WEBBERVILLE COMMUNITY SCHOOLS

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

YEAR ENDED JUNE 30, 2026

Maner Costerisan

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT 1-3

MANAGEMENT'S DISCUSSION AND ANALYSIS 4-11

BASIC FINANCIAL STATEMENTS 12

Government-Wide Financial Statements
Statement of Net Position 13
Statement of Activities 14

Fund Financial Statements
Balance Sheet - Governmental Funds 15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds 17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 18

Fiduciary Funds
Statement of Fiduciary Net Position 19
Statement of Changes in Fiduciary Net Position 20

Notes to Financial Statements 21-48

REQUIRED SUPPLEMENTARY INFORMATION 49

Budgetary Comparison Schedule - General Fund 50

Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability 51
Schedule of the Reporting Unit's Pension Contributions 52

Schedule of the Reporting Unit's Proportionate Share of the Net OPEB Liability (Asset) 53
Schedule of the Reporting Unit's OPEB Contributions 54

Notes to Required Supplementary Information 55-58

ADDITIONAL SUPPLEMENTARY INFORMATION 59

Nonmajor Governmental Fund Types
Combining Balance Sheet 60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 61

Special Revenue Funds
Combining Balance Sheet 62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 63

Debt Service Funds
Combining Balance Sheet 64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 65

TABLE OF CONTENTS

Page

ADDITIONAL SUPPLEMENTARY INFORMATION (continued)

Long-term Debt
Bonded Debt....66-68
School Loan Revolving Fund....69

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*....70-71

Maner Costerisan

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

2851 Charlevoix Dr SE #300,
Grand Rapids, MI 49546

517.323.7500

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Webberville Community Schools

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Webberville Community Schools, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Webberville 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 Webberville 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 Webberville 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 Webberville 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 Webberville 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 Webberville 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 Webberville Community Schools' basic financial statements. The accompanying additional supplementary information, as identified in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2026 on our consideration of Webberville 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 Webberville 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 Webberville Community Schools' internal control over financial reporting and compliance.

Maner Costerisan PC

Lansing, Michigan
September 22, 2026

WEBBERVILLE COMMUNITY SCHOOLS
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2630 W. Howell Road, Mason, Michigan 48854.

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-personal residence exemption properties, state aid foundation, and federal grants. These statements provide both short-term and long-term information.

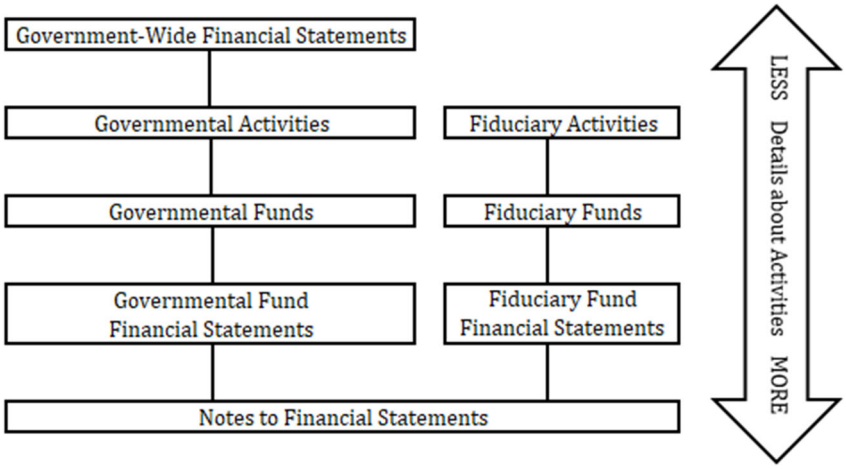
The remaining basic financial statements present the District's finances in greater detail and present fiduciary activities. As their name implies, the fund financial statements disaggregate financial information by separate funds to report on the specific purposes for which resources are used or for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

- *Governmental Fund Financial Statements* report all of the governmental activities. 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.

- *Fiduciary Fund Financial Statements* report resources for which the District acts as a trustee or custodian. The resources in this fund do not belong to the District and cannot be used to provide services, which is why they are not included in the government-wide financial statements.

This section of Webberville Community Schools (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2026. Please read it in conjunction with the District's financial statements, which immediately follow this section.

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	Fiduciary Fund	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 the financial statements, the summary of significant accounting policies.

ANALYSIS OF THE DISTRICT'S FINANCES

Table A-1
Webberville Community Schools' Net Position

	2026	2025	Dollar Change	Total Percentage Change
Assets				
Current assets	$ 3,801,306	$ 3,862,241	$ (60,935)	-1.6%
Net other postemployment benefit asset	1,258,802	947,691	311,111	32.8%
Capital assets	9,310,879	9,548,839	(237,960)	-2.5%
Total assets	14,370,987	14,358,771	12,216	0.1%
Deferred outflows of resources	1,964,504	2,161,087	(196,583)	-9.1%
Liabilities				
Current liabilities	1,270,233	2,938,914	(1,668,681)	-56.8%
Long-term debt outstanding	11,238,156	10,762,228	475,928	4.4%
Net pension liability	4,742,660	5,527,307	(784,647)	-14.2%
Total liabilities	17,251,049	19,228,449	(1,977,400)	-10.3%
Deferred inflows of resources	3,240,649	3,622,927	(382,278)	-10.6%
Net position				
Net investment in capital assets	(778,854)	(1,824,682)	1,045,828	57.3%
Restricted for capital projects (sinking fund)	881,999	686,767	195,232	28.4%
Restricted for food service	43,355	162,082	(118,727)	-73.3%
Restricted for net other postemployment benefits	1,258,802	947,691	311,111	32.8%
Unrestricted	(5,561,509)	(6,303,376)	741,867	11.8%
Total net position	$ (4,156,207)	$ (6,331,518)	$ 2,175,311	34.4%

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 a negative $4,156,207, an increase in net position of $2,175,311 or 34.4% compared with 2025. This increase in net position is primarily due to a $1,045,828 or 57.3% decrease in negative net investment in capital assets as principal payments were continued to be made on long-term obligations, this lowered the amount of debt outstanding compared to the related capital assets of the District. All of the decrease in negative 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 of net position. The total negative net position of the District's governmental activities was $4,156,207, an increase of net position of $2,175,311 or 34.4% 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. Growth in the taxable value of nonpersonal residential exempt properties.
2. An increase in the unrestricted state aid.
3. Growth in expenses was not at the same rate as the growth in revenues.

