALANCE					
Beginning of year	7,194,842	7,194,842	-	7,194,842	-
End of year	$ 6,194,387	$ 6,776,789	$ 582,402	$ 7,022,606	$ 245,817

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Reporting Unit's share of net pension liability (%)	0.11171%	0.11141%	0.10995%	0.10644%	0.10416%	0.10546%	0.10581%	0.10682%	0.10846%	0.10999%
Reporting Unit's proportionate share of net pension liability	$ 22,378,514	$ 27,275,334	$ 35,586,257	$ 40,031,514	$ 24,660,407	$ 36,225,616	$ 35,040,864	$ 32,110,647	$ 28,106,439	$ 27,441,253
Reporting Unit's covered-employee payroll	$ 12,583,054	$ 11,863,429	$ 11,331,802	$ 10,522,812	$ 9,465,285	$ 9,434,712	$ 9,272,788	$ 9,006,482	$ 8,978,139	$ 9,365,460
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	177.85%	229.91%	314.04%	380.43%	260.54%	383.96%	377.89%	356.53%	313.05%	293.00%
Plan fiduciary net position as a percentage of total pension liability (Non-university employees)	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Statutorily required contributions	$ 4,911,851	$ 4,935,375	$ 4,553,572	$ 4,983,646	$ 3,477,004	$ 3,032,589	$ 2,984,220	$ 2,948,780	$ 2,936,701	$ 2,566,667
Contributions in relation to statutorily required contributions	4,911,851	4,935,375	4,553,572	4,983,646	3,477,004	3,032,589	2,984,220	2,948,780	2,936,701	2,566,667
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 13,282,007	$ 12,381,860	$ 11,816,326	$ 11,489,367	$ 10,271,307	$ 9,340,337	$ 9,373,384	$ 9,196,160	$ 8,991,915	$ 9,037,853
Contributions as a percentage of covered-employee payroll	36.98%	39.86%	38.54%	43.38%	33.85%	32.47%	31.84%	32.07%	32.66%	28.40%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net other postemployment benefits liability (asset) (%)	0.10488%	0.11085%	0.11240%	0.10729%	0.10432%	0.10556%	0.10600%	0.10587%	0.10863%
Reporting Unit's proportionate share of net other postemployment benefits liability (asset)	$ (6,375,493)	$ (4,771,514)	$ (635,859)	$ 2,272,502	$ 1,592,298	$ 5,654,923	$ 7,608,304	$ 8,415,702	$ 9,619,784
Reporting Unit's covered-employee payroll	$ 12,583,054	$ 11,863,429	$ 11,331,802	$ 10,522,812	$ 9,465,285	$ 9,434,712	$ 9,272,788	$ 9,006,482	$ 8,978,139
Reporting Unit's proportionate share of net other postemployment benefits liability (asset) as a percentage of its covered-employee payroll	-50.67%	-40.22%	-5.61%	21.60%	16.82%	59.94%	82.05%	93.44%	107.15%
Plan fiduciary net position as a percentage of total other postemployment benefits liability (Non-university employees)	164.94%	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

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

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required other post-employment benefits contributions	$ 217,258	$ 63,273	$ 952,576	$ 905,071	$ 810,054	$ 791,361	$ 807,493	$ 848,880	$ 708,795
Other post-employment benefits contributions in relation to statutorily required contributions	217,258	63,273	952,576	905,071	810,054	791,361	807,493	848,880	708,795
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll (OPEB)	$ 13,282,007	$ 12,381,860	$ 11,816,326	$ 11,489,367	$ 10,271,307	$ 9,340,337	$ 9,373,384	$ 9,196,160	$ 8,991,915
Other post-employment benefit contributions as a percentage of covered-employee payroll	1.64%	0.51%	8.06%	7.88%	7.89%	8.47%	8.61%	9.23%	7.88%

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

WILLIAMSTON COMMUNITY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2026

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

b. Public hearings are conducted to obtain taxpayer comments.

