

DANSVILLE SCHOOLS

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

YEAR ENDED JUNE 30, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Dansville Schools

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dansville Schools, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Dansville 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 Dansville 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 Dansville 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 Dansville 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 Dansville 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 Dansville 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 Dansville 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 Dansville 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 Dansville 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 Dansville Schools' internal control over financial reporting and compliance.

Maney Costeiran PC

Lansing, Michigan
September 22, 2026

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, 1264 Adams Street, Dansville, Michigan 48819-0187.

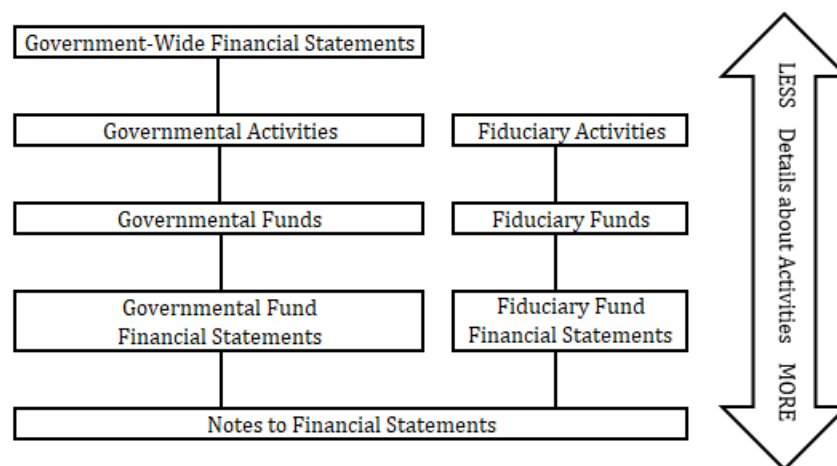
OVERVIEW OF THE FINANCIAL STATEMENTS

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.



MANAGEMENT'S DISCUSSION AND ANALYSIS

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 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.

	Financial Statements	
	Government-wide	Fiduciary Fund
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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

ANALYSIS OF THE DISTRICT'S FINANCES

Table A-1 Dansville Schools' Net Position				
	2026	2025	Dollar Change	Total Percentage Change
ASSETS				
Current or other assets	\$ 5,602,513	\$ 5,945,830	\$ (343,317)	-5.8%
Net other postemployment benefit asset	1,866,262	1,480,816	385,446	26.0%
Capital assets, net of depreciation	29,334,164	30,099,624	(765,460)	-2.5%
TOTAL ASSETS	36,802,939	37,526,270	(723,331)	-1.9%
DEFERRED OUTFLOWS OF RESOURCES	2,161,909	2,871,261	(709,352)	-24.7%
LIABILITIES				
Other liabilities	1,378,970	2,138,217	(759,247)	-35.5%
Noncurrent liabilities	21,181,863	23,084,472	(1,902,609)	-8.2%
Net pension liability	6,691,385	8,536,507	(1,845,122)	-21.6%
TOTAL LIABILITIES	29,252,218	33,759,196	(4,506,978)	-13.4%
DEFERRED INFLOWS OF RESOURCES	5,761,549	5,145,245	616,304	12.0%
NET POSITION				
Net investment in capital assets	9,008,849	7,973,234	1,035,615	13.0%
Restricted for debt service	547,425	286,345	261,080	91.2%
Restricted for capital projects	266,488	32,097	234,391	730.3%
Restricted for net other postemployment benefits	1,866,262	1,480,816	385,446	26.0%
Restricted for food service	281,902	272,140	9,762	3.6%
Unrestricted	(8,019,845)	(8,551,542)	531,697	6.2%
TOTAL NET POSITION	\$ 3,951,081	\$ 1,493,090	\$ 2,457,991	164.6%

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 \$3,951,081, an increase of \$2,457,991 or 164.6% compared with 2025. This increase is primarily due to a 1,035,615 or 13% increase in net investment in capital assets. All of the increase in net position was the result of the financial performance of the governmental activities. The following sections of MD&A analyze the finances of the governmental activities.

GOVERNMENTAL ACTIVITIES

Table A-2 shows that revenues continued to exceed expenses in the current year, resulting in an increase in net position. The total net position of the District's governmental activities increased 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. Decrease in interest on long-term debt as the school loan revolving fund loan was paid off
3. Decreases in expenses for certain programs and functions

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-2
Changes in Dansville Schools' Net Position

	2026	2025	Dollar Change	Total Percentage Change
REVENUES				
Program revenues				
Charges for services	\$ 98,936	\$ 115,123	\$ (16,187)	-14.1%
Operating grants and contributions	2,946,726	2,988,821	(42,095)	-1.4%
General revenues				
Property taxes	3,078,793	2,974,194	104,599	3.5%
State aid - unrestricted	6,194,896	6,424,876	(229,980)	-3.6%
Intermediate sources	637,414	805,748	(168,334)	-20.9%
Investment earnings	87,348	93,909	(6,561)	-7.0%
Other	23,306	136,898	(113,592)	-83.0%
TOTAL REVENUES	13,067,419	13,539,569	(472,150)	-3.5%
EXPENSES				
Instruction	4,064,792	4,691,828	(627,036)	-13.4%
Support services	4,077,755	3,999,055	78,700	2.0%
Community services	946	774	172	22.2%
Food services	564,191	512,627	51,564	10.1%
Student/school activities	262,444	300,225	(37,781)	-12.6%
Interest on long-term debt	621,571	887,842	(266,271)	-30.0%
Unallocated depreciation	1,017,729	985,952	31,777	3.2%
TOTAL EXPENSES	10,609,428	11,378,303	(768,875)	-6.8%
Change in net position	2,457,991	2,161,266	<u>\$ 296,725</u>	13.7%
Net position - beginning of year	<u>1,493,090</u>	<u>(668,176)</u>		323.5%
Net position - end of year	<u>\$ 3,951,081</u>	<u>\$ 1,493,090</u>		164.6%

Decline in State Sources

State sources declined in the current year compared to the prior year, which accounts for 47.4% 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, however this was offset by a student enrollment decrease of approximately 26 students. The drop in the student count more than offset the increase in the foundation allowance.

Decline in Expenses

Total expenses for the District dropped by 6.8% overall. The significant reduction was due to a positive pension and OPEB adjustment. The adjustment was to reduce the pension liability and increase the OPEB asset by approximately \$1.8 million and \$385,000, respectively. The adjustment was a noncash transaction, and a significant portion of the adjustment was in the instruction function. Without the pension and OPEB adjustment, actual expenses would have increased by approximately \$2.1 million. The District has no control over the pension and OPEB plans as they are administered by the state.

MANAGEMENT'S DISCUSSION AND ANALYSIS

GOVERNMENTAL FUNDS

The District reports four major funds individually in the governmental fund financial statements. These funds are the general fund, 2016 capital projects fund, 2016 debt service fund, and the 2026 refunding fund. Most of the discussion regarding governmental activities is equally applicable to the finances of this governmental fund. However, certain factors that are relevant to the District's current financial health are more apparent in the fund financial statements than in the government-wide statements. The changes are shown in Table A-3 and are discussed in more detail below.

	General Fund		2016 Capital Projects Fund		2016 Debt Service Fund		2026 Refunding	
	2026	2025	2026	2025	2026	2025	2026	2025
REVENUES	\$ 10,214,080	\$ 10,416,866	\$ -	\$ -	\$ 1,824,806	\$ 1,752,219	\$ -	\$ -
EXPENDITURES	10,301,886	10,425,986	-	193,449	1,348,924	1,765,248	145,035	-
Excess (deficiency) of revenues over (under) expenditures	(87,806)	(9,120)	-	(193,449)	475,882	(13,029)	(145,035)	-
OTHER FINANCING SOURCES (USES)								
Transfers in	17,262	14,619	-	-	-	-	200,000	-
Transfers out	(2)	(3)	-	-	(200,000)	-	-	-
Proceeds from refunding bonds issued	-	-	-	-	-	-	10,390,000	-
Premium on refunding	-	-	-	-	-	-	1,291,735	-
Payment to refunding bond escrow agent	-	-	-	-	-	-	(11,734,122)	-
Total other financing sources (uses)	17,260	14,616	-	-	(200,000)	-	147,613	-
Net change in fund balance	(70,546)	5,496	-	(193,449)	275,882	(13,029)	2,578	-
Fund balance - beginning of year	2,631,486	2,625,990	330,611	524,060	427,346	440,375	-	-
Fund balance - end of year	<u>\$ 2,560,940</u>	<u>\$ 2,631,486</u>	<u>\$ 330,611</u>	<u>\$ 330,611</u>	<u>\$ 703,228</u>	<u>\$ 427,346</u>	<u>\$ 2,578</u>	<u>\$ -</u>

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

General Fund

The fund balance of the District's general fund decreased by 2.7%. The decline in fund balance is attributable to (1) a decline in revenues (previously discussed) and (2) increases in salaries and benefits along with hiring additional teachers.

The overall fund balance at the end of June 30, 2026, represented approximately 24.9% of operating expenditures. The District aims to have a minimum fund balance of 10% of operating expenditures. Within fund balance, approximately 85% of the balance is considered unassigned. The remaining 15% is considered either restricted, committed, or assigned for other items and is not readily available for use.

2016 Capital Projects Fund

The fund balance for the 2016 Capital Projects Fund is considered to be 100% restricted. This means that the fund balance can only be used for the restricted purpose of that fund and is not readily available for use.

2016 Debt Service Fund

The fund balance for the 2016 Debt Service Fund is considered to be 100% restricted. This means that the fund balance can only be used for the restricted purpose of that fund and is not readily available for use.

2026 Refunding Fund

The fund balance for the 2026 Refunding 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 costs minus accumulated depreciation decreased 2.5% compared to 2025. See Table A-4 for the carrying value of capital assets.

Table A-4 Dansville Schools' Capital Assets					
	2026			2025	Total percentage Change
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	
Land	\$ 172,351	\$ -	\$ 172,351	\$ 172,351	0.0%
Construction in progress	30,000	-	30,000	-	100.0%
Buildings and additions	43,958,228	15,607,286	28,350,942	29,147,649	-2.7%
Equipment and technology	1,719,904	974,715	745,189	737,539	1.0%
Vehicles	318,556	282,874	35,682	42,085	-15.2%
Total	<u>\$ 46,199,039</u>	<u>\$ 16,864,875</u>	<u>\$ 29,334,164</u>	<u>\$ 30,099,624</u>	-2.5%

During 2026, the District completed a network refresh project for \$121,325, purchased a baseball score board for \$20,320, and had construction in progress of \$30,000. The district also disposed of a number of outdated computers and iPads that caused a decrease in capital assets of \$284,672. The depreciation and disposals 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 8.2% from the prior year. See Table A-5 for the carrying value of the District's long-term obligations.

Table A-5 Dansville Schools Outstanding Long-Term Obligations			
	2026	2025	Total Percentage Change
General obligation bonds - net	\$ 20,655,926	\$ 22,312,268	-7.4%
Notes from direct borrowings and direct placements	-	144,733	-100.0%
Compensated absences and other benefits	525,937	627,220	-16.1%
	<u>\$ 21,181,863</u>	<u>\$ 23,084,221</u>	-8.2%

During 2026, the District refinanced a portion of the 2016 Building and Site bond in the amount of \$10,390,000. The effect of the refunding did not reduce the principal but lowered the amount of future interest payments on the outstanding debt obligations. The refinancing is anticipated to save the District approximately \$1.2 million in future interest payments. Lastly, the total amount of principal paid in the current year was \$744,733.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

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

- The contract with the District's teachers bargaining unit expires June 30, 2028. The contract with the District's support staff bargaining unit expires on June 30, 2027.
- When developing the budget for 2026-2027 the District estimated an increase of \$250 in the per pupil foundation.
- For 2026-2027 the District assumed traditional funding based primarily on Fall 2026 and Spring 2026 counts and budgeted with a count of 689.
- 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

DANSVILLE SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 3,929,996
Receivables	
Accounts	2,949
Intergovernmental	1,468,761
Inventories	15,632
Prepays	185,175
Net other postemployment benefit asset	1,866,262
Capital assets, not being depreciated	202,351
Capital assets, net of accumulated depreciation	<u>29,131,813</u>
TOTAL ASSETS	<u>36,802,939</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pension	1,839,074
Related to other postemployment benefit	<u>322,835</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>2,161,909</u>
LIABILITIES	
Accounts payable	130,091
Accrued interest payable	158,381
Accrued salaries and related items	478,257
Accrued retirement	185,837
Unearned revenue	426,404
Noncurrent liabilities	
Due within one year	1,408,036
Due in more than one year	19,773,827
Net pension liability	<u>6,691,385</u>
TOTAL LIABILITIES	<u>29,252,218</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred charge on refunding, net of amortization	1,003,955
Related to pension	2,565,037
Related to other postemployment benefit	1,637,397
Related to state aid funding for pension	<u>555,160</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>5,761,549</u>
NET POSITION	
Net investment in capital assets	9,008,849
Restricted for debt service	547,425
Restricted for capital projects (sinking fund)	266,488
Restricted for net other postemployment benefits	1,866,262
Restricted for food service	281,902
Unrestricted	<u>(8,019,845)</u>
TOTAL NET POSITION	<u><u>\$ 3,951,081</u></u>

See notes to financial statements.

**DANSVILLE SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 4,064,792	\$ -	\$ 1,963,411	\$ (2,101,381)
Support services	4,077,755	73,547	152,858	(3,851,350)
Community services	946	1,220	-	274
Food services	564,191	24,169	570,415	30,393
Student/school activities	262,444	-	260,042	(2,402)
Interest on long-term debt	621,571	-	-	(621,571)
Unallocated depreciation	1,017,729	-	-	(1,017,729)
Total governmental activities	<u>\$ 10,609,428</u>	<u>\$ 98,936</u>	<u>\$ 2,946,726</u>	<u>(7,563,766)</u>
General revenues				
Property taxes, levied for general purposes				1,000,283
Property taxes, levied for debt service				1,824,203
Property taxes, levied for capital projects (sinking fund)				254,307
State sources - unrestricted				6,194,896
Intermediate sources				637,414
Investment earnings				87,348
Other				<u>23,306</u>
Total general revenues				<u>10,021,757</u>
CHANGE IN NET POSITION				2,457,991
NET POSITION, beginning of year				<u>1,493,090</u>
NET POSITION, end of year				<u>\$ 3,951,081</u>

See notes to financial statements.

**DANSVILLE SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2026**

	General Fund	2016 Capital Projects Fund	2016 Debt Service Fund	2026 Refunding	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 2,076,013	\$ 330,611	\$ 703,228	\$ 2,578	\$ 817,566	\$ 3,929,996
Receivables						
Accounts	899	-	-	-	2,050	2,949
Intergovernmental	1,395,541	-	-	-	73,220	1,468,761
Due from other funds	100,000	-	-	-	-	100,000
Inventories	-	-	-	-	15,632	15,632
Prepays	185,175	-	-	-	-	185,175
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 3,757,628</u>	<u>\$ 330,611</u>	<u>\$ 703,228</u>	<u>\$ 2,578</u>	<u>\$ 908,468</u>	<u>\$ 5,702,513</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 113,127	\$ -	\$ -	\$ -	\$ 16,964	\$ 130,091
Accrued salaries and related items	476,061	-	-	-	2,196	478,257
Accrued retirement	185,837	-	-	-	-	185,837
Due to other funds	-	-	-	-	100,000	100,000
Unearned revenue	421,663	-	-	-	4,741	426,404
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>1,196,688</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>123,901</u>	<u>1,320,589</u>

See notes to financial statements.

	General Fund	2016 Capital Projects Fund	2016 Debt Service Fund	2026 Refunding	Total Nonmajor Funds	Total Governmental Funds
FUND BALANCES						
Nonspendable						
Inventories	\$ -	\$ -	\$ -	\$ -	\$ 15,632	\$ 15,632
Prepays	185,175	-	-	-	-	185,175
Restricted for:						
Debt service	-	-	703,228	2,578	-	705,806
Capital projects	-	330,611	-	-	266,488	597,099
Food service	-	-	-	-	353,589	353,589
Committed for student/school activities	-	-	-	-	148,858	148,858
Assigned for:						
Subsequent year's expenditures	199,583	-	-	-	-	199,583
Unassigned	2,176,182	-	-	-	-	2,176,182
TOTAL FUND BALANCES	2,560,940	330,611	703,228	2,578	784,567	4,381,924
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,757,628	\$ 330,611	\$ 703,228	\$ 2,578	\$ 908,468	\$ 5,702,513

Total governmental fund balances

\$ 4,381,924

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

Deferred outflows of resources - related to pension	1,839,074
Deferred inflows of resources - related to pension	(2,565,037)
Deferred outflows of resources - related to other postemployment benefit	322,835
Deferred inflows of resources - related to other postemployment benefit	(1,637,397)
Deferred inflows of resources - related to state aid funding for pension benefits	(555,160)
Deferred inflows on refunding, net of amortization	(1,003,955)

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	1,866,262
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Capital assets used in governmental activities are not financial resources and are not reported in the funds:

The cost of the capital assets is	\$ 46,199,039
Accumulated depreciation is	(16,864,875)
	29,334,164

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

Bonds and other long-term debt	(20,655,926)
Compensated absences and other benefits	(525,937)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid	(158,381)
Net pension liability	(6,691,385)

Net position of governmental activities

\$ 3,951,081

See notes to financial statements.

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

	General Fund	2016 Capital Projects Fund	2016 Debt Service Fund	2026 Refunding	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Local sources						
Property taxes	\$ 1,000,283	\$ -	\$ 1,824,203	\$ -	\$ 254,307	\$ 3,078,793
Food sales	-	-	-	-	24,169	24,169
Athletics	73,547	-	-	-	-	73,547
Student/school activities	-	-	-	-	260,042	260,042
Other local sources	111,874	-	-	-	-	111,874
Total local sources	1,185,704	-	1,824,203	-	538,518	3,548,425
State sources	8,063,773	-	603	-	344,240	8,408,616
Federal sources	204,270	-	-	-	232,745	437,015
Incoming transfers and other	760,333	-	-	-	-	760,333
TOTAL REVENUES	10,214,080	-	1,824,806	-	1,115,503	13,154,389
EXPENDITURES						
Current						
Instruction	5,561,755	-	-	-	-	5,561,755
Supporting services	4,739,185	-	-	-	-	4,739,185
Food service activities	-	-	-	-	590,152	590,152
Student/school activities	-	-	-	-	262,444	262,444
Community service activities	946	-	-	-	-	946

See notes to financial statements.

	General Fund	2016 Capital Projects Fund	2016 Debt Service Fund	2026 Refunding	Total Nonmajor Funds	Total Governmental Funds
EXPENDITURES (continued)						
Capital outlay	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 20,000
Debt service						
Principal repayment	-	-	744,733	-	-	744,733
Interest	-	-	603,690	-	-	603,690
Other	-	-	501	145,035	-	145,536
TOTAL EXPENDITURES	10,301,886	-	1,348,924	145,035	872,596	12,668,441
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(87,806)	-	475,882	(145,035)	242,907	485,948
OTHER FINANCING SOURCES (USES)						
Transfers in	17,262	-	-	200,000	2	217,264
Transfers out	(2)	-	(200,000)	-	(17,262)	(217,264)
Proceeds from refunding bonds issued	-	-	-	10,390,000	-	10,390,000
Premium on refunding	-	-	-	1,291,735	-	1,291,735
Payment to refunding bond escrow agent	-	-	-	(11,734,122)	-	(11,734,122)
TOTAL OTHER FINANCING SOURCES (USES)	17,260	-	(200,000)	147,613	(17,260)	(52,387)
NET CHANGE IN FUND BALANCES	(70,546)	-	275,882	2,578	225,647	433,561
FUND BALANCES						
Beginning of year	2,631,486	330,611	427,346	-	558,920	3,948,363
End of year	\$ 2,560,940	\$ 330,611	\$ 703,228	\$ 2,578	\$ 784,567	\$ 4,381,924

See notes to financial statements.

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

Net change in fund balances total governmental funds **\$ 433,561**

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

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

Depreciation expense	(1,017,729)
Capital outlay	256,705
Net book value of capital assets disposed	(4,436)

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	141,001
Accrued interest payable, end of the year	(158,381)

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 in the treatment of long-term debt and related items are as follows:

Proceeds from refunding bonds issued	(10,390,000)
Premium on bond issuance	(1,291,735)
Debt refunded	11,575,000
Payments on bonded debt	600,000
Deferred charge on refunding	(1,003,955)
Amortization of bond premium	1,163,077
Payments on notes from direct borrowings and direct placement	144,733

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

Compensated absences, beginning of the year, as restated	627,220
Compensated absences, end of the year	(525,937)

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	1,325,540
Other postemployment benefit related items	670,297

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

State aid funding for pension	(86,970)
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Change in net position of governmental activities	<u><u>\$ 2,457,991</u></u>
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**DANSVILLE SCHOOLS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2026**

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	<u>\$ 124,917</u>
LIABILITIES	
	<u>-</u>
NET POSITION	
Restricted for student organizations	<u><u>\$ 124,917</u></u>

See notes to financial statements.

**DANSVILLE SCHOOLS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2026**

	<u>Custodial Fund</u>
ADDITIONS	
Student activities income	\$ 19,089
DEDUCTIONS	
Payments made on behalf of student organizations	<u>19,902</u>
CHANGE IN NET POSITION	(813)
NET POSITION	
Beginning of year	<u>125,730</u>
End of year	<u><u>\$ 124,917</u></u>

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Dansville Schools (the “District”) is governed by the Dansville 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.

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 *2016 Capital Projects Fund* accounts for the debt proceeds that are restricted to expenditures for capital outlays for voter-approved purposes. The *2016 Capital Projects Fund* includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the school district has complied with the applicable provisions of §1351a of the Revised School Code.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Fund Financial Statements (continued)

Major Governmental Funds (continued):

Beginning with the year of bond issuance, the district has reported the annual construction activity in the *2016 Capital Projects Fund*. The projects for which the 2016 bonds were issued were completed as of June 30, 2019 and the cumulative revenues and expenditures recognized for the construction period were as follows:

	<u>2016 Capital Projects Fund</u>
Revenue and other financing sources	<u>\$ 27,703,063</u>
Expenditures and outgoing transfers	<u>\$ 27,372,452</u>

Revenue and other financing sources include the net bond proceeds of \$26,593,885.

The *2016 Debt Service Fund* accounts for the resources accumulated and payments made for the principal and interest of the 2016 building and site bond.

The *2026 Refunding Debt Service Fund* accounts for the resources accumulated and payments made for the principal and interest of the 2026 refunding bond.

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

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

The *Capital Projects Sinking Fund* records capital project activities funded with sinking fund millage and other sources. For the sinking fund, the District has complied with the applicable provision of §1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2023-1.

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 (primarily student activities).

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Fund Financial Statements (continued)

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

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

Measurement Focus and Basis of Accounting

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

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

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

The 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 obligations are reported as other financing sources.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

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

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

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

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

Cash and Cash Equivalents

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

Investments

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

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

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments (continued)

- 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.

Capital Assets

Capital assets, which include land, construction in progress, buildings and additions, equipment and technology, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of 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.

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets (continued)

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

<u>Capital Asset Classes</u>	<u>Years</u>
Buildings and additions	7 - 50
Equipment and technology	3 - 20
Vehicles	8

Defined Benefit Plans

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

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the pension and other postemployment benefit related items reported in the government-wide statement of net position. These amounts are expensed in the plan year in which they apply.

Deferred Inflows

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension 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. The last item is future resources yet to be recognized in relation to the gain on refund, net of amortization. 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.

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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.

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education 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 Board is committed to maintaining a fiscally responsible fund balance of at least ten percent (10%) target, the budget for the year shall endeavor to include an allocation to increase the fund balance, and the amount to be added to the fund balance shall be an amount of at least ten percent (10%) of the projected balance for that year.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses

Program Revenues

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

Property Taxes

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

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

<u>Fund</u>	<u>Mills</u>
General funds	
Non-Principal Residence Exemption (PRE)	18.0000
Commercial Personal Property	6.0000
2016 Debt service fund	
PRE, Non-PRE, Commercial Property	7.0000
Capital projects sinking fund	
PRE, Non-PRE, Commercial Property	0.9741

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.

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Long-term Obligations

In the government-wide financial statements, 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 obligations. Bond issuance costs are reported as expenditures in the year in which they are incurred.

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

NOTE 2 - DEPOSITS AND INVESTMENTS

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

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2026, the carrying amount of the District's deposits was \$1,850,046 and the bank balance was \$2,084,972, of which \$250,000 was covered by federal depository insurance.

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.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

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

Investment Type	Fair Value	Weight Average Maturity (Years)
MILAF External Investment Pool- CMC	\$ 1,977,276	N/A
MILAF External Investment Pool- MAX	<u>227,591</u>	N/A
Total fair value	<u><u>\$ 2,204,867</u></u>	

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. 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- CMC	\$ 1,977,276	AAAm	Standard & Poor's
MILAF External Investment Pool- MAX	<u>227,591</u>	AAAm	Standard & Poor's
Total	<u><u>\$ 2,204,867</u></u>		

Foreign Currency Risk

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

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.

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

- 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.

	Amortized Cost
MILAF External Investment Pool- CMC	\$ 1,977,276
MILAF External Investment Pool- MAX	227,591
	<u>\$ 2,204,867</u>

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	<u>\$ 3,929,996</u>	<u>\$ 124,917</u>	<u>\$ 4,054,913</u>

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

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	\$ 172,351	\$ -	\$ -	\$ 172,351
Construction in progress	-	30,000	-	30,000
Total capital assets, not being depreciated	<u>172,351</u>	<u>30,000</u>	<u>-</u>	<u>202,351</u>
Capital assets, being depreciated				
Buildings and additions	43,902,809	55,419	-	43,958,228
Equipment and technology	1,833,290	171,286	284,672	1,719,904
Vehicles	318,556	-	-	318,556
Total capital assets, being depreciated	<u>46,054,655</u>	<u>226,705</u>	<u>284,672</u>	<u>45,996,688</u>
Accumulated depreciation				
Buildings and additions	14,755,160	852,126	-	15,607,286
Equipment and technology	1,095,751	159,200	280,236	974,715
Vehicles	276,471	6,403	-	282,874
Total accumulated depreciation	<u>16,127,382</u>	<u>1,017,729</u>	<u>280,236</u>	<u>16,864,875</u>
Net capital assets being depreciated	<u>29,927,273</u>	<u>(791,024)</u>	<u>4,436</u>	<u>29,131,813</u>
Net governmental capital assets	<u>\$ 30,099,624</u>	<u>\$ (761,024)</u>	<u>\$ 4,436</u>	<u>\$ 29,334,164</u>

Depreciation for the fiscal year ended June 30, 2026 amounted to \$1,017,729. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 4 - INTERGOVERNMENTAL RECEIVABLE

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

Other governmental units	
State aid	\$ 1,454,577
Federal grants	12,643
Other	<u>1,541</u>
	<u>\$ 1,468,761</u>

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

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - NOTES PAYABLE - STATE AID ANTICIPATION NOTES

At June 30, 2026, the District issued state aid anticipation notes payable in the amount of \$250,000 (Note 2024 A-2). The note bears an interest rate of 3.31% and matures on August 20, 2025. Proceeds of the notes were used to fund school operations. The note was secured by the full faith and credit of the District as well as pledged state aid. In an event of a default on the note, the bank may impose a penalty interest rate and at the bank's discretion, accelerate the repayment terms. Activity for the year ended June 30, 2026 is as follows:

Balance July 1, 2025	Additions	Deletions	Balance June 30, 2026
\$ 250,000	\$ -	\$ 250,000	\$ -

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 long-term obligations for the District for the year ended June 30, 2026:

	General Obligation Bonds	Notes from Direct Borrowings and Direct Placements	Compensated Absences*	Total
Balance, July 1, 2025	\$ 22,312,268	\$ 144,733	\$ 627,220	\$ 23,084,221
Additions	11,681,735	-	-	11,681,735
Deletions	(13,338,077)	(144,733)	(101,283)	(13,584,093)
Balance June 30, 2026	20,655,926	-	525,937	21,181,863
Due within one year	(1,040,000)	-	(368,036)	(1,408,036)
Due in more than one year	\$ 19,615,926	\$ -	\$ 157,901	\$ 19,773,827

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

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

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

General Obligation Bonds

\$23,695,000 2016 Building and Site Bonds dated August 9, 2016, due in annual principal installments from \$600,000 to \$1,375,000 through May 1, 2044, with interest ranging from 4.00% to 5.00%, payable semi-annually. \$ 8,100,000

\$10,390,000 2026 Refunding Bonds dated February 17, 2026, due in annual principal installments from \$705,000 to \$1,160,000 through May 1, 2037, with interest of 5.00%, payable semi-annually. 10,390,000

Plus premium on bond issuance, net of amortization 2,165,926

Total general obligation bonds 20,655,926

Compensated absences and other benefits 525,937

Total long-term obligations \$ 21,181,863

On February 17, 2026, the District issued a general obligation bond of \$10,390,000 with an interest rate of 5% to advance refund the 2027 through 2037 bond payments of the 2016 Building and Construction Bond. The bonds mature at various times through May 1, 2037. The general obligation bond was issued at par value. After paying issuance costs of \$145,035 the net proceeds were \$11,681,735. The net proceeds from the issuance of general obligation bonds, and a District payment of \$200,000, were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are paid in full. The advance refunding met the requirements of an in-substance debt defeasance and the term of the bonds were removed from the District's government-wide financial statements. As a result of the advance refunding, the District reduced its total debt service requirements by \$2,631,964, which resulted in an economic gain (difference between the present value of the debt service payment on the old and new debt) of \$1,246,092.

Borrowing from the State of Michigan

The school loan revolving fund payable represents a note 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, in the current year, the District paid off the remaining balance of the loan. Interest rates are to be annually determined by the State Administrative Board. Interest rate of 4.22% has been assessed for the year ended June 30, 2026. Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 7.00 mills. The school district is required to levy 7.00 mills and repay to the state any excess of the amount levied over the bonded debt service requirements. The District currently levies 7.00 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.

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Borrowing from the State of Michigan (continued)

The annual requirements to amortize long-term obligations outstanding as of June 30, 2026, including interest for general obligation bonds and notes from direct borrowings and direct placements, respectively, are as follows:

Year Ending June 30,	General Obligation Bonds		Compensated Absences and Other Benefits	Total
	Principal	Interest		
2027	\$ 1,040,000	\$ 950,286	\$ -	\$ 1,990,286
2028	1,160,000	791,500	-	1,951,500
2029	705,000	733,500	-	1,438,500
2030	770,000	698,250	-	1,468,250
2031	840,000	659,750	-	1,499,750
2032 - 2036	4,830,000	2,623,500	-	7,453,500
2037 - 2041	5,395,000	1,419,250	-	6,814,250
2042 - 2044	3,750,000	304,000	-	4,054,000
Total	18,490,000	8,180,036	-	26,670,036
Premium on bond issuance	2,165,926	-	-	2,165,926
Compensated absences	-	-	525,937	525,937
	<u>\$ 20,655,926</u>	<u>\$ 8,180,036</u>	<u>\$ 525,937</u>	<u>\$ 29,361,899</u>

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

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

	Due From Other Funds	
	General Fund	Total
Due to other funds		
Nonmajor governmental funds	<u>\$ 100,000</u>	<u>\$ 100,000</u>

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

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - INTERFUND TRANSFERS

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

	Transfers In			Total
	General Fund	2026 Refunding	Nonmajor Governmental Funds	
Transfer out				
General Fund	\$ -	\$ -	\$ 2	\$ 2
2016 Debt Service Fund	-	200,000	-	200,000
Nonmajor governmental funds	17,262	-	-	17,262
Total	<u>\$ 17,262</u>	<u>\$ 200,000</u>	<u>\$ 2</u>	

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.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

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:

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

Benefits Provided - Pension

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

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

Pension Reform 2010

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

Pension Reform 2012

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

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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

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.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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.

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.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

Eligibility - A Basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 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.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

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.

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

	<u>Pension</u>	<u>Other Postemployment Benefit</u>
October 1, 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 \$1,527,000. Of the total pension contributions approximately \$1,439,000 was contributed to fund the Defined Benefit Plan and approximately \$88,000 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 \$106,000. Of the total OPEB contributions approximately \$63,000 was contributed to fund the Defined Benefit Plan and approximately \$43,000 was contributed to fund the Defined Contribution Plan.

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

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

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

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

<u>MPSERS (Plan) Non-university Employers</u>	<u>September 30, 2025</u>	<u>September 30, 2024</u>
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	0.03340%	0.03487%
Net Pension Liability for the District	\$ 6,691,385	\$ 8,536,507

For the year ended June 30, 2026, the District recognized pension expense of \$113,505.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 240,173	\$ 353,656
Net difference between projected and actual plan investment earnings	-	1,599,098
Differences between expected and actual experience	259,177	59,600
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,335	552,683
Reporting Unit's contributions subsequent to the measurement date	<u>1,330,389</u>	<u>-</u>
	<u>\$ 1,839,074</u>	<u>\$ 2,565,037</u>

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

\$1,330,389, 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	\$ (280,216)
2028	(897,858)
2029	(673,838)
2030	(204,440)
	<u>\$ (2,056,352)</u>

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

The net OPEB liability (asset) was measured as of September 30, 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.

<u>MPERS (Plan) Non-university Employers</u>	<u>September 30, 2025</u>	<u>September 30, 2024</u>
Total OPEB liability	\$ 9,360,649,860	\$ 9,991,545,923
Plan fiduciary net position	\$ 15,439,767,833	\$ 14,295,943,589
Net OPEB liability (asset)	\$ (6,079,117,973)	\$ (4,304,397,666)
Proportionate share	0.03070%	0.03440%
Net OPEB liability (asset) for the District	\$ (1,866,262)	\$ (1,480,816)

For the year ended June 30, 2026, the District recognized OPEB benefit of \$607,560.

DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 249,073	\$ 19,793
Net difference between projected and actual plan investment earnings	-	262,250
Differences between expected and actual experience	-	1,277,731
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,980	77,623
Reporting Unit's contributions subsequent to the measurement date	<u>54,782</u>	<u>-</u>
	<u><u>\$ 322,835</u></u>	<u><u>\$ 1,637,397</u></u>

\$54,782, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability (asset) in the subsequent fiscal year.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2027	\$ (368,119)
2028	(353,259)
2029	(330,708)
2030	(218,211)
2031	(76,028)
2032	<u>(23,019)</u>
	<u><u>\$ (1,369,344)</u></u>

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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.

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.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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:

Investment Category	Target Allocation		Long-term Expected Real Rate of Return*
	Pension	OPEB	
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%
	<u>100.0%</u>	<u>100.0%</u>	

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

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.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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	\$ 10,559,375	\$ 6,691,385	\$ 3,469,845

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)	\$ (1,607,903)	\$ (1,866,262)	\$ (2,092,382)

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		
	Current		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Reporting unit's proportionate share of the net other postemployment benefit liability (asset)	\$ (2,090,319)	\$ (1,866,262)	\$ (1,631,009)

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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 health insurance, and accidental insurance.

NOTE 11 - 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 12 - TAX ABATEMENTS

The District is required to disclose significant tax abatements as required by GASB Statement No. 77 (*Tax Abatements*). For the year ended June 30, 2026, the District did not receive reduced property tax revenues as a result of tax abatements from taxing authorities within its district boundaries. Additionally, there are no abatements made by the District.

**DANSVILLE SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 - 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.

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 14 - 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

DANSVILLE SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
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	\$ 1,138,713	\$ 1,174,487	\$ 35,774	\$ 1,185,704	\$ 11,217
State sources	7,899,128	8,083,948	184,820	8,063,773	(20,175)
Federal sources	99,663	114,814	15,151	204,270	89,456
Incoming transfers and other	785,489	740,131	(45,358)	760,333	20,202
TOTAL REVENUES	9,922,993	10,113,380	190,387	10,214,080	100,700
EXPENDITURES					
Current					
Instruction					
Basic programs	4,588,717	4,495,624	(93,093)	4,425,498	70,126
Added needs	1,004,263	1,170,465	166,202	1,136,257	34,208
Total instruction	5,592,980	5,666,089	73,109	5,561,755	104,334
Supporting services					
Pupil	816,481	830,002	13,521	814,899	15,103
Instructional staff	237,332	224,464	(12,868)	205,767	18,697
General administration	412,378	417,699	5,321	422,365	(4,666)
School administration	716,605	752,358	35,753	732,764	19,594
Business	167,595	164,466	(3,129)	155,108	9,358
Operation and maintenance	1,192,518	1,301,791	109,273	1,224,196	77,595
Pupil transportation	583,683	518,028	(65,655)	408,894	109,134
Central and other	242,338	250,474	8,136	367,337	(116,863)
Athletics and other	404,765	411,637	6,872	407,855	3,782
Total supporting services	4,773,695	4,870,919	97,224	4,739,185	131,734
Community services	1,836	924	(912)	946	(22)
TOTAL EXPENDITURES	10,368,511	10,537,932	169,421	10,301,886	236,046
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(445,518)	(424,552)	20,966	(87,806)	336,746
OTHER FINANCING SOURCES (USES)					
Transfers in	16,197	17,139	942	17,262	123
Transfers out	(3)	(3)	-	(2)	1
TOTAL OTHER FINANCING SOURCES (USES)	16,194	17,136	942	17,260	124
NET CHANGE IN FUND BALANCE	(429,324)	(407,416)	21,908	(70,546)	336,870
FUND BALANCE					
Beginning of year	2,631,486	2,631,486	-	2,631,486	-
End of year	\$ 2,202,162	\$ 2,224,070	\$ 21,908	\$ 2,560,940	\$ 336,870

DANSVILLE SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
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 END SEPTEMBER 30)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Reporting Unit's proportion of net pension liability (%)	0.03340%	0.03487%	0.03597%	0.03638%	0.03624%	0.03649%	0.03578%	0.03786%	0.04056%	0.04236%
Reporting Unit's proportionate share of net pension liability	\$ 6,691,385	\$ 8,536,507	\$ 11,640,621	\$ 13,681,665	\$ 8,578,890	\$ 12,533,413	\$ 11,847,947	\$ 11,380,501	\$ 10,510,639	\$ 10,568,346
Reporting Unit's covered-employee payroll	\$ 3,765,793	\$ 3,670,876	\$ 3,647,850	\$ 3,629,858	\$ 3,310,215	\$ 3,302,445	\$ 3,120,136	\$ 3,062,977	\$ 3,343,034	\$ 3,538,964
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	177.69%	232.55%	319.11%	376.92%	259.16%	379.52%	379.73%	371.55%	314.40%	298.63%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	79.44%	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%

DANSVILLE SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
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	\$ 1,439,045	\$ 1,476,857	\$ 1,430,930	\$ 1,658,556	\$ 1,223,950	\$ 1,062,845	\$ 983,718	\$ 934,634	\$ 1,000,742	\$ 956,714
Pension contributions in relation to statutorily required contributions	1,439,045	1,476,857	1,430,930	1,658,556	1,223,950	1,062,845	983,718	934,634	1,000,742	956,714
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's covered-employee payroll (pension)	\$ 3,894,113	\$ 3,732,050	\$ 3,647,975	\$ 3,787,058	\$ 3,576,790	\$ 3,299,528	\$ 3,251,757	\$ 3,112,130	\$ 3,090,624	\$ 3,405,793
Pension contributions as a percentage of covered-employee payroll	36.95%	39.57%	39.23%	43.80%	34.22%	32.21%	30.25%	30.03%	32.38%	28.09%

DANSVILLE SCHOOLS
REQUIRED SUPPLEMENTARY INFORMATION
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 benefit liability (asset) (%)	0.03070%	0.03440%	0.03598%	0.03701%	0.03641%	0.03735%	0.03580%	0.03610%	0.04070%
Reporting Unit's proportionate share of net other postemployment benefit liability (asset)	\$ (1,866,262)	\$ (1,480,816)	\$ (203,551)	\$ 783,800	\$ 555,678	\$ 2,000,869	\$ 2,569,686	\$ 2,869,950	\$ 3,603,772
Reporting Unit's covered-employee payroll	\$ 3,765,793	\$ 3,670,876	\$ 3,647,850	\$ 3,629,858	\$ 3,310,215	\$ 3,302,445	\$ 3,120,136	\$ 3,062,977	\$ 3,343,034
Reporting Unit's proportionate share of net other postemployment benefit liability (asset) as a percentage of its covered-employee payroll	49.56%	40.34%	5.58%	21.59%	16.79%	60.59%	82.36%	93.70%	107.80%
Plan fiduciary net position as a percentage of total other postemployment benefit 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.

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

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required other postemployment benefit contributions	\$ 62,737	\$ 18,651	\$ 293,208	\$ 288,087	\$ 288,292	\$ 274,978	\$ 278,462	\$ 255,794	\$ 273,843
Other postemployment benefit contributions in relation to statutorily required contributions	62,737	18,651	293,208	288,087	288,292	274,978	278,462	255,794	273,843
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reporting Unit's covered-employee payroll (OPEB)	\$ 3,894,113	\$ 3,732,050	\$ 3,647,975	\$ 3,787,058	\$ 3,576,790	\$ 3,299,528	\$ 3,251,757	\$ 3,112,130	\$ 3,090,624
Other postemployment benefit contributions as a percentage of covered-employee payroll	1.61%	0.50%	8.04%	7.61%	8.06%	8.33%	8.56%	8.22%	8.86%

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.

DANSVILLE SCHOOLS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2026

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the 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

	<u>Variance</u>	<u>Explanation</u>
REVENUES		
State sources	\$ 184,820	The State budget passed four months after districts original budget with new funding categoricals. In addition, mid-year the district applied for and received additional grants.
EXPENDITURES		
Instruction - Added needs	166,202	Additional staff were hired for additional instructional supports for students due to increase and/or changes in grant funds received by the district.
Supporting services - Operation and maintenance	109,273	One-time facility improvements were added and incurred in fiscal year 2026.

DANSVILLE SCHOOLS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2026

NOTE 2 - BUDGETARY COMPARISON (continued)

Significant Variances Between Final Budget and Actual

	<u>Variance</u>	<u>Explanation</u>
EXPENDITURES		
Supporting services - Pupil transportation	\$ 109,134	The districts contracted services for transportation, including routing services, saw a decrease in year over year expenses.
Supporting services - Central and other	(116,863)	One-time facility improvements (network refresh) were incurred in fiscal year 2026.

NOTE 3 - PENSION INFORMATION

Benefit Changes

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

Changes in Assumptions

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

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

NOTE 4 - OPEB INFORMATION

Benefit Changes

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

DANSVILLE SCHOOLS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2026

NOTE 4 - OPEB INFORMATION (continued)

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 point for members over 65.
- 2023 - The health care cost trend rate used in the September 30, 2022 actuarial valuation decreased by 0.25 percentage points for members under 65 and increased by 1.00 percentage point for members over 65. In addition, actual per person health benefit costs were lower than projected. The valuation includes the impact of an updated experience study for periods from 2017 to 2022.
- 2022 - The discount rate and investment rate of return used in the September 30, 2021 actuarial valuation decreased by 0.95 percentage points. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.1 billion in 2022.
- 2021 - The health care cost trend rate used in the September 30, 2020 actuarial valuation increased by 0.75 percentage points for members under 65 and decreased by 1.75 percentage points for members over 65. In addition, actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.3 billion in 2021.
- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points and actual per person health benefit costs were lower than projected. This reduced the plan's total OPEB liability by \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in lower than projected per person health benefit costs to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

ADDITIONAL SUPPLEMENTARY INFORMATION

**DANSVILLE SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2026**

	Special Revenue		Capital Projects (Sinking Fund)	Total Nonmajor Funds
	Food Service	Student/ School Activities		
ASSETS				
Cash and cash equivalents	\$ 396,490	\$ 154,588	\$ 266,488	\$ 817,566
Receivables				
Accounts	658	1,392	-	2,050
Intergovernmental	73,220	-	-	73,220
Inventories	15,632	-	-	15,632
TOTAL ASSETS	<u>\$ 486,000</u>	<u>\$ 155,980</u>	<u>\$ 266,488</u>	<u>\$ 908,468</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 9,842	\$ 7,122	\$ -	\$ 16,964
Accrued salaries and related items	2,196	-	-	2,196
Unearned revenue	4,741	-	-	4,741
Due to other funds	100,000	-	-	100,000
TOTAL LIABILITIES	<u>116,779</u>	<u>7,122</u>	<u>-</u>	<u>123,901</u>
FUND BALANCES				
Nonspendable - inventories	15,632	-	-	15,632
Restricted for:				
Capital projects - sinking fund	-	-	266,488	266,488
Food service	353,589	-	-	353,589
Committed for - student/school activities	-	148,858	-	148,858
TOTAL FUND BALANCES	<u>369,221</u>	<u>148,858</u>	<u>266,488</u>	<u>784,567</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 486,000</u>	<u>\$ 155,980</u>	<u>\$ 266,488</u>	<u>\$ 908,468</u>

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

	Special Revenue		Capital Projects (Sinking Fund)	Total Nonmajor Funds
	Food Service	Student/ School Activities		
REVENUES				
Local sources				
Property taxes	\$ -	\$ -	\$ 254,307	\$ 254,307
Food sales	24,169	-	-	24,169
Student/school activities	-	260,042	-	260,042
Total local sources	24,169	260,042	254,307	538,518
State sources	344,156	-	84	344,240
Federal sources	232,745	-	-	232,745
TOTAL REVENUES	601,070	260,042	254,391	1,115,503
EXPENDITURES				
Current				
Food service activities	590,152	-	-	590,152
Student/school activities	-	262,444	-	262,444
Capital outlay	-	-	20,000	20,000
TOTAL EXPENDITURES	590,152	262,444	20,000	872,596
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	10,918	(2,402)	234,391	242,907
OTHER FINANCING SOURCES (USES)				
Transfers in	2	-	-	2
Transfers out	(17,262)	-	-	(17,262)
TOTAL OTHER FINANCING SOURCES (USES)	(17,260)	-	-	(17,260)
NET CHANGE IN FUND BALANCES	(6,342)	(2,402)	234,391	225,647
FUND BALANCES				
Beginning of year	375,563	151,260	32,097	558,920
End of year	\$ 369,221	\$ 148,858	\$ 266,488	\$ 784,567

**DANSVILLE SCHOOLS
LONG-TERM OBLIGATIONS
BONDED OBLIGATIONS
JUNE 30, 2026**

\$23,695,000 Bonds issued August 9, 2016:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ -	\$ 162,000	\$ 162,000	2027	\$ 324,000
-	162,000	162,000	2028	324,000
-	162,000	162,000	2029	324,000
-	162,000	162,000	2030	324,000
-	162,000	162,000	2031	324,000
-	162,000	162,000	2032	324,000
-	162,000	162,000	2033	324,000
-	162,000	162,000	2034	324,000
-	162,000	162,000	2035	324,000
-	162,000	162,000	2036	324,000
-	162,000	162,000	2037	324,000
1,025,000	162,000	162,000	2038	1,349,000
1,075,000	141,500	141,500	2039	1,358,000
1,100,000	120,000	120,000	2040	1,340,000
1,150,000	98,000	98,000	2041	1,346,000
1,200,000	75,000	75,000	2042	1,350,000
1,250,000	51,000	51,000	2043	1,352,000
1,300,000	26,000	26,000	2044	1,352,000
<u>\$ 8,100,000</u>	<u>\$ 2,455,500</u>	<u>\$ 2,455,500</u>		<u>\$ 13,011,000</u>

The above bonds have interest rates from 4.0% to 5.0%. The bonds were issued for school building and site purposes.

**DANSVILLE SCHOOLS
LONG-TERM OBLIGATIONS
BONDED OBLIGATIONS
JUNE 30, 2026**

\$10,390,000 refunding bonds issued February 17, 2026:

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 1,040,000	\$ 259,750	\$ 366,536	2027	\$ 1,666,286
1,160,000	233,750	233,750	2028	1,627,500
705,000	204,750	204,750	2029	1,114,500
770,000	187,125	187,125	2030	1,144,250
840,000	167,875	167,875	2031	1,175,750
885,000	146,875	146,875	2032	1,178,750
930,000	124,750	124,750	2033	1,179,500
975,000	101,500	101,500	2034	1,178,000
1,025,000	77,125	77,125	2035	1,179,250
1,015,000	51,500	51,500	2036	1,118,000
1,045,000	26,125	26,125	2037	1,097,250
<u>\$ 10,390,000</u>	<u>\$ 1,581,125</u>	<u>\$ 1,687,911</u>		<u>\$ 13,659,036</u>

The above bonds have an interest rate of 5.0%. The bonds were issued on February 17, 2026 to refinance \$10,390,000 of the 2016 bonds issuance. The bonds will refinance the 2027 through 2037 payments.

DANSVILLE SCHOOLS
SCHEDULE OF BORROWINGS - STATE OF MICHIGAN
SCHOOL LOAN REVOLVING FUND PROGRAM
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 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 (Payment)	Interest Expense (Payments)	Loan Balance (Net Change)
2018	\$ 222,317	\$ 4,791	\$ 227,108
2019	211,987	12,394	224,381
2020	140,152	17,464	157,616
2021	107,179	20,511	127,690
2022	-	(3,908)	(3,908)
2023	-	(34,100)	(34,100)
2024 loan repayment	(243,250)	(13,439)	(256,689)
2025 loan repayment	(293,652)	(3,462)	(297,114)
2026 loan repayment	(144,733)	(251)	(144,984)
Total June 30, 2026	\$ -	\$ -	\$ -



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

To the Board of Education of
Dansville 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 Dansville Schools, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Dansville 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 Dansville 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 Dansville Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Dansville 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 Dansville 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.

Manes Costeiran PC

Lansing, Michigan
September 22, 2026



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September 22, 2026

To the Board of Education of
Dansville Schools

In planning and performing our audit of the financial statements of Dansville 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 Dansville 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 Dansville 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. Dansville 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



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September 22, 2026

To the Board of Education of
Dansville Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dansville Schools for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information orally during our discussion on August 18, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Dansville Schools are described in Note 1 to the financial statements. As described in Note 13 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 Dansville Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. No misstatements were detected as a result of audit procedures.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated 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 Dansville 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 Dansville 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 of Dansville Schools and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Maney Costeiran PC

Lansing, Michigan