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Opinion

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 Whitmore Lake Public Schools as of June 30, 2021, 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.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 15 to the financial statements, Whitmore Lake Public Schools implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

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, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Whitmore Lake Public Schools' basic financial statements. The additional supplementary information, as identified in the table of contents, including the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional supplementary 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 additional supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information is fairly stated, in all material respects, in relation to the 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 6, 2021 on our consideration of Whitmore Lake Public 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 Whitmore Lake Public 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 Whitmore Lake Public Schools' internal control over financial reporting and compliance.

September 6, 2021

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the Whitmore Lake Public Schools’ annual financial report presents our discussion and analysis of the District’s financial performance during the fiscal year that ended on June 30, 2021.

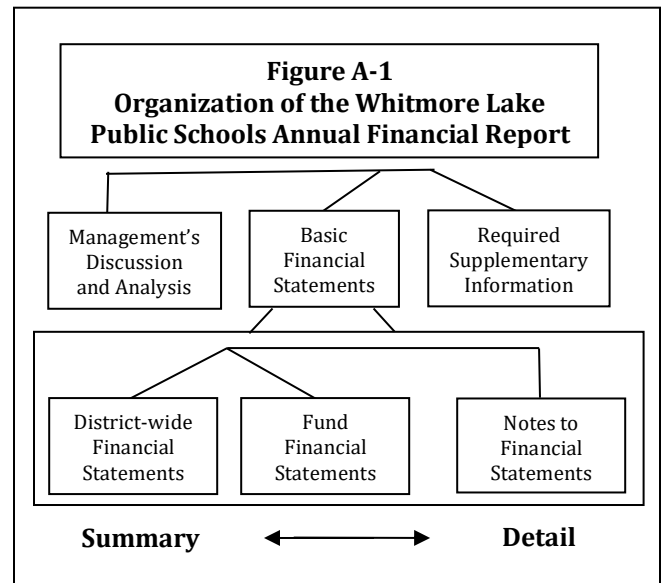
FINANCIAL HIGHLIGHTS

- Governmental funds revenues and other financing sources increased to \$40.6 million from \$36.2 million. Expenditures and other financing uses increased to \$39.9 million from \$36.1 million. The increase in revenue, expenditures, and other financing sources (uses) was due to the refunding of a portion of the school loan revolving fund as well as previously issued bonds with the issuance of refunding bonds in the current year.
- General Fund revenues were \$10.6 million, \$457 thousand more than General Fund expenditures and other financing sources (uses).
- State Aid Foundation allowance remained flat on a per student basis at \$8,111.
- The District’s fall student count decreased to 694 pupils, a decrease of 3 students over last year.
- The District participates in the School Loan Revolving Fund (SLRF), which allows districts to maintain level debt millages throughout the life of a bond issue. This feature of the SLRF can, however, create a net deficit in the district-wide financial statements in the short term, with future debt millages restoring the net position of the District once the bonded debt is reduced. The District issued bonds to pay down this debt during the current fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - management’s discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District’s operations in *more detail* than the District-wide statements.
- The *governmental funds* statements tell how basic services like regular and special education were financed in the short-term as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.



MANAGEMENT'S DISCUSSION AND ANALYSIS

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2 Major Features of District-wide and Fund Financial Statements		
	District-wide Statements	Fund Financial Statements - Governmental Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance
Required financial statements	* Statement of net position * Statement of activities	* Balance sheet * Statement of revenues, expenditures, and changes in fund balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

DISTRICT-WIDE STATEMENTS

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the District's assets, deferred outflows, liabilities and deferred inflows. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's *net position* and how they have changed. Net position - the difference between the District's assets, deferred outflows, liabilities and deferred inflows - is one way to measure the District's financial health or position.

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

In the District-wide financial statements, the District's activities are:

- Governmental Activities - Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like food service and community recreation).

The District has two kinds of funds:

- Governmental Funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information with the governmental funds statements that explains the relationship (or differences) between them.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net position - The District's net position (deficit) changed as follows:

Table A-3		
Whitmore Lake Public Schools Net Position		
	<u>2021</u>	<u>2020</u>
ASSETS		
Current and other assets	\$ 4,069,553	\$ 3,174,523
Capital assets, net of depreciation	<u>29,263,347</u>	<u>30,472,124</u>
TOTAL ASSETS	<u>33,332,900</u>	<u>33,646,647</u>
Deferred outflows of resources	<u>6,636,767</u>	<u>8,032,021</u>
LIABILITIES		
Noncurrent liabilities	52,413,357	54,104,926
Other liabilities	2,272,384	2,264,238
Net other postemployment benefit liability	2,972,919	4,245,425
Net pension liability	<u>19,564,284</u>	<u>20,092,623</u>
TOTAL LIABILITIES	<u>77,222,944</u>	<u>80,707,212</u>
Deferred inflows of resources	<u>4,797,072</u>	<u>4,007,413</u>
NET POSITION		
Net investment in capital assets	(21,053,559)	(20,733,991)
Restricted for capital projects - sinking fund	381,002	259,996
Unrestricted	<u>(21,377,792)</u>	<u>(22,561,962)</u>
TOTAL NET POSITION	<u>\$ (42,050,349)</u>	<u>\$ (43,035,957)</u>
**The 2020 figures have not been updated for the adoption of GASB 84.		

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-4		
Changes in Whitmore Lake Public Schools Net Position		
	2021	2020
REVENUES		
Program revenues		
Charges for services	\$ 609,529	\$ 605,421
Operating grants and contributions	3,442,023	2,666,684
General revenues		
Property taxes	6,314,195	6,031,899
State aid - unrestricted	3,287,038	3,237,757
Intermediate sources	1,533,520	1,498,843
Investment earnings	5,301	34,192
Other	73,201	95,043
	15,264,807	14,169,839
EXPENSES		
Instruction	5,112,660	5,094,189
Support services	5,609,915	5,643,264
Community services	400,715	417,591
Food services	358,637	340,238
Student/school activities	125,874	-
Interest on long-term debt	1,499,664	1,766,661
Unallocated depreciation	1,328,095	1,314,270
	14,435,560	14,576,213
Change in net position	\$ 829,247	\$ (406,374)
**The 2020 figures have not been updated for the adoption of GASB 84.		

District Governmental Activities

The District seeks a balance between maximizing resources for the education of our students and maintaining the long-term financial health of the District. The governmental activities mirror that goal. Our support services seek to be efficient at providing the necessary safe, orderly, and positive learning environment so that more dollars are available for the direct instruction of students. Our child nutrition programs seek to be self-supporting and cost effective.

- State Aid Foundation allowance remained flat on a per student basis at \$8,111.
- Food service revenues and transfers in were greater than expenditures by \$85,635.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported *combined* fund balances of \$2,016,487.

The General Fund's fund balance increased from \$596,548 to \$1,053,362 in the current year.

General Fund Budgetary Highlights

The District is required to adopt an operating budget prior to the start of the fiscal year. Certain information is not known at the time of budget adoption, such as the amount of state aid, the actual number of students and the cost of employee contracts, and must be estimated or projected. Over the course of the budget year, the District revised the annual operating budget two times. For fiscal year 2020-2021, these budget amendments included:

- Increases in revenues and expenditures due to the current year COVID-19 environment and the resulting increases in state and federal funding, and the subsequent grant expenditures that were associated with these additional sources of funding.

The District's original budget was adopted with a budget shortfall of \$216,754. The final budget amendment in June 2021 called for a budget surplus of \$247,484. Actual revenues were greater than actual expenditures and other financing sources and uses by \$456,814 at year-end.

- Actual general fund revenues were \$24,000 lower than budgeted. This variance was not considered significant and is the result of normal budgetary variances.
- Actual general fund expenditures were \$177,000 lower than budgeted. This variance was not considered significant and is the result of normal budgetary variances.
- Actual general fund other financing sources were \$56,000 more than budgeted amounts.

MANAGEMENT’S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2021, the District had invested approximately \$54.4 million in a broad range of capital assets, including school buildings, athletic and support facilities, computer and transportation equipment. This amount represents a net decrease of \$434 thousand from last year. (More detailed information about capital assets can be found in the notes to the financial statements.) Total depreciation expense for the year was \$1,328,095.

The District’s capital assets are as follows:

Table A-5				
Whitmore Lake Public Schools Capital Assets				
	2021		2020	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 1,218,065	\$ -	\$ 1,218,065	\$ 1,218,065
Buildings and improvements	51,211,707	23,714,296	27,497,411	28,586,388
Buses and other vehicles	831,716	627,420	204,296	209,824
Furniture and equipment	1,149,063	805,488	343,575	457,847
Total	<u><u>\$ 54,410,551</u></u>	<u><u>\$ 25,147,204</u></u>	<u><u>\$ 29,263,347</u></u>	<u><u>\$ 30,472,124</u></u>

Long-term Obligations

At year-end the District had \$52.39 million in long-term obligations outstanding, a \$1.687 million decrease when compared to the prior year. (More detailed information about the District’s long-term liabilities is presented in the notes to the financial statements.)

Table A-6		
Whitmore Lake Public Schools Outstanding Long-term Obligations		
<i>(in millions of dollars)</i>		
	<u>2021</u>	<u>2020</u>
General Obligation Bonds	\$ 48.60	\$ 49.65
Notes from Direct Borrowings and Direct Placements	3.72	4.36
Accumulated Compensated Absences	0.07	0.07
Total	<u><u>\$ 52.39</u></u>	<u><u>\$ 54.08</u></u>

- The District continued to pay down its debt, retiring \$6.040 million of outstanding bonds.
- The District issued refunding bonds to pay off its 2012 refunding bonds and to pay down its outstanding principal on the school loan revolving fund debt by a net amount of \$17,137,667.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FACTORS BEARING ON THE DISTRICT'S FUTURE

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

- Federal relief funds distributed to school districts in response to the COVID 19 pandemic have temporarily inflated fund balances for most school districts. These funds will be utilized over time for one-time expenditures and upgrades to support a safe and healthy learning environment.

The following factor could significantly impact the financial health of the school system and the ability of the State to provide funding for schools that keeps up with inflation. The challenge that potentially limits this ability:

- *The State's Budget.* The State has passed its budget for 2021 - 2022, which brought the minimum foundation level to \$8,700 per student for all school districts. There is skepticism whether this level can be maintained for future school years and if future increases are feasible.
- *The State's Contribution to the MPSERS Rate.* The source of funds used to pay down MPSERS retirement liability has been the School Aid Fund. As such, while the MPSERS payment has offset some (not all) of the increases in the rate paid by school districts, it has typically limited the State's ability to provide funding increases for other parts of school operations.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Business Office, Whitmore Lake Public Schools, 8845 Main Street, Whitmore Lake, Michigan 48189.

BASIC FINANCIAL STATEMENTS

**WHITMORE LAKE PUBLIC SCHOOLS
STATEMENT OF NET POSITION
JUNE 30, 2021**

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 1,107,076
Investments	1,359,402
Receivables	
Accounts receivable	2,232
Intergovernmental receivables	1,544,595
Inventories	21,844
Prepays	34,404
Capital assets not being depreciated	1,218,065
Capital assets, net of accumulated depreciation	28,045,282
TOTAL ASSETS	33,332,900
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding, net of accumulated amortization	1,122,170
Related to other postemployment benefit	1,391,334
Related to pensions	4,123,263
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,636,767
LIABILITIES	
Accounts payable	14,643
Accrued salaries and related items	628,280
Accrued retirement	362,696
Accrued interest	221,129
Unearned revenue	53,360
Notes payable	992,276
Noncurrent liabilities	
Due within one year	3,685,636
Due in more than one year	48,707,340
Accrued interest due in more than one year	20,381
Net other postemployment benefit liability	2,972,919
Net pension liability	19,564,284
TOTAL LIABILITIES	77,222,944
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	1,321,361
Related to other postemployment benefit	2,753,111
Related to state aid funding for pensions	722,600
TOTAL DEFERRED INFLOW OF RESOURCES	4,797,072
NET POSITION	
Net investment in capital assets	(21,053,559)
Restricted for capital projects (sinking fund)	381,002
Unrestricted	(21,377,792)
TOTAL NET POSITION	\$ (42,050,349)

See notes to financial statements.

**WHITMORE LAKE PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

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	\$ 5,112,660	\$ 236	\$ 2,412,527	\$ (2,699,897)
Support services	5,609,915	34,416	603,132	(4,972,367)
Community services	400,715	402,350	-	1,635
Food services	358,637	12,770	426,364	80,497
Student/school activities	125,874	159,757	-	33,883
Interest on long-term debt	1,499,664	-	-	(1,499,664)
Unallocated depreciation	1,328,095	-	-	(1,328,095)
Total governmental activities	<u>\$ 14,435,560</u>	<u>\$ 609,529</u>	<u>\$ 3,442,023</u>	<u>(10,384,008)</u>
General revenues				
Property taxes, levied for general purposes				2,287,105
Property taxes, levied for debt service				3,266,493
Property taxes, levied for capital projects sinking fund				373,701
Property taxes, levied for special purposes				386,896
Investment earnings				5,301
State sources - unrestricted				3,287,038
Intermediate sources				1,533,520
Other				73,201
Total general revenues				<u>11,213,255</u>
CHANGE IN NET POSITION				829,247
Net position, beginning of year, as restated				<u>(42,879,596)</u>
Net position, end of year				<u>\$ (42,050,349)</u>

See notes to financial statements.

**WHITMORE LAKE PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General Fund	2020 Debt Service Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 188,721	\$ 6,762	\$ 381,002	\$ 530,591	\$ 1,107,076
Investments	1,359,402	-	-	-	1,359,402
Receivables					
Accounts receivable	-	-	-	2,232	2,232
Intergovernmental	1,512,771	-	-	31,824	1,544,595
Due from other funds	7,263	-	-	-	7,263
Inventories	-	-	-	21,844	21,844
Prepays	34,404	-	-	-	34,404
TOTAL ASSETS	\$ 3,102,561	\$ 6,762	\$ 381,002	\$ 586,491	\$ 4,076,816
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 10,776	\$ -	\$ -	\$ 3,867	\$ 14,643
Accrued salaries and related items	628,280	-	-	-	628,280
Accrued retirement	362,696	-	-	-	362,696
Accrued interest	1,811	-	-	-	1,811
Due to other funds	-	-	-	7,263	7,263
Notes payable	992,276	-	-	-	992,276
Unearned revenue	53,360	-	-	-	53,360
TOTAL LIABILITIES	2,049,199	-	-	11,130	2,060,329
FUND BALANCES					
Nonspendable					
Inventories	-	-	-	21,844	21,844
Prepays	34,404	-	-	-	34,404

See notes to financial statements.

	General Fund	2020 Debt Service Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
LIABILITIES AND FUND BALANCES (continued)					
FUND BALANCES					
Restricted for:					
Debt service	\$ -	\$ 6,762	\$ -	\$ 87,450	\$ 94,212
Capital projects	-	-	381,002	-	381,002
Community recreation	-	-	-	211,857	211,857
Food service	-	-	-	63,966	63,966
Committed for:					
Student/school activities	-	-	-	190,244	190,244
Unassigned - general fund	1,018,958	-	-	-	1,018,958
TOTAL FUND BALANCES	<u>1,053,362</u>	<u>6,762</u>	<u>381,002</u>	<u>575,361</u>	<u>2,016,487</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,102,561</u>	<u>\$ 6,762</u>	<u>\$ 381,002</u>	<u>\$ 586,491</u>	<u>\$ 4,076,816</u>

Total Governmental Fund Balances

\$ 2,016,487

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

Deferred outflows (inflows)

Deferred outflows of resources - deferred charge on refunding, net of accumulated amortization	1,122,170
Deferred outflows of resources - related to other postemployment benefit	1,391,334
Deferred outflows of resources - related to pensions	4,123,263
Deferred inflows of resources - related to pensions	(1,321,361)
Deferred inflows of resources - related to other postemployment benefit	(2,753,111)
Deferred inflows of resources - related to state aid funding for pensions	(722,600)

Capital assets used in governmental activities are not financial resources and are not reported in the funds:

The cost of the capital assets is	\$ 54,410,551
Accumulated depreciation is	<u>(25,147,204)</u>
	29,263,347

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

Bonds and other debt liabilities	(52,325,062)
Compensated absences	(67,914)
Accrued interest is not included as a liability in government funds, it is recorded when paid	(239,699)
Net other postemployment benefit liability	(2,972,919)
Net pension liability	<u>(19,564,284)</u>

Net Position of Governmental Activities

\$ (42,050,349)

WHITMORE LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>2015B Debt Service Fund</u>	<u>2020 Debt Service Fund</u>	<u>Sinking Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Local sources						
Property taxes	\$ 2,287,105	\$ 1,534,551	\$ 191,820	\$ 373,701	\$ 1,927,018	\$ 6,314,195
Investment earnings	5,111	-	-	167	23	5,301
Food and community recreation	-	-	-	-	92,445	92,445
Student/school activities	-	-	-	-	159,757	159,757
Athletics	4,581	-	-	-	-	4,581
Other	408,916	-	1,464	15,567	-	425,947
	<u>2,705,713</u>	<u>1,534,551</u>	<u>193,284</u>	<u>389,435</u>	<u>2,179,243</u>	<u>7,002,226</u>
Total local revenues						
State sources	5,096,840	-	-	-	59,236	5,156,076
Federal sources	1,231,936	-	-	-	411,011	1,642,947
Incoming transfers and other	1,533,520	-	-	-	-	1,533,520
	<u>10,568,009</u>	<u>1,534,551</u>	<u>193,284</u>	<u>389,435</u>	<u>2,649,490</u>	<u>15,334,769</u>
TOTAL REVENUES						
EXPENDITURES						
Current						
Instruction	4,832,914	-	-	-	-	4,832,914
Supporting services	5,230,106	-	-	-	-	5,230,106
Food service activities	-	-	-	-	354,406	354,406
Community services	104,273	-	-	-	289,069	393,342
Student/school activities	-	-	-	-	125,874	125,874
Capital outlay	-	-	-	268,429	80,039	348,468

See notes to financial statements.

	<u>General Fund</u>	<u>2015B Debt Service Fund</u>	<u>2020 Debt Service Fund</u>	<u>Sinking Fund</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
EXPENDITURES (continued)						
Debt service						
Redemption of bonds	\$ -	\$ 4,115,000	\$ -	\$ -	\$ 1,925,000	\$ 6,040,000
Redemption of school loan revolving fund	-	-	4,756,093	-	-	4,756,093
Interest on school loan revolving fund	-	-	84,907	-	-	84,907
Interest on bonded debt	-	113,121	376,253	-	1,017,119	1,506,493
Bond issuance costs	-	-	177,333	-	-	177,333
Other	-	2,861	-	-	1,653	4,514
	<u>-</u>	<u>2,861</u>	<u>-</u>	<u>-</u>	<u>1,653</u>	<u>4,514</u>
TOTAL EXPENDITURES	<u>10,167,293</u>	<u>4,230,982</u>	<u>5,394,586</u>	<u>268,429</u>	<u>3,793,160</u>	<u>23,854,450</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>400,716</u>	<u>(2,696,431)</u>	<u>(5,201,302)</u>	<u>121,006</u>	<u>(1,143,670)</u>	<u>(8,519,681)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from school loan revolving fund	-	1,045	202,542	-	3,980,551	4,184,138
Proceeds from sale of refunding bonds	-	-	17,315,000	-	-	17,315,000
Payment to refunded bond escrow agent	-	-	(12,296,967)	-	-	(12,296,967)
Transfers in	57,000	2,691,144	33,089	-	1,002,171	3,783,404
Transfers out	(902)	(51,274)	(45,600)	-	(3,685,628)	(3,783,404)
	<u>56,098</u>	<u>2,640,915</u>	<u>5,208,064</u>	<u>-</u>	<u>1,297,094</u>	<u>9,202,171</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>56,098</u>	<u>2,640,915</u>	<u>5,208,064</u>	<u>-</u>	<u>1,297,094</u>	<u>9,202,171</u>
NET CHANGE IN FUND BALANCES	456,814	(55,516)	6,762	121,006	153,424	682,490
FUND BALANCES						
Beginning of year, as restated	<u>596,548</u>	<u>55,516</u>	<u>-</u>	<u>259,996</u>	<u>421,937</u>	<u>1,333,997</u>
End of year	<u>\$ 1,053,362</u>	<u>\$ -</u>	<u>\$ 6,762</u>	<u>\$ 381,002</u>	<u>\$ 575,361</u>	<u>\$ 2,016,487</u>

See notes to financial statements.

**WHITMORE LAKE PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

Net Change in Fund Balances Total Governmental Funds \$ 682,490

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

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	(1,328,095)
Capital outlay	122,686
Loss on disposal of capital assets	(3,368)

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	267,351
Accrued interest payable, end of the year	(219,318)

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	(17,315,000)
Payments to refunded escrow agent	12,296,967
Proceeds from school loan revolving fund and school bond loan fund	(4,184,138)
Payments on debt	6,040,000
Payments on school loan revolving fund and school bond loan fund	4,756,093
Amortization of deferred loss on refunding	(142,219)
Amortization of bond premium	181,784
Accrued interest from school loan revolving fund and school bond loan fund	(80,769)
Interest payments on school loan revolving fund and school bond loan fund	84,907
Payments on capital lease	64,853

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

Accrued compensated absences, beginning of the year	68,383
Accrued compensated absences, end of the year	(67,914)

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:

Other postemployment benefits related items	599,541
Pension related items	(925,025)

Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to section 147c pension contributions subsequent to the Change in state aid funding for pension

	(69,962)
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Change in Net Position of Governmental Activities \$ 829,247

See notes to financial statements.

WHITMORE LAKE PUBLIC SCHOOLS NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Reporting Entity

The Whitmore Lake Public Schools (the "District") is governed by the Whitmore Lake Public 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.

Basis of Presentation - Government-wide Financial Statements

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

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

Basis of Presentation - Fund Financial Statements

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

The District reports the following *Major Governmental Funds*:

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

The *2015B and 2020 Debt Service Funds* account for the resources accumulated and payments made for principal and interest on long term general obligation debt of governmental funds.

The Whitmore Public Schools *Capital Project Sinking Fund* records capital project activities funded with the Sinking Fund millage. For this fund, the District has complied with applicable provisions of §1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Other Nonmajor Funds

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

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

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*, as are the fiduciary fund financial statements. 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.

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

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

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

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

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

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information

Budgetary Basis of Accounting

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

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

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

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2021. The District considered these amendments to be significant. See the budgetary comparison schedule for more information.

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.

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments

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

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

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

Inventories and Prepaid Items

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

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

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

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

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

Land 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>Lives</u>
Buildings and additions	5 - 50
Furniture and equipment	3 - 20
Buses and other vehicles	8

Defined Benefit Plan

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

Deferred Outflows

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

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Inflows

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

Net Position Flow Assumption

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

In the computation of net investment in capital assets, school loan revolving fund principal proceeds of \$3,591,248 are considered capital-related debt. Accrued interest on the school loan revolving fund of \$20,381 is not considered capital related debt.

During the year ended June 30, 2020, the District issued bonded debt in the amount of \$17,255,000 of which \$15,710,000 is used to make principal and interest payments related to the school loan revolving fund. Five percent of these proceeds are not considered capital related debt as this amount was used to pay off accrued interest. In addition, during the year ended June 30, 2021 the District issued bonded debt in the amount of \$17,315,000 of which \$4,841,000 was used to make principal and interest payments related to the school loan revolving fund. Half of one percent of these proceeds are not considered capital related debt as this amount was used to pay off accrued interest. The total remaining allocation of all refunding debt not considered capital related debt at June 30, 2021 is \$885,986.

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.

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies

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

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

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

The District strives to maintain a secure financial position whereby the fund balance in the general fund does not fall below 5% of revenues. At June 30, 2021, the District's General Fund balance was greater than 5% of revenues.

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 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 date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Property Taxes (continued)

For the year ended June 30, 2021, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (Non-PRE)	18.0000
Commercial Personal Property	6.0000
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	8.3900
Capital projects fund (Sinking Fund)	
PRE, Non-PRE, Commercial Personal Property	0.9719
Special revenue fund	
PRE and Non-PRE	0.9867

Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary and related benefits, where applicable.

Long-Term Obligations

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

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

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2021, the District had the following investments:

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, 2021, \$787,139 of the District's bank balance of \$1,252,231 was exposed to custodial credit risk because it was uninsured and uncollateralized. The above amounts include interest bearing accounts. The carrying amount of the deposits on the financial statements is \$1,107,076.

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.

Interest Rate Risk

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

Investment Type	Fair Value	Weighted Average Maturity (Years)
Michigan Class Investment Pool	\$ 1,197,011	0.1458
MILAF External Investment Pool - MAX	54,292	N/A
Mid America - Employee Benefit Trust Fund (EBTF)	108,099	0.277
Total fair value	\$ 1,359,402	
Portfolio weighted average maturity		0.15667

One day maturity equals 0.0027, one year equals 1.00

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
Michigan CLASS Investment Pool	\$ 1,197,011	AAAm	Standard & Poor's
MILAF External Investment Pool - MAX	54,292	AAAm	Standard & Poor's
Mid America - Employee Benefit Trust Fund (EBTF)	108,099	NR - AAA	Standard & Poor's
Total	<u>\$ 1,359,402</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.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

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

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

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Foreign Currency Risk (continued)

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

Investment Type	Amortized Cost
MILAF External Investment Pool - MAX	\$ 54,292

Investments in Entities that Calculate Net Asset Value per Share

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

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

The Mid America - Employee Benefit Trust (EBTF) investment pool is a stable value fund. A stable value fund is a portfolio of bonds that are insured to protect the investor against a decline in yield or loss of capital. The owner of a stable value fund will continue to receive the agreed-upon interest payments regardless of the state economy.

At the year ended June 30, 2020, the fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Michigan CLASS Investment Pool	\$ 1,197,011	\$ -	No restrictions	None
Mid America - Employee Benefit Trust Fund (EBTF)	108,099	-	No restrictions	None
	\$ 1,305,110	\$ -		

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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

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

The following summarizes the categorization of these amounts as June 30, 2021:

	Primary Government
Cash and cash equivalents	\$ 1,107,076
Investments	1,359,402
	\$ 2,466,478

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Receivables at June 30, 2021 consist of the following:

	Government- wide
State aid	\$ 939,648
Federal revenue	456,612
Intermediate sources	70,629
Other	77,706
	\$ 1,544,595

Because of the District's favorable collection experience, no allowance for doubtful accounts has been recorded.

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 - CAPITAL ASSETS

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

	Balance <u>July 1, 2020</u>	Additions	Deletions	Balance <u>June 30, 2021</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 1,218,065	\$ -	\$ -	\$ 1,218,065
Capital assets, being depreciated				
Buildings and improvements	51,127,135	84,572	-	51,211,707
Buses and other vehicles	842,692	38,114	49,090	831,716
Furniture and equipment	1,657,055	-	507,992	1,149,063
Total capital assets, being depreciated	<u>53,626,882</u>	<u>122,686</u>	<u>557,082</u>	<u>53,192,486</u>
Accumulated depreciation				
Buildings and improvements	22,540,747	1,173,549	-	23,714,296
Buses and other vehicles	632,868	43,642	49,090	627,420
Furniture and equipment	1,199,208	110,904	504,624	805,488
Total accumulated depreciation	<u>24,372,823</u>	<u>1,328,095</u>	<u>553,714</u>	<u>25,147,204</u>
Net capital assets being depreciated	<u>29,254,059</u>	<u>(1,205,409)</u>	<u>3,368</u>	<u>28,045,282</u>
Net governmental capital assets	<u>\$ 30,472,124</u>	<u>\$ (1,205,409)</u>	<u>\$ 3,368</u>	<u>\$ 29,263,347</u>

Depreciation for the fiscal year ended June 30, 2021 amounted to \$1,328,095. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

NOTE 5 - NOTES PAYABLE - STATE AID ANTICIPATION NOTES

At June 30, 2021, the District has issued state aid anticipation notes payable in amounts totaling \$1,900,000, have interest rates of 0.25% and 0.70%, and mature on July 20, 2021. Proceeds of the notes were used to fund school operations. The notes are secured by the full faith and credit of the District as well as pledged state aid. One of the notes required payments to an irrevocable set-aside account of \$907,724 at June 30, 2021. At year end the balance of these payments are considered defeased debt and are not included in the year-end balance. In an event of a default on the notes, the state may impose a penalty interest rate and at the state's discretion, accelerate the repayment terms. Activity for the year ended June 30, 2021 is as follows:

Balance <u>July 1, 2020</u>	Additions	Payments	Balance <u>June 30, 2021</u>
<u>\$ 945,513</u>	<u>\$ 1,900,000</u>	<u>\$ 1,853,237</u>	<u>\$ 992,276</u>

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

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 of the District for the year ended June 30, 2021:

	General Obligation Bonds	Notes from Direct Borrowings and Direct Placements	Accumulated Compensated Absences	Total
Balance July 1, 2020	\$ 49,653,441	\$ 4,358,583	\$ 68,383	\$ 54,080,407
Addition	17,315,000	4,184,138	-	21,499,138
Deletions	<u>(18,365,154)</u>	<u>(4,820,946)</u>	<u>(469)</u>	<u>(23,186,569)</u>
Balance June 30, 2021	48,603,287	3,721,775	67,914	52,392,976
Due within one year	<u>(3,630,000)</u>	<u>(48,845)</u>	<u>(6,791)</u>	<u>(3,685,636)</u>
Due in more than one year	<u>\$ 44,973,287</u>	<u>\$ 3,672,930</u>	<u>\$ 61,123</u>	<u>\$ 48,707,340</u>

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$130,527 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

Borrowing from the State of Michigan - The school loan revolving funds payable represents notes payable to the State of Michigan for loans made to the school district, as authorized by the State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the school district issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. Interest rates were 3.00% at June 30, 2021 for the school loan revolving funds. Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 8.39 mills. Currently the District levies 8.39 mills. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the school district, no provision for repayment has been included in the above amortization schedule. The state may apply a default late charge on the note if the District does not make the repayments, or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default.

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2021 is comprised of the following:

General Obligation Bonds

\$8,900,000 Refunding Bonds dated September 22, 2015, due in annual installments of \$240,000 to \$2,040,000 through May 1, 2026; interest at 4.00%, payable semi-annually.	\$ 6,500,000
\$8,695,000 Refunding Bonds dated March 15, 2016, due in annual installments of \$1,615,000 to \$2,025,000 through May 1, 2028; interest at 4.00%, payable semi-annually.	7,465,000
\$17,255,000 Refunding Bonds dated December 12, 2019, due in annual installments of \$1,660,000 to \$2,795,000 through May 1, 2029; interest at 1.962% to 2.807%, payable semi-annually.	16,230,000
\$17,315,000 Refunding Bonds dated December 16, 2020, due in annual installments of \$2,530,000 to \$3,810,000 through May 1, 2033; interest at 1.987% to 2.337%, payable semi-annually.	17,315,000
Plus on issuance of bonds	<u>1,093,287</u>
Total general obligation bonds	<u>48,603,287</u>

Notes from Direct Borrowings and Direct Placements

Borrowing from the State of Michigan under the School Loan Revolving Fund, excluding interest at 3.00% at June 30, 2021.	3,591,248
Lease-purchase agreement due in annual installments of \$40,841, 0.0% interest, through October 4, 2023.	122,523
Lease-purchase agreement due in monthly installments of \$24,012 0.0% interest, through October 31, 2021.	<u>8,004</u>
Total notes from direct borrowings and direct placements	<u>3,721,775</u>
Total general obligation bonds and notes from direct borrowings and direct placements	52,325,062
Compensated absences	<u>67,914</u>
Total general long-term obligations	<u><u>\$ 52,392,976</u></u>

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The District has defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2021, \$55,090,000 of bonds outstanding are considered defeased.

On December 16, 2020, the District issued general obligation bonds of \$17,315,000 with interest rates ranging from 1.987% to 2.337% and made a payment of \$12,296,967 to advance refund a portion of the District's outstanding 2012 refunding bonds with an interest rate of 2.00% to 4.00% and school loan revolving fund debt with an interest rate of 3.00%. The bonds mature at various times through May 1, 2033. The general obligation bonds were issued, after paying issuance costs of \$177,333, with net proceeds of \$17,137,667. A portion of the net proceeds from the issuance of the 2020 refunding bonds 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 bonds were removed from the District's government-wide financial statements. The remaining portion of the net proceeds from the issuance of the 2020 refunding bonds were used to pay down the school loan revolving fund debt.

The annual requirement to amortize general obligations outstanding as of June 30, 2021, including interest payments are as follows:

Year Ending June 30,	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements		Compensated Absences	Total
	Principal	Interest	Principal	Interest		
2022	\$ 3,630,000	\$ 1,315,911	\$ 48,845	\$ -	\$ -	\$ 4,994,756
2023	3,745,000	1,204,541	40,841	-	-	4,990,382
2024	3,865,000	1,088,661	40,841	-	-	4,994,502
2025	3,990,000	967,914	-	-	-	4,957,914
2026	4,125,000	839,852	-	-	-	4,964,852
2027 - 2031	20,610,000	2,282,585	-	-	-	22,892,585
2032 - 2033	7,545,000	261,632	-	-	-	7,806,632
	47,510,000	7,961,096	130,527	-	-	55,601,623
Premium on bonds	1,093,287	-	-	-	-	1,093,287
Compensated absences	-	-	-	-	67,914	67,914
School loan revolving fund	-	-	3,591,248	20,381	-	3,611,629
	<u>\$ 48,603,287</u>	<u>\$ 7,961,096</u>	<u>\$ 3,721,775</u>	<u>\$ 20,381</u>	<u>\$ 67,914</u>	<u>\$ 60,374,453</u>

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2021 are as follows:

	Receivable Fund		Payable Fund
General	\$ 7,263	Student/school activities	\$ 7,263

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

NOTE 8 - 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 Comprehensive Annual 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.

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

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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 (MPERS) who became a member of MPERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

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

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

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

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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 transient date (0% for Basic plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

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

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

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

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

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

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.

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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 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 60th birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

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

Member Contributions

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

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions

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

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

Pension and OPEB contributions made in the fiscal year ending September 30, 2020 were determined as of the September 30, 2017 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2017 are amortized over a 19-year period beginning October 1, 2019 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:

	Pension	Other Postemployment Benefit
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%

The District's pension contributions for the year ended June 30, 2021 were equal to the required contribution total. Total pension contributions were approximately \$1,671,000. Of the total pension contributions approximately \$1,633,000 was contributed to fund the Defined Benefit Plan and approximately \$38,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2021 were equal to the required contribution total. Total OPEB contributions were approximately \$461,000. Of the total OPEB contributions approximately \$432,000 was contributed to fund the Defined Benefit Plan and approximately \$29,000 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).

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

Pension Liabilities

The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2019 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPSERS (Plan) Non-university Employers</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Total pension liability	\$ 85,290,583,799	\$ 83,442,507,212
Plan fiduciary net position	\$ 50,939,496,006	\$ 50,325,869,388
Net pension liability	\$ 34,351,087,793	\$ 33,116,637,824
Proportionate share	0.05695%	0.06067%
Net pension liability for the District	\$ 19,564,284	\$ 20,092,623

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

For the year ended June 30, 2021, the District recognized pension expense of \$2,558,353.

At June 30, 2021, 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	\$ 2,167,911	\$ -
Net difference between projected and actual plan investment earnings	82,200	-
Differences between expects and actual experience	298,926	41,757
Changes in proportion and difference between employer contributions and proportionate share of contributions	47,129	1,279,604
Reporting Unit's contributions subsequent to the measurement date	<u>1,527,097</u>	<u>-</u>
	<u>\$ 4,123,263</u>	<u>\$ 1,321,361</u>

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

\$1,527,097, 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:

<u>Year Ended September 30,</u>	<u>Amount</u>
2021	\$ 761,263
2022	391,370
2023	107,000
2024	15,172

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

OPEB Liabilities

The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2019 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined.

<u>MPSERS (Plan) Non-university Employers</u>	<u>September 30, 2020</u>	<u>September 30, 2019</u>
Total OPEB liability	\$ 13,206,903,534	\$ 13,925,860,688
Plan fiduciary net position	\$ 7,849,636,555	\$ 6,748,112,668
Net OPEB liability	\$ 5,357,266,979	\$ 7,177,748,020
Proportionate share	0.05549%	0.05915%
Net OPEB liability for the District	\$ 2,972,919	\$ 4,245,425

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB benefit of \$167,054.

At June 30, 2021, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 980,230	\$ -
Net difference between projected and actual plan investment earnings	24,812	-
Differences between expects and actual experience	-	2,215,102
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	538,009
Reporting Unit's contributions subsequent to the measurement date	386,292	-
	<u>\$ 1,391,334</u>	<u>\$ 2,753,111</u>

\$386,292, reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Year Ended September 30,	Amount
2021	\$ (461,286)
2022	(425,591)
2023	(364,621)
2024	(288,935)
2025	(207,636)

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions

Investment Rate of Return for Pension - 6.80% a year, compounded annually net of investment and administrative expenses for the MIP, Basic and Pension Plus groups and 6.00% a year, compounded annually net of investment and administrative expenses for Pension Plus 2 Plan.

Investment Rate of Return for OPEB - 6.95% 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: RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Active: RP-2014 Male and Female Employee Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Disabled Retirees: RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Experience Study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2019. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 Comprehensive Annual Financial Report.

The Long-Term Expected Rate of Return on Pension and Other Postemployment Benefit Plan Investments - The pension rate was 6.80% (MIP, Basic, and Pension Plus Plan) and 6.00% for Pension Plus 2 Plan, and the other postemployment benefit rate was 6.95%, net of investment and administrative expenses was 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 - 7.0% for year one and graded to 3.5% in year fifteen.

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

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

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

The target asset allocation at September 30, 2020 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.00%	5.60%
International Equity Pools	15.00%	7.40%
Private Equity Pools	16.00%	9.30%
Real Estate and Infrastructure Pools	10.00%	4.90%
Fixed Income Pools	10.50%	0.50%
Absolute Return Pools	9.00%	3.20%
Real Return/Oppportunistic Pools	12.50%	6.60%
Short Term Investment Pools	2.00%	-0.10%
	<u>100.00%</u>	

* Long term rate of return are net of administrative expenses and 2.1% inflation.

Rate of Return - For fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 5.37% and 5.24% 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 6.80% was used to measure the total pension liability (6.00% for the Pension Plus 2 Plan). This discount rate was based on the expected rate of return on pension plan investments of 6.80% (6.00% for the Pension Plus 2 Plan). The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

OPEB Discount Rate - A single discount rate of 6.95% 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 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that school districts contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net pension liability calculated using a single discount rate of 6.80% (6.00% for the Pension Plus 2 Plan), 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	<u>\$ 25,322,647</u>	<u>\$ 19,564,284</u>	<u>\$ 14,791,885</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - The following presents the Reporting Unit's proportionate share of the net OPEB liability calculated using a single discount rate of 6.95%, as well as what the Reporting Unit's proportionate share of the net OPEB 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:

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	<u>\$ 3,819,052</u>	<u>\$ 2,972,919</u>	<u>\$ 2,260,546</u>

Sensitivity to the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the Reporting Unit's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate of 7.0% (decreasing to 3.5%), as well as what the Reporting Unit's proportionate share of the net other postemployment benefit liability 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 Healthcare Cost Trend Rates		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	<u>\$ 2,233,270</u>	<u>\$ 2,972,919</u>	<u>\$ 3,814,178</u>

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - 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 2020 Comprehensive Annual 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 - TRANSFERS

The general fund transferred \$902 to the food service fund during the current fiscal year for the allocation of certain grant revenue. Various debt funds transferred \$57,000 to the general fund during the current year to reimburse the general fund for covering debt related expenses. \$3,725,502 was transferred between debt service funds in order to fund required principal and interest payments that were due.

NOTE 11 - SUBSEQUENT EVENTS

The District has approved borrowing \$1,500,000 for fiscal year 2022 to replace the notes payable as described in Note 5.

NOTE 12 - TAX ABATEMENTS

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

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, Brownfield Redevelopment Agreements, and Payments in Lieu of Taxes (PILOT) granted by cities, villages, and townships. Industrial facility exemptions are intended to promote construction of new industrial facilities, or to rehabilitate historical facilities; Brownfield Redevelopment Agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; PILOT programs apply to multiple unit housing for citizens of low income and the elderly. The property taxes abated for all funds by municipality under these programs are approximately as follows:

Municipality	Taxes Abated
Northfield Township	\$ 35,000

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

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 13 - 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.

The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, the impact on the state economy, taxpayers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition and results of operations is uncertain.

NOTE 14 - RISK MANAGEMENT

The District participates in a pool, the MASB SET-SEG Property and Casualty Pool, with other school districts for boiler, property, fleet, casualty, crime, data processing, and errors and omissions insurance. The pool is organized under Public Act 138 of 1982, as amended as a governmental group property and casualty self-insurance pool. The District has no liability for additional assessments based on the claims filed against the pool nor do they have rights to dividends.

The District also participates in a pool, the SET-SEG Self-Insured Workers' Compensation Fund, with other school districts for workers' compensation losses. The pool is organized under Public Act 317 of 1969, as amended. The District has no liability for additional assessments based on claims filed against the pool nor do they have any rights to dividends.

NOTE 15 - NEW ACCOUNTING STANDARD

For the year ended June 30, 2021, the District implemented the following new pronouncement, GASB Statement No. 84, *Fiduciary Activities*.

Summary

Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, was issued by the GASB in January 2017 and is effective for the District's 2021 year end. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Districts with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position.

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 15 - NEW ACCOUNTING STANDARD (continued)

The restatement of the beginning of the year fund balances and net position is as follows:

	Fund Balances	
	Student/School Activity Fund	Total Governmental Funds
Fund balances as of July 1, 2020, as previously restated	\$ -	\$ 1,177,636
Adoption of GASB Statement 84	156,361	156,361
Fund balances as of July 1, 2020, as restated	\$ 156,361	\$ 1,333,997
	Net Position Governmental Activities	
Net position as of July 1, 2020, as previously restated	\$ (43,035,957)	
Adoption of GASB Statement 84	156,361	
Net position as of July 1, 2020, as restated	\$ (42,879,596)	

NOTE 16 - UPCOMING ACCOUNTING PRONOUNCEMENTS

Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, was issued by the GASB in June 2017. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use the underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2021-2022 fiscal year.

In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

**WHITMORE LAKE PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 2,906,925	\$ 2,731,174	\$ 2,705,713	\$ (25,461)
State sources	4,942,673	5,101,442	5,096,840	(4,602)
Federal sources	699,257	1,217,516	1,231,936	14,420
Incoming transfers and other	1,274,007	1,541,580	1,533,520	(8,060)
TOTAL REVENUES	9,822,862	10,591,712	10,568,009	(23,703)
EXPENDITURES				
Current				
Instruction				
Basic programs	3,956,177	4,264,247	4,167,077	97,170
Added needs	785,719	728,673	665,837	62,836
Total instruction	4,741,896	4,992,920	4,832,914	160,006
Supporting services				
Pupil	1,485,112	1,451,000	1,474,483	(23,483)
Instructional staff	397,765	417,071	405,473	11,598
General administration	358,266	327,320	325,926	1,394
School administration	469,034	519,989	501,797	18,192
Business	366,520	321,396	318,036	3,360
Operation/maintenance	891,993	893,419	892,455	964
Pupil transportation	612,675	512,208	510,222	1,986
Central	339,371	497,224	498,659	(1,435)
Athletics	287,215	306,003	303,055	2,948
Total supporting services	5,207,951	5,245,630	5,230,106	15,524
Community services	89,769	105,678	104,273	1,405
TOTAL EXPENDITURES	10,039,616	10,344,228	10,167,293	176,935
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(216,754)	247,484	400,716	153,232
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	57,000	57,000
Transfers out	-	-	(902)	(902)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	56,098	56,098
NET CHANGE IN FUND BALANCE	\$ (216,754)	\$ 247,484	456,814	\$ 209,330
FUND BALANCE				
Beginning of year			596,548	
End of year			<u>\$ 1,053,362</u>	

**WHITMORE LAKE PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.05695%	0.06067%	0.06329%	0.06367%	0.06195%	0.06143%	0.07030%
Reporting Unit's proportionate share of net pension liability	\$ 19,564,284	\$ 20,092,623	\$ 19,026,426	\$ 16,499,492	\$ 15,456,405	\$ 15,004,062	\$ 15,483,907
Reporting Unit's covered-employee payroll	\$ 4,927,145	\$ 5,176,498	\$ 5,362,305	\$ 5,399,247	\$ 5,301,126	\$ 5,227,690	\$ 6,110,911
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	397.07%	388.15%	354.82%	305.59%	291.57%	287.01%	253.38%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

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.

**WHITMORE LAKE PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contributions	\$ 1,633,328	\$ 1,560,182	\$ 1,588,302	\$ 1,646,612	\$ 1,485,977	\$ 1,383,078	\$ 1,081,882
Contributions in relation to statutorily required contributions	<u>1,633,328</u>	<u>1,560,182</u>	<u>1,588,302</u>	<u>1,646,612</u>	<u>1,485,977</u>	<u>1,383,078</u>	<u>1,081,882</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 4,967,874	\$ 5,004,438	\$ 5,238,129	\$ 5,313,512	\$ 5,495,807	\$ 5,216,302	\$ 5,470,291
Contributions as a percentage of covered-employee payroll	32.88%	31.18%	30.32%	30.99%	27.04%	26.51%	19.78%

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.

**WHITMORE LAKE PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net OPEB liability (%)	0.05549%	0.05915%	0.06287%	0.06365%
Reporting Unit's proportionate share of net OPEB liability	\$ 2,972,919	\$ 4,245,425	\$ 4,997,785	\$ 5,636,336
Reporting Unit's covered-employee payroll	\$ 4,927,145	\$ 5,176,498	\$ 5,362,305	\$ 5,399,247
Reporting Unit's proportionate share of net OPEB liability as a percentage of its covered-employee payroll	60.34%	82.01%	93.20%	104.39%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	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.

**WHITMORE LAKE PUBLIC SCHOOLS
SCHEDULE OF THE REPORTING UNIT'S OPEB CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES RETIREMENT PLAN
LAST 10 FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 432,486	\$ 428,720	\$ 426,036	\$ 456,627
Contributions in relation to statutorily	<u>432,486</u>	<u>428,720</u>	<u>426,036</u>	<u>456,627</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	\$ 4,967,874	\$ 5,004,438	\$ 5,238,129	\$ 5,313,512
Contributions as a percentage of covered-employee payroll	8.71%	8.57%	8.13%	8.59%

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.

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2021**

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2020.

Changes of Assumptions - there were no changes of assumptions in 2020.

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2020.

Changes of Assumptions - the assumption changes for 2020 were:

Healthcare cost trend rate decreased to 7.00% Year 1 graded to 3.50% Year 15 from 7.50% Year 