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

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

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

NOTE 2 - BUDGETARY COMPARISON

Significant Variances Between Original and Final Budget

	Variance	Explanation
REVENUES		
Local sources	$ 312,780	Local source revenues increased primarily because actual property tax collections exceeded the estimate used in the original budget by approximately $563,000. This increase was partially offset by lower projected KCLH and interest revenue.
State sources	818,553	State source revenues increased significantly from the original to final budget because the original budget was developed before the State budget was finalized and therefore used conservative revenue estimates. As funding allocations were finalized, the budget was updated to reflect increased funding in Sections 27L(2), 27L(4), 51c, and 31a At-Risk programs.
EXPENDITURES		
Business administration	(407,868)	Business and administrative expenditures increased significantly from the original to final budget primarily due to the addition of a $200,000 contingency, a $90,000 increase in projected utility costs, and other miscellaneous budget adjustments made during the year to account for anticipated expenditures.

Significant Variances Between Final Budget and Actual

	Variance	Explanation
EXPENDITURES		
Pupil	$ (230,623)	Pupil services expenditures exceeded budget primarily due to the allocation of retirement and benefit costs. During budget development, these costs were budgeted under function code 229; however, actual expenditures were recorded within their appropriate 210-series function codes throughout the year. This reclassification increased reported pupil services expenditures compared to budget.
Instructional Staff	364,798	Instructional staff expenditures came in under budget primarily because retirement and benefit costs were budgeted in function code 229 but recorded in their appropriate function codes during the year. As a result, a portion of costs budgeted within instructional staff was reallocated to pupil, creating the significant variance compared to budget.
Business administration	372,883	Business and administrative expenditures came in under budget primarily due to lower-than-anticipated utility costs. While the district maintained its $200,000 contingency, a portion of high school utility costs were transferred to the community service fund as part of the district's normal year-end cost allocation process, resulting in expenditures below budget.
OTHER FINANCING SOURCES (USES)		
Transfers out	(250,000)	Transfers out came in over budget due to the District setting aside more funds for future capital improvements in the capital projects fund.

WILLIAMSTON COMMUNITY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2026

NOTE 3 - PENSION INFORMATION

Benefit Changes

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

Changes in Assumptions

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

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

NOTE 4 - OPEB INFORMATION

Benefit Changes

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

Changes in Assumptions

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

- 2025 - The health care cost trend rate used in the September 30, 2024, actuarial valuation increased by 0.50 percentage points for members under 65. This increased the plan's total OPEB liability by $267 million in 2025.
- 2024 - The health care cost trend rate used in the September 30, 2023, actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 0.25 percentage points for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2022, actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.

NOTE 4 - OPEB INFORMATION (continued)

Changes in Assumptions (continued)

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

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

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

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

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

ADDITIONAL SUPPLEMENTARY INFORMATION

WILLIAMSTON COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2026

	Special Revenue				Total
	Food Service	Student/School Activities	Community Services	Capital Projects	Nonmajor Funds
ASSETS					
Cash and cash equivalents	$ 406	$ 1,726	$ -	$ 87,858	$ 89,990
Investments	-	1,091,306	-	1,450,000	2,541,306
Receivables					
Intergovernmental	87,627	-	-	-	87,627
Due from other funds	530,449	394,385	279,933	-	1,204,767
Inventories	13,671	-	-	-	13,671
Prepaids	25,281	-	-	-	25,281
TOTAL ASSETS	$ 657,434	$ 1,487,417	$ 279,933	$ 1,537,858	$ 3,962,642
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	$ 97,134	$ 245	$ 46,350	$ 9,500	$ 153,229
Accrued salaries	867	-	4,328	-	5,195
Accrued retirement	-	-	1,294	-	1,294
Other accrued liabilities	364	-	256	-	620
Unearned revenue	20,458	-	-	-	20,458
TOTAL LIABILITIES	118,823	245	52,228	9,500	180,796
FUND BALANCES					
Nonspendable					
Inventories	13,671	-	-	-	13,671
Prepaids	25,281	-	-	-	25,281
Restricted for:					
Community services	-	-	227,705	-	227,705
Food service	499,659	-	-	-	499,659
High school exchange student program	-	1,091,306	-	-	1,091,306
Committed for student/school activities	-	395,866	-	-	395,866
Assigned for:					
Capital Projects	-	-	-	1,528,358	1,528,358
TOTAL FUND BALANCES	538,611	1,487,172	227,705	1,528,358	3,781,846
TOTAL LIABILITIES AND FUND BALANCES	$ 657,434	$ 1,487,417	$ 279,933	$ 1,537,858	$ 3,962,642

WILLIAMSTON COMMUNITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2026

	Special Revenue				Total
	Food Service	Student/School Activities	Community Services	Capital Projects	Nonmajor Funds
REVENUES					
Local sources					
Property taxes	$ -	$ -	$ 466,352	$ -	$ 466,352
Investment earnings	-	35,774	-	-	35,774
Community service activities	-	-	214,435	-	214,435
Student/school activities	-	314,799	-	-	314,799
Food sales	87,295	-	-	-	87,295
Total local sources	87,295	350,573	680,787	-	1,118,655
State sources	690,241	-	1,766	-	692,007
Federal sources	397,532	-	-	-	397,532
TOTAL REVENUES	1,175,068	350,573	682,553	-	2,208,194
EXPENDITURES					
Current					
Food service activities	1,129,160	-	-	-	1,129,160
Community services	-	-	793,815	-	793,815
Student/school activities	-	321,757	-	-	321,757
Capital outlay	-	-	-	421,642	421,642
TOTAL EXPENDITURES	1,129,160	321,757	793,815	421,642	2,666,374
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	45,908	28,816	(111,262)	(421,642)	(458,180)
OTHER FINANCING SOURCES (USES)					
Transfers from other funds	-	-	-	450,000	450,000
Transfers out	(66,000)	-	-	-	(66,000)
NET CHANGE IN FUND BALANCES	(20,092)	28,816	(111,262)	28,358	(74,180)
FUND BALANCES					
Beginning of year	558,703	1,458,356	338,967	1,500,000	3,856,026
End of year	$ 538,611	$ 1,487,172	$ 227,705	$ 1,528,358	$ 3,781,846

Maner Costerisan

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

To the Board of Education of
Williamston Community Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williamston Community Schools as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Williamston Community Schools' basic financial statements and have issued our report thereon dated October 7, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Williamston Community Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Williamston Community Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Williamston Community Schools' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Williamston Community Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*

Purpose of this Report

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

Maner Costerisan PC

Lansing, Michigan
October 7, 2026

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October 7, 2026

To the Board of Education of
Williamston Community Schools

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, during our audit, we noted one matter involving the internal control and other operational matters that is presented for your consideration. This letter does not affect our report dated October 7, 2026 on the financial statements of Williamston Community Schools. We will review the status of this comment during our next audit engagement. Our comment and recommendation, which has been discussed with appropriate members of management, is intended to improve the internal control or result in other operating efficiencies. We will be pleased to discuss this comment in further detail at your convenience, perform any additional study of this matter, or assist you in implementing the recommendation. Our comment is summarized as follows.

Food Service Fund Balance

Per Michigan Department of Education (MDE) guidelines, school food authorities (SFA) must operate food services on a nonprofit basis. We noted that the food service fund balance exceeded the three months' operating expenditures allowed. MDE requires that the SFA spend down the excess by the end of the next school year. We recommend that Williamston Community Schools develop a plan to spend down the excess by June 30, 2027.

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

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

Very truly yours,

Maner Costerisan PC

Lansing, Michigan

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October 7, 2026

To the Board of Education
Williamston Community Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Williamston Community Schools for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information orally during our discussion on May 29, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

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

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

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

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

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

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 7, 2026.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

Restriction on Use

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

Very truly yours,

Maner Costerisan PC

Lansing, Michigan