Table A-2
Changes in Webberville Community Schools' Net Position

	2026	2025	Dollar Change	Total Percentage Change
Revenues				
Program revenues				
Charges for services	$ 71,990	$ 76,296	$ (4,306)	-5.6%
Operating grants and contributions	2,214,529	2,184,055	30,474	1.4%
General revenues				
Property taxes	3,149,815	3,045,936	103,879	3.4%
State aid - unrestricted	3,445,853	3,271,812	174,041	5.3%
Intermediate sources	854,749	858,585	(3,836)	-0.4%
Other	10,691	8,196	2,495	30.4%
Total revenues	9,747,627	9,444,880	302,747	3.2%
Expenses				
Instruction	3,165,184	3,006,065	159,119	5.3%
Support services	2,915,812	2,984,452	(68,640)	-2.3%
Community services	98,764	90,612	8,152	9.0%
Food services	459,775	305,794	153,981	50.4%
Student/school activities	88,574	121,906	(33,332)	-27.3%
Interest on long-term debt	320,039	362,440	(42,401)	-11.7%
Unallocated depreciation	524,168	491,193	32,975	6.7%
Total expenses	7,572,316	7,362,462	209,854	2.9%
Change in net position	2,175,311	2,082,418	$ 92,893	4.5%
Net position - beginning of year	(6,331,518)	(8,413,936)		24.7%
Net position - end of year	$ (4,156,207)	$ (6,331,518)		34.4%

Increase in Property Taxable Values

There was a notable increase in property tax revenue compared to the prior year, which accounts for 32.3% of overall revenues. Most of the increase is attributed to the increase of the taxable values of the County the District resides in. Property taxable values increased $5,742,705 from the prior year.

Increase in Unrestricted State Aid

There was a notable increase in unrestricted state aid in the current year compared to the prior year, which accounts for 35.4% of overall revenues. State sources are a product of student counts multiplied by the foundation allowance. The foundation allowance increased by $442 per pupil in 2026, and the pupil count remained rather consistent with the prior year. This caused the revenue from state sources to increase in the current year.

Increase in Expenses

Total expenses for the District increased by 2.9% overall. The increase was mainly due to food service expenses increasing by 50.4% due to kitchen renovation projects that were completed during the current year. This increase in expenses was offset by the larger increase in revenues, which ultimately led to the decrease in negative net position.

GOVERNMENTAL FUNDS

The District reports two major funds individually in the governmental fund financial statements. The funds are the general fund and the sinking fund. Most of the discussion regarding governmental activities is equally applicable to the finances of these governmental funds. 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		Sinking Fund	
	2026	2025	2026	2025
REVENUES	$ 7,376,670	$ 6,922,334	$ 549,531	$ 529,827
EXPENDITURES	7,575,427	7,244,645	354,299	269,968
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(198,757)	(322,311)	195,232	259,859
OTHER FINANCING SOURCES (USES)				
Transfers in	18,328	16,736	-	-
Transfers out	(41,667)	(30,528)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(23,339)	(13,792)	-	-
NET CHANGE IN FUND BALANCE	(222,096)	(336,103)	195,232	259,859
Fund balance - beginning of year	1,557,160	1,893,263	686,767	426,908
Fund balance - end of year	$ 1,335,064	$ 1,557,160	$ 881,999	$ 686,767

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 14.3%. The decline in fund balance is attributable to (1) an increase in salaries as more teachers were hired and normal pay rate increase and (2) an increase in transfers to other funds to cover services provided to the general fund.

The overall fund balance at the end of June 30, 2026, represented approximately 17.6% of operating expenditures. The District aims to have a minimum fund balance of 5.0% of operating expenditures. Within fund balance, approximately 72.1% of the balance is considered unassigned. The remaining 27.9% is considered either restricted, committed, or assigned for other items and is not readily available for use.

Sinking Fund

The fund balance for the 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.

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 decreased 2.5% over 2025. See Table A-4 for the carrying value of capital assets.

Table A-4
Webberville Community Schools' Capital Assets

	2026			2025	Total
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	Percentage Change
Land	$ 80,000	$ -	$ 80,000	$ 80,000	0.0%
Buildings and additions	21,392,220	12,639,854	8,752,366	9,168,421	-4.5%
Equipment	1,346,297	878,397	467,900	294,057	59.1%
Vehicles	88,783	78,170	10,613	6,361	66.8%
Total	$ 22,907,300	$ 13,596,421	$ 9,310,879	$ 9,548,839	-2.5%

During 2026, the District purchased roughly 420 Chromebooks for $124,662, purchased food service serving line equipment for $45,954, and re-did the kitchen flooring for $22,337. The depreciation of capital assets outpaced the additions during the year, resulting in a net decrease in capital assets.

Long-term Obligations

Overall, the carrying value of the District's long-term obligations decreased by 10.5% from the prior year. See Table A-5 for the carrying value of the District's long-term obligations.

Table A-5
Webberville Community Schools'
Outstanding Long-Term Obligations

	2026	2025	Total Percentage Change
General obligation bonds	$ 8,446,905	$ 10,007,685	-15.6%
Notes from direct borrowings and direct placements	2,000,338	1,784,968	12.1%
Compensated absences	545,510	488,808	11.6%
	$ 10,992,753	$ 12,281,461	-10.5%

During 2026, the District made principal payments of $1,490,000 which was the driving factor in total long-term obligations decreasing by 10.5%.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The District continues to receive strong support from the community, Board of Education, staff, and the intermediate schools district for improving resources in the areas of academic achievement and the District's facilities and infrastructure.

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

- For the 2026-2027 budget the District assumed a projected blended count of 422 based primarily on a 90/10 blend of Fall 2026/Spring 2026 counts.

- When developing the budget for 2026-2027 the District estimated an increase of $250 in the per pupil foundation. The District has adopted a general fund budget for the 2026-27 school year in which expenditures are expected to exceed revenues by $251,632.

- Contracts with the District's teachers expire on June 30, 2026.

- In preparing the financial outlook, the District has assumed stable levels of federal and state categorical funding based on prior-year allocations and historical trends. These assumptions include continued support for programs such as Title, National School Lunch and Breakfast Programs, GSRP, at risk and special education funding. The District monitors state and federal legislative developments closely and will adjust its budget and operations as needed should material changes in funding occur.

BASIC FINANCIAL STATEMENTS

WEBBERVILLE COMMUNITY SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 2,823,365
Receivables	
Intergovernmental	852,281
Inventories	4,659
Prepaids	121,001
Net other postemployment benefit asset	1,258,802
Capital assets not being depreciated	80,000
Capital assets, net of accumulated depreciation	9,230,879
TOTAL ASSETS	14,370,987
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding, net of accumulated amortization	226,385
Related to pension	1,527,325
Related to other postemployment benefit	210,794
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,964,504
LIABILITIES	
Accounts payable	281,016
Due to other governmental units	18,160
Accrued salaries and related items	270,561
Accrued retirement	122,393
Accrued interest	84,222
Due to custodial fund	34,050
Unearned revenue	159,831
Note payable	300,000
Noncurrent liabilities	
Due within one year	1,626,839
Due in more than one year	9,365,914
Due in more than one year - interest	245,403
Net pension liability	4,742,660
TOTAL LIABILITIES	17,251,049
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	1,706,449
Related to other postemployment benefits	1,136,162
Related to state aid funding for pension	398,038
TOTAL DEFERRED INFLOWS OF RESOURCES	3,240,649
NET POSITION	
Net investment in capital assets	(778,854)
Restricted for capital projects (sinking fund)	881,999
Restricted for food service	43,355
Restricted for net other postemployment benefits	1,258,802
Unrestricted	(5,561,509)
NET POSITION	$ (4,156,207)

See accompanying notes to financial statements.

WEBBERVILLE COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities: Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 3,165,184	$ 2,095	$ 1,742,757	$ (1,420,332)
Support services	2,915,812	24,527	30,744	(2,860,541)
Community services	98,764	32,815	1,975	(63,974)
Food services	459,775	12,553	352,792	(94,430)
Student/school activities	88,574	-	86,261	(2,313)
Interest on long-term debt	320,039	-	-	(320,039)
Unallocated depreciation	524,168	-	-	(524,168)
Total governmental activities	$ 7,572,316	$ 71,990	$ 2,214,529	(5,285,797)
General revenues				
Property taxes, levied for general purposes				1,151,564
Property taxes, levied for debt service				1,448,720
Property taxes, levied for capital projects sinking fund				549,531
Investment earnings				7,877
State sources				3,445,853
Intermediate sources				854,749
Other				2,814
Total general revenues				7,461,108
CHANGE IN NET POSITION				2,175,311
NET POSITION, beginning of year				(6,331,518)
NET POSITION, end of year				$ (4,156,207)

See accompanying notes to financial statements.

WEBBERVILLE COMMUNITY SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026

	General Fund	Capital Projects Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 1,822,002	$ 538,284	$ 463,079	$ 2,823,365
Receivables				
Intergovernmental	840,913	-	11,368	852,281
Due from other funds	-	450,000	-	450,000
Inventories	-	-	4,659	4,659
Prepaids	121,001	-	-	121,001
TOTAL ASSETS	$ 2,783,916	$ 988,284	$ 479,106	$ 4,251,306
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 127,653	$ 106,285	$ 47,078	$ 281,016
Due to other governmental units	18,160	-	-	18,160
Accrued salaries and related items	267,868	-	2,693	270,561
Accrued retirement	119,351	-	3,042	122,393
Accrued interest	7,149	-	-	7,149
Due to other funds	450,000	-	-	450,000
Due to custodial fund	-	-	34,050	34,050
Unearned revenue	158,671	-	1,160	159,831
Note payable	300,000	-	-	300,000
TOTAL LIABILITIES	1,448,852	106,285	88,023	1,643,160
FUND BALANCES				
Nonspendable				
Inventories	-	-	4,659	4,659
Prepaids	121,001	-	-	121,001
Restricted for:				
Debt service	-	-	63,429	63,429
Food service	-	-	155,638	155,638
Capital projects (sinking fund)	-	881,999	-	881,999
Committed for student/school activities	-	-	167,357	167,357
Assigned for subsequent year expenditures	251,632	-	-	251,632
Unassigned	962,431	-	-	962,431
TOTAL FUND BALANCES	1,335,064	881,999	391,083	2,608,146
TOTAL LIABILITIES AND FUND BALANCES	$ 2,783,916	$ 988,284	$ 479,106	$ 4,251,306

See accompanying notes to financial statements.

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

Total governmental fund balances		$ 2,608,146
Amounts reported for governmental activities in the statement of net position are different because:		
Deferred charge on refunding, net of accumulated amortization		226,385
Deferred outflows of resources - related to pension		1,527,325
Deferred inflows of resources - related to pension		(1,706,449)
Deferred outflows of resources - related to other postemployment benefit		210,794
Deferred inflows of resources - related to other postemployment benefit		(1,136,162)
Deferred inflows of resources - related to state aid funding for pension		(398,038)
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		1,258,802
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
The cost of the capital assets is	$ 22,907,300	
Accumulated depreciation is	(13,596,421)	
		9,310,879
Long-term obligations are not due and payable in the current period and are not reported in the funds:		
Bonded debt and other long-term debt		(10,692,646)
Compensated absences		(545,510)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid		(77,073)
Net pension liability		(4,742,660)
Net position of governmental activities		$ (4,156,207)

See accompanying notes to financial statements.

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

	General Fund	Capital Projects Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Local sources				
Property taxes	$ 1,151,564	$ 549,531	$ 1,448,720	$ 3,149,815
Day care fees	17,706	-	-	17,706
Investment earnings	7,725	-	152	7,877
Food sales, admissions and athletics	12,792	-	12,553	25,345
Student/school activities	-	-	86,261	86,261
Other	14,549	-	17,204	31,753
Total local sources	1,204,336	549,531	1,564,890	3,318,757
State sources	5,163,863	-	81,339	5,245,202
Federal sources	153,722	-	273,428	427,150
Incoming transfers and other	854,749	-	-	854,749
TOTAL REVENUES	7,376,670	549,531	1,919,657	9,845,858
EXPENDITURES				
Current				
Instruction	3,997,417	-	-	3,997,417
Supporting services	3,525,911	-	-	3,525,911
Food service activities	-	-	345,193	345,193
Student/school activities	-	-	88,574	88,574
Community service activities	52,099	-	60,846	112,945
Capital outlay	-	239,624	73,149	312,773
Debt service				
Principal repayment	-	110,000	1,380,000	1,490,000
Interest	-	4,675	273,121	277,796
Other	-	-	1,551	1,551
TOTAL EXPENDITURES	7,575,427	354,299	2,222,434	10,152,160
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(198,757)	195,232	(302,777)	(306,302)
OTHER FINANCING SOURCES (USES)				
Proceeds from school loan revolving fund	-	-	215,370	215,370
Transfers in	18,328	-	41,667	59,995
Transfers out	(41,667)	-	(18,328)	(59,995)
TOTAL OTHER FINANCING SOURCES (USES)	(23,339)	-	238,709	215,370
NET CHANGE IN FUND BALANCES	(222,096)	195,232	(64,068)	(90,932)
FUND BALANCES				
Beginning of year	1,557,160	686,767	455,151	2,699,078
End of year	$ 1,335,064	$ 881,999	$ 391,083	$ 2,608,146

See accompanying notes to financial statements.

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

Net change in fund balances total governmental funds	$ (90,932)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities these costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(524,168)
Capital outlay	286,208
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	92,791
Accrued interest payable, end of the year	(77,073)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has 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:	
Proceeds from school loan revolving fund	(215,370)
Payments on debt	1,490,000
Amortization of bond premium	70,780
Amortization of deferred loss on refunding	(38,247)
Long-term interest on school loan revolving fund	(81,676)
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	488,808
Accrued compensated absences, end of the year	(545,510)
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	932,274
Other postemployment benefit related items	485,657
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the measurement period:	
Change in state aid funding for pension	(98,231)
Change in net position of governmental activities	$ 2,175,311

See accompanying notes to financial statements.

WEBBERVILLE COMMUNITY SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2026

	Custodial Fund
ASSETS	
Cash and cash equivalents	$ 78,369
Due from Webberville Community Schools	34,050
TOTAL ASSETS	112,419
NET POSITION	
Restricted for student organizations	$ 112,419

See accompanying notes to financial statements.

WEBBERVILLE COMMUNITY SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2026

	Custodial Fund
CHANGE IN NET POSITION	$ -
NET POSITION	
Beginning of year	112,419
End of year	$ 112,419

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Webberville Community Schools (the "District") is governed by the Webberville 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 nonfiduciary activities of the District. All fiduciary activities, if any, are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes, 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 and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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, including its fiduciary funds. Separate statements for each fund category - governmental and fiduciary - are presented. The emphasis of fund financial statements is on major governmental funds. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following *Major Governmental Funds*:

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

The *Capital Projects Sinking Fund* accounts for the receipt of property taxes levied for sinking fund and subsequent expenditures of those funds. The District has complied with the applicable *provisions* of §1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2023-1 relating to sinking funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Additionally, the District reports the following *Nonmajor Fund Types*:

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

The *Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The 2021 Refunding, 2019 Refunding, and 2016A Refunding debt service funds are considered nonmajor.

The *Fiduciary Funds* account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not included in the government-wide statements.

The *Custodial Fund* consists of assets for the benefit of individuals and the District does not have administrative involvement with the assets or direct financial involvement with the assets. In addition, the assets are not derived from the District's provision of goods or services to those individuals. This fund is used to account for assets that the District holds for others in an agency capacity.

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

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

Measurement Focus and Basis of Accounting

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, except for the recognition of certain liabilities to the beneficiaries of a fiduciary activity. Liabilities to beneficiaries are recognized when an event has occurred that compels the District to disburse fiduciary resources.

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 an intergovernmental receivable.

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, and 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 $2,500 and an estimated useful life in excess of two years. Group purchases are evaluated on a case-by-case basis. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

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

Capital Asset Classes	Years
Building and additions	7 - 50
Equipment	3 - 20
Vehicles	5

Defined Benefit Plan

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 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.

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 invested in capital assets, school bond loan fund and school loan revolving fund principal proceeds of $2,000,338 are considered capital-related debt. Accrued interest on the school bond loan fund and school loan revolving fund of $245,403 has been included in the calculation of unrestricted net position.

In 2019, the District issued bonded debt in the amount of $3,415,000 used to make principal and interest payments related to the school loan revolving fund and the school bond loan fund. As of June 30, 2026 the outstanding balance was $2,140,000. Of this amount, 5.5% of the proceeds are not considered capital related debt as this amount was used to pay off accrued interest. The remaining allocation of this debt is not considered capital related debt at June 30, 2026 is $94,300.

In 2021, the District issued bonded debt in the amount of $2,140,000 used to make principal and interest payments related to the school loan revolving fund and the school bond loan fund. As of June 30, 2026 the outstanding balance was $1,840,000. Of this amount, 2.0% of the proceeds are not considered capital related debt as this amount was used to pay off accrued interest. The remaining allocation of this debt is not considered capital related debt at June 30, 2026 is $36,800.

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 has by resolution authorized the superintendent and finance director to assign fund balance. 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. The District has adopted a minimum fund balance policy for the general fund.

The District strives to maintain an unassigned fund balance of 5.0% of the preceding year's expenditures.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Property Taxes (continued)

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 funds	
PRE, Non-PRE, Commercial Personal Property	7.4500
Capital projects sinking fund	
PRE, Non-PRE, Commercial Personal Property	2.8500

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 subject to the following risks:

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, the carrying amount of the District's deposits was $1,144,344 and the bank balance was $1,150,152, of which $250,000 was covered by federal depository insurance.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk - Investments

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

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business. The District had no investments at year end.

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	Weight Average Maturity (Years)
MILAF External Investment Pool - MAX	$ 1,757,390	N/A

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. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Type	Fair Value	Rating	Rating Agency
MILAF External Investment Pool - MAX	$ 1,757,390	AAAm	Standard & Poor's

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 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.

Investment Type	Amortized Cost
MILAF External Investment Pool - MAX	$ 1,757,390

The deposits 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 as of June 30, 2026:

	Primary Government	Custodial Fund	Total
Cash and cash equivalents	$ 2,823,365	$ 78,369	$ 2,901,734

NOTE 3 - CAPITAL ASSETS

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

	Balance July 1, 2025	Additions	Deletions	Balance June 30, 2026
Governmental activities				
Capital assets, not being depreciated				
Land	$ 80,000	$ -	$ -	$ 80,000
Capital assets, being depreciated				
Buildings and additions	21,361,047	31,173	-	21,392,220
Equipment	1,100,762	245,535	-	1,346,297
Vehicles	79,283	9,500	-	88,783
Total capital assets, being depreciated	22,541,092	286,208	-	22,827,300
Accumulated depreciation				
Buildings and additions	12,192,626	447,228	-	12,639,854
Equipment	806,705	71,692	-	878,397
Vehicles	72,922	5,248	-	78,170
Total accumulated depreciation	13,072,253	524,168	-	13,596,421
Net capital assets being depreciated	9,468,839	(237,960)	-	9,230,879
Net governmental capital assets	$ 9,548,839	$ (237,960)	$ -	$ 9,310,879

Depreciation for the fiscal year ended June 30, 2026 amounted to $524,168. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 4 - INTERGOVERNMENTAL RECEIVABLES

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

State aid	$ 828,488
Federal grants	19,900
Payments from ISD	3,893
	$ 852,281

No allowance for doubtful accounts is considered necessary based on previous experience.

NOTE 5 - NOTE PAYABLE - STATE AID ANTICIPATION NOTE

At June 30, 2026, the District issued one state aid anticipation note payable in the amount of $300,000 which has an interest rate of 2.77% and matures on August 31, 2027. The note is secured by the full faith and credit of the District as well as pledged state aid. Proceeds of the note were used to fund school operations. In an event of a default on the note, the state may impose a penalty interest rate and at the state's discretion, accelerate the repayment terms. At year end the balance of these payments are considered defeased debt and are not included in the year-end balance. Activity for the year ended June 30, 2026 is as follows:

Balance July 1, 2025	Additions	Deletions	Balance June 30, 2026
$ 250,000	$ 300,000	$ (250,000)	$ 300,000

NOTE 6 - LONG-TERM OBLIGATIONS

The District issues general obligation bonds to provide funds for the acquisition, construction, and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

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

	General Obligation Bonds	Borrowings and Direct Placements	Compensated Absences*	Total
Balance, July 1, 2025	$ 10,007,685	$ 1,784,968	$ 488,808	$ 12,281,461
Additions	-	215,370	56,702	272,072
Deletions	1,560,780	-	-	1,560,780
Balance, June 30, 2026	8,446,905	2,000,338	545,510	10,992,753
Due within one year	1,425,000	-	201,839	1,626,839
Total due after one year	$ 7,021,905	$ 2,000,338	$ 343,671	$ 9,365,914

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

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

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

General Obligation Bonds	
2016 Series A refunding term bonds due in annual installments of $380,000 to $430,000 through May 2032 with interest of 4.00%.	$ 2,435,000
2019 Refunding bonds dated December 18, 2019, due in annual installments of $425,000 to $440,000 through May 2030, with an interest rate from 2.39% to 2.61%.	1,715,000
2021 Refunding bonds dated July 13, 2021, due in annual installments of $620,000 to $665,000 through May 2032, with an interest rate from 2.00% to 3.00%.	3,885,000
Plus issuance premium	411,905
Total general obligation bonds	8,446,905
Notes from Direct Borrowings and Direct Placements	
Borrowings from the State of Michigan under the School Loan Revolving Fund, excluding interest. The interest rate at June 30, 2026 was 3.77%.	2,000,338
Total general obligation bonds and notes from direct borrowings and direct placements	10,447,243
Compensated absences	545,510
Total long-term obligations	$ 10,992,753

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. Interest rates have been assessed at June 30, 2026 was 3.77% for the School Loan Revolving Fund notes. Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 7.45 mills. The school district is required to levy 7.45 mills and repay to the state any excess of the amount levied over the bonded debt service requirements. The District currently levies 7.45 debt 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 following 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.

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The annual requirements to amortize long-term obligations outstanding exclusive of compensated absences payments as of June 30, 2026, 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	$ 1,425,000	$ 231,220	$ -	$ -	$ -	$ 1,656,220
2028	1,455,000	186,958	-	-	-	1,641,958
2029	1,480,000	141,482	-	-	-	1,621,482
2030	1,510,000	101,392	-	-	-	1,611,392
2031	1,070,000	60,300	-	-	-	1,130,300
2032	1,095,000	30,500	-	-	-	1,125,500
Total	8,035,000	751,852	-	-	-	8,786,852
School loan revolving fund	-	-	2,000,338	245,403	-	2,245,741
Issuance premium	411,905	-	-	-	-	411,905
Compensated absences	-	-	-	-	545,510	545,510
	$ 8,446,905	$ 751,852	$ 2,000,338	$ 245,403	$ 545,510	$ 11,990,008

Interest expense on long-term debt for the year ended June 30, 2026 was approximately $278,000.

At June 30, 2026, $63,429 is available in the debt service funds to service the general obligation debt.

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

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

	Due From Other Funds
	Sinking Fund
Due to other funds	
General Fund	$ 450,000

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.

NOTE 8 - INTERFUND TRANSFERS

Interfund transfers for the fiscal year ended June 30, 2026 are as follows:

	Transfers In		
	General Fund	Nonmajor Governmental Funds	Total
Transfers out			
General Fund	$ -	$ 41,667	$ 41,667
Nonmajor governmental funds	18,328	-	18,328
	$ 18,328	$ 41,667	$ 59,995

During the year, transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

NOTE 9 - 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 9 - 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 9 - 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 9 - 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 9 - 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 9 - 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 $1,082,000. Of the total pension contributions approximately $1,034,000 was contributed to fund the Defined Benefit Plan and approximately $48,000 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 $80,000. Of the total OPEB contributions approximately $45,000 was contributed to fund the Defined Benefit Plan and approximately $35,000 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, 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	0.02367%	0.02258%
Net pension liability for the District	$ 4,742,660	$ 5,527,307

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

For the year ended June 30, 2026, the District recognized pension expense of $101,400.

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	$ 170,228	$ 250,661
Net difference between projected and actual pension plan investment earnings	-	1,133,394
Differences between expected and actual experience	183,697	42,242
Changes in proportion and differences between employer contributions and proportionate share of contributions	238,205	280,152
Reporting Unit's contributions subsequent to the measurement date	935,195	-
	$ 1,527,325	$ 1,706,449

$935,195, 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 Ending June 30,	Amount
2027	$ (149,125)
2028	(533,818)
2029	(346,630)
2030	(84,746)
	$ (1,114,319)

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Liabilities (Asset), OPEB Expense, 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 benefits liability	$ 9,360,649,860	$ 9,991,545,923
Plan fiduciary net position	$ 15,439,767,833	$ 14,295,943,589
Net other postemployment benefits liability (asset)	$ (6,079,117,973)	$ (4,304,397,666)
Proportionate share	0.02071%	0.02202%
Net other postemployment benefits liability (asset) for the District	$ (1,258,802)	$ (947,691)

For the year ended June 30, 2026, the District recognized OPEB benefit of $440,541.

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	$ 168,001	$ 13,351
Net difference between projected and actual other postemployment benefits plan investment earnings	-	176,889
Differences between expected and actual experience	-	861,836
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,874	84,086
Reporting Unit's contributions subsequent to the to the measurement date	38,919	-
	$ 210,794	$ 1,136,162

$38,919, 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.

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

Year Ending June 30,	Amount
2027	$ (270,798)
2028	(251,165)
2029	(227,939)
2030	(148,313)
2031	(50,747)
2032	(15,325)
	$ (964,287)

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.

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.

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.75% 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 9 - 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	$ 7,484,179	$ 4,742,660	$ 2,459,326

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)	$ (1,084,538)	$ (1,258,802)	$ (1,411,322)

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

	Other Postemployment Benefit		
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability (asset)	$ (1,409,930)	$ (1,258,802)	$ (1,100,124)

Pension and OPEB Plan Fiduciary Net Position

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

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

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation and property and casualty. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total 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 pool maintains reinsurance for claims in excess of $500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

The District continues to carry commercial insurance for other needs including property and casualty, errors and omissions, fleet and health and accident insurance.

NOTE 11 - 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 township. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities. The property taxes abated for all funds by municipality under this program are as follows:

Municipality	Taxes Abated
Leroy Township	
General operation	$ 27,475
Debt service	486
Sinking fund	9,993
	$ 37,954

NOTE 12 - 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 13 - SUBSEQUENT EVENTS

The District approved borrowing up to $450,000 for the fiscal year 2027 to replace the note payable as described in Note 5.

NOTE 14 - 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;
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.

NOTE 14 - CHANGES IN ACCOUNTING PRINCIPLES (continued)

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.

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENT

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.

REQUIRED SUPPLEMENTARY INFORMATION

WEBBERVILLE 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	$ 1,132,811	$ 1,157,596	$ 24,785	$ 1,204,336	$ 46,740
State sources	5,085,438	5,207,172	121,734	5,163,863	(43,309)
Federal sources	167,485	164,507	(2,978)	153,722	(10,785)
Incoming transfers and other	1,012,505	854,098	(158,407)	854,749	651
TOTAL REVENUES	7,398,239	7,383,373	(14,866)	7,376,670	(6,703)
EXPENDITURES					
Current					
Instruction					
Basic programs	2,842,294	2,844,508	(2,214)	2,800,094	44,414
Added needs	1,396,458	1,162,631	233,827	1,197,323	(34,692)
Total instruction	4,238,752	4,007,139	231,613	3,997,417	9,722
Supporting services					
Pupil	566,962	621,936	(54,974)	623,106	(1,170)
Instructional staff	127,530	121,728	5,802	120,577	1,151
General administration	335,269	377,118	(41,849)	390,291	(13,173)
School administration	569,116	543,038	26,078	538,013	5,025
Business	130,469	147,606	(17,137)	143,106	4,500
Operation/maintenance	814,904	924,109	(109,205)	910,408	13,701
Pupil transportation	318,212	342,408	(24,196)	321,172	21,236
Central	337,841	255,008	82,833	245,823	9,185
Athletics	229,221	246,139	(16,918)	233,415	12,724
Total supporting services	3,429,524	3,579,090	(149,566)	3,525,911	53,179
Community services	44,000	53,711	(9,711)	52,099	1,612
TOTAL EXPENDITURES	7,712,276	7,639,940	72,336	7,575,427	64,513
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(314,037)	(256,567)	57,470	(198,757)	57,810
OTHER FINANCING SOURCES (USES)					
Transfers in	16,847	18,610	1,763	18,328	(282)
Transfers out	(32,519)	(41,739)	(9,220)	(41,667)	72
TOTAL OTHER FINANCING SOURCES (USES)	(15,672)	(23,129)	(7,457)	(23,339)	(210)
NET CHANGE IN FUND BALANCE	(329,709)	(279,696)	50,013	(222,096)	57,600
FUND BALANCE					
Beginning of year	1,557,160	1,557,160	-	1,557,160	-
End of year	$ 1,227,451	$ 1,277,464	$ 50,013	$ 1,335,064	$ 57,600

WEBBERVILLE 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 proportion of net pension liability (%)	0.02367%	0.02258%	0.02342%	0.02455%	0.02522%	0.02585%	0.02627%	0.02779%	0.02874%	0.02915%
Reporting Unit's proportionate share of net pension liability	$ 4,742,660	$ 5,527,307	$ 7,579,984	$ 9,233,670	$ 5,970,901	$ 8,880,392	$ 8,698,684	$ 8,353,244	$ 7,448,515	$ 7,272,689
Reporting Unit's covered-employee payroll	$ 2,695,834	$ 2,352,352	$ 2,323,746	$ 2,361,182	$ 2,245,996	$ 2,339,058	$ 2,270,129	$ 2,319,297	$ 2,425,058	$ 2,433,269
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	175.93%	234.97%	326.20%	391.06%	265.85%	379.66%	383.18%	360.16%	307.15%	298.89%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	79.44%	74.44%	65.91%	60.77%	70.60%	59.72%	60.31%	62.36%	64.21%	63.27%

WEBBERVILLE 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 pension contributions	$ 1,033,674	$ 1,047,069	$ 914,787	$ 1,077,243	$ 826,672	$ 743,785	$ 704,597	$ 685,420	$ 735,233	$ 673,076
Pension contributions in relation to statutorily required contributions	1,033,674	1,047,069	914,787	1,077,243	826,672	743,785	704,597	685,420	735,233	673,076
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll (pension)	$ 2,829,503	$ 2,629,542	$ 2,322,927	$ 2,391,494	$ 2,350,188	$ 2,235,788	$ 2,346,919	$ 2,239,424	$ 2,366,312	$ 2,402,614
Pension contributions as a percentage of covered-employee payroll	36.53%	39.82%	39.38%	45.04%	35.17%	33.27%	30.02%	30.61%	31.07%	28.01%

WEBBERVILLE 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) (%)	0.02071%	0.02202%	0.02297%	0.02418%	0.02468%	0.02622%	0.02585%	0.02713%	0.02889%
Reporting Unit's proportionate share of net other postemployment benefits liability (asset)	$ (1,258,802)	$ (947,691)	$ (129,967)	$ 512,164	$ 376,743	$ 1,404,790	$ 1,855,443	$ 2,156,884	$ 2,558,075
Reporting Unit's covered-employee payroll	$ 2,695,834	$ 2,352,352	$ 2,323,746	$ 2,361,182	$ 2,245,996	$ 2,339,058	$ 2,270,129	$ 2,319,297	$ 2,425,058
Reporting Unit's proportionate share of net other postemployment benefits liability (asset) as a percentage of its covered-employee payroll	46.69%	40.29%	5.59%	21.69%	16.77%	60.06%	81.73%	93.00%	105.49%
Plan fiduciary net position as a percentage of total other post-employment benefits liability (Non-university employers)	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.

WEBBERVILLE 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 postemployment benefit contributions	$ 45,116	$ 13,818	$ 188,682	$ 185,238	$ 193,567	$ 190,662	$ 197,467	$ 183,302	$ 202,534
Other postemployment benefit contributions in relation to statutorily required contributions	45,116	13,818	188,682	185,238	193,567	190,662	197,467	183,302	202,534
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll (OPEB)	$ 2,829,503	$ 2,629,542	$ 2,322,927	$ 2,391,494	$ 2,350,188	$ 2,235,788	$ 2,346,919	$ 2,239,424	$ 2,366,312
Other postemployment benefit contributions as a percentage of covered-employee payroll	1.59%	0.53%	8.12%	7.75%	8.24%	8.53%	8.41%	8.19%	8.56%

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.

WEBBERVILLE COMMUNITY SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE 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 budgetary comparison schedule.

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		
State sources	$ 121,734	The State budget passed four months after districts original budget with new funding categoricals.
Incoming transfers and other	(158,407)	Special Ed expenses did not increase as expected due to unfilled positions resulting in reduced Special Ed funding.
EXPENDITURES		
Instruction - Added needs	233,827	Special Ed positions remained unfilled at the end of the year, as well as a reduction of At-Risk staff.
Supporting services - Operation/maintenance	(109,205)	There was an increase in water utility cost from the local municipality, as well as on-going maintenance on the older school buildings and school vehicles.
Supporting services - Central	82,833	Eliminated 31aa School Safety dollars and student technology devices that were later purchased using the Sinking Fund.

Significant Variances Between Final Budget and Actual

None noted.

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.

NOTE 3 - PENSION INFORMATION (continued)

Changes in Assumptions (continued)

- 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.

- 2022 - The discount rate and investment rate of return used in the September 30, 2021, actuarial valuation decreased by 0.95 percentage point. 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 6. 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.

NOTE 4 - OPEB INFORMATION (continued)

Changes in Assumptions (continued)

- 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

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

	Special Revenue	Debt Service	Total Nonmajor Funds
ASSETS			
Cash and cash equivalents	$ 399,650	$ 63,429	$ 463,079
Intergovernmental receivables	11,368	-	11,368
Inventories	4,659	-	4,659
TOTAL ASSETS	$ 415,677	$ 63,429	$ 479,106
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 47,078	$ -	$ 47,078
Accrued salaries and related items	2,693	-	2,693
Accrued retirement	3,042	-	3,042
Due to custodial fund	34,050	-	34,050
Unearned revenue	1,160	-	1,160
TOTAL LIABILITIES	88,023	-	88,023
FUND BALANCES			
Nonspendable			
Inventories	4,659	-	4,659
Restricted for:			
Debt service	-	63,429	63,429
Food service	155,638	-	155,638
Committed for - student/school activities	167,357	-	167,357
TOTAL FUND BALANCES	327,654	63,429	391,083
TOTAL LIABILITIES AND FUND BALANCES	$ 415,677	$ 63,429	$ 479,106

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

	Special Revenue	Debt Service	Total Nonmajor Funds
REVENUES			
Local sources			
Property taxes	$ -	$ 1,448,720	$ 1,448,720
Investment earnings	-	152	152
Food sales	12,553	-	12,553
Student/school activities	86,261	-	86,261
Other	17,204	-	17,204
Total local sources	116,018	1,448,872	1,564,890
State sources	81,339	-	81,339
Federal sources	273,428	-	273,428
TOTAL REVENUES	470,785	1,448,872	1,919,657
EXPENDITURES			
Current			
Food service activities	345,193	-	345,193
Student/school activities	88,574	-	88,574
Community service activities	60,846	-	60,846
Capital outlay	73,149	-	73,149
Debt service			
Principal repayment	-	1,380,000	1,380,000
Interest expense	-	273,121	273,121
Other expense	-	1,551	1,551
TOTAL EXPENDITURES	567,762	1,654,672	2,222,434
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(96,977)	(205,800)	(302,777)
OTHER FINANCING SOURCES (USES)			
Proceeds from school loan revolving fund	-	215,370	215,370
Transfers in	41,667	-	41,667
Transfers out	(18,328)	-	(18,328)
TOTAL OTHER FINANCING SOURCES (USES)	23,339	215,370	238,709
NET CHANGE IN FUND BALANCES	(73,638)	9,570	(64,068)
FUND BALANCES			
Beginning of year	401,292	53,859	455,151
End of year	$ 327,654	$ 63,429	$ 391,083

WEBBERVILLE COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
SPECIAL REVENUE FUNDS
JUNE 30, 2026

	Food Service	Spartan Center	Student/ School Activities	Totals
ASSETS				
Cash and cash equivalents	$ 192,931	$ 1,517	$ 205,202	$ 399,650
Intergovernmental receivables	11,368	-	-	11,368
Inventories	4,659	-	-	4,659
TOTAL ASSETS	$ 208,958	$ 1,517	$ 205,202	$ 415,677
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 42,194	$ 1,089	$ 3,795	$ 47,078
Accrued salaries and related items	2,265	428	-	2,693
Accrued retirement	3,042	-	-	3,042
Due to custodial fund	-	-	34,050	34,050
Unearned revenue	1,160	-	-	1,160
TOTAL LIABILITIES	48,661	1,517	37,845	88,023
FUND BALANCES				
Nonspendable				
Inventories	4,659	-	-	4,659
Restricted for:				
Food service	155,638	-	-	155,638
Committed for student/school activities	-	-	167,357	167,357
TOTAL FUND BALANCES	160,297	-	167,357	327,654
TOTAL LIABILITIES AND FUND BALANCES	$ 208,958	$ 1,517	$ 205,202	$ 415,677

WEBBERVILLE COMMUNITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2026

	Food Service	Spartan Center	Student/ School Activities	Totals
REVENUES				
Sales	$ 12,553	$ -	$ -	$ 12,553
State sources	79,364	1,975	-	81,339
Federal sources	273,428	-	-	273,428
Student/school activities	-	-	86,261	86,261
Other	-	17,204	-	17,204
TOTAL REVENUES	365,345	19,179	86,261	470,785
EXPENDITURES				
Salaries	51,401	14,663	-	66,064
Benefits	46,879	6,936	-	53,815
Purchased services	56,023	38,491	-	94,514
Supplies and materials	190,890	756	-	191,646
Capital outlay	73,149	-	-	73,149
Student/school activities	-	-	88,574	88,574
TOTAL EXPENDITURES	418,342	60,846	88,574	567,762
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(52,997)	(41,667)	(2,313)	(96,977)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	41,667	-	41,667
Transfers out	(18,328)	-	-	(18,328)
TOTAL OTHER FINANCING SOURCES (USES)	(18,328)	41,667	-	23,339
NET CHANGE IN FUND BALANCES	(71,325)	-	(2,313)	(73,638)
FUND BALANCES				
Beginning of year	231,622	-	169,670	401,292
End of year	$ 160,297	$ -	$ 167,357	$ 327,654

WEBBERVILLE COMMUNITY SCHOOLS
COMBINING BALANCE SHEET
DEBT SERVICE FUNDS
JUNE 30, 2026

	2019 Refunding	2016A Refunding	2021 Refunding	Totals
ASSETS				
Cash and cash equivalents	$ 18,390	$ 18,220	$ 26,819	$ 63,429
FUND BALANCES				
Restricted for - debt service	$ 18,390	$ 18,220	$ 26,819	$ 63,429

WEBBERVILLE COMMUNITY SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2026

	2019 Refunding	2016A Refunding	2021 Refunding	Totals
REVENUES				
Local sources				
Property taxes	$ 420,028	$ 416,142	$ 612,550	$ 1,448,720
Investment earnings	45	41	66	152
TOTAL REVENUES	420,073	416,183	612,616	1,448,872
EXPENDITURES				
Principal repayment	425,000	365,000	590,000	1,380,000
Interest expense	53,529	111,835	107,757	273,121
Other	515	514	522	1,551
TOTAL EXPENDITURES	479,044	477,349	698,279	1,654,672
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(58,971)	(61,166)	(85,663)	(205,800)
OTHER FINANCING SOURCES				
Proceeds from school loan revolving fund	61,393	63,664	90,313	215,370
NET CHANGE IN FUND BALANCES	2,422	2,498	4,650	9,570
FUND BALANCES				
Beginning of year	15,968	15,722	22,169	53,859
End of year	$ 18,390	$ 18,220	$ 26,819	$ 63,429

WEBBERVILLE COMMUNITY SCHOOLS
BONDED DEBT
JUNE 30, 2026

$4,765,000 Refunding bonds issued February 24, 2016:

Principal Due May 1	Interest Due May 1	Interest Due November 1	Debt Service Requirement June 30,	Debt Service Requirement Amount
$ 380,000	$ 48,700	$ 48,700	2027	$ 477,400
390,000	41,100	41,100	2028	472,200
405,000	33,300	33,300	2029	471,600
410,000	25,200	25,200	2030	460,400
420,000	17,000	17,000	2031	454,000
430,000	8,600	8,600	2032	447,200
$ 2,435,000	$ 173,900	$ 173,900		$ 2,782,800

The above bonds carry interest at 4.00%. These bonds were issued to refund the remaining 2006 bonds.

WEBBERVILLE COMMUNITY SCHOOLS
BONDED DEBT
JUNE 30, 2026

$3,415,000 General obligation bonds issued December 18, 2019:

Principal Due May 1	Interest Due May 1	Interest Due November 1	Debt Service Requirement June 30,	Debt Service Requirement Amount
$ 425,000	$ 21,760	$ 21,760	2027	$ 468,520
425,000	16,529	16,529	2028	458,058
425,000	11,191	11,191	2029	447,382
440,000	5,746	5,746	2030	451,492
$ 1,715,000	$ 55,226	$ 55,226		$ 1,825,452

The above bonds carry interest at 2.39% to 2.61%. These bonds were issued primarily to pay down borrowing from the School Bond Revolving Fund and the School Bond Loan Program.

WEBBERVILLE COMMUNITY SCHOOLS
BONDED DEBT
JUNE 30, 2026

$6,100,000 General obligation bonds issued July 13, 2021:

Principal Due May 1	Interest Due May 1	Interest Due November 1	Debt Service Requirement June 30,	Debt Service Requirement Amount
$ 620,000	$ 45,150	$ 45,150	2027	$ 710,300
640,000	35,850	35,850	2028	711,700
650,000	26,250	26,250	2029	702,500
660,000	19,750	19,750	2030	699,500
650,000	13,150	13,150	2031	676,300
665,000	6,650	6,650	2032	678,300
$ 3,885,000	$ 146,800	$ 146,800		$ 4,178,600

The above bonds carry interest at 2.00% to 3.00%. These bonds were issued primarily to pay down borrowing from the School Bond Revolving Fund and the School Bond Loan Program, as well as pay down the borrowing on the 2012 bonded debt.

WEBBERVILLE COMMUNITY SCHOOLS
SCHEDULE OF BORROWINGS - STATE OF MICHIGAN
SCHOOL LOAN REVOLVING FUND
JUNE 30, 2026

Amounts needed for the payment of bond principal and interest in excess of receipts from property taxes are borrowed from the Michigan School Loan Revolving Fund. These loans, together with accrued interest payable thereon, are to be repaid when the debt retirement millage rate provides funds in excess of the amounts needed to pay current bond maturities and interest. The borrowings from and repayments to the State under this program have been summarized as follows:

Year Ending June 30,	Loan Proceeds (Payments)	Interest Expense (Payments)	Change in Loan Balance
2006	$ 367,245	$ 9,673	$ 376,918
2007	381,125	27,470	408,595
2008	285,316	35,388	320,704
2009	342,970	73,549	416,519
2010	353,371	87,507	440,878
2011	448,569	82,891	531,460
2012	328,045	80,560	408,605
2013	146,253	94,438	240,691
2014	258,159	116,063	374,222
2015	184,221	125,657	309,878
2016	167,447	86,864	254,311
2016 loan repayment	(3,262,721)	(820,060)	(4,082,781)
2017	1,056,903	10,389	1,067,292
2018	1,023,521	42,703	1,066,224
2019	977,832	80,021	1,057,853
2020	971,402	54,785	1,026,187
2020 loan repayment	(3,146,947)	(182,682)	(3,329,629)
2021	1,239,953	35,304	1,275,257
2022	604,124	3,510	607,634
2022 loan repayment	(2,121,664)	(42,625)	(2,164,289)
2023	520,047	28,183	548,230
2024	431,050	56,978	488,028
2025	228,747	77,161	305,908
2026	215,370	81,676	297,046
Balance as of year end	$ 2,000,338	$ 245,403	$ 2,245,741

Maner Costerisan

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

2851 Charlevoix Dr SE #300,
Grand Rapids, MI 49546

517.323.7500

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
Webberville Community Schools

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Webberville Community Schools, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Webberville Community Schools basic financial statements, and have issued our report thereon dated September 22, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Webberville Community Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Webberville Community Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Webberville 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 Webberville 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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
September 22, 2026

Maner Costerisan

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

2851 Charlevoix Dr SE #300,
Grand Rapids, MI 49546

517.323.7500

September 22, 2026

To the Board of Education
Webberville Community Schools

In planning and performing our audit of the financial statements of Webberville 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 Webberville 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 September 22, 2026 on the financial statements of Webberville 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. Webberville Community Schools has developed 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

Maner Costerisan

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

2851 Charlevoix Dr SE #300,
Grand Rapids, MI 49546

517.323.7500

September 22, 2026

To the Board of Education
Webberville Community Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Webberville 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, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Webberville Community Schools are described in Note 1 to the financial statements. As described in Note 14 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 Webberville 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:

Estimates have been used to calculate the net pension liability and the net other postemployment benefit asset. We evaluated the key factors and assumptions used to develop the balance of the net pension liability and net other postemployment benefit asset in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate in calculating the liability for employee compensated absences. We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's determination of the estimated life span of the capital assets. We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, certain amounts included in capital assets have been estimated based on an outside appraisal company.

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 September 22, 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 Webberville Community Schools' 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 Webberville Community Schools' 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 and management of Webberville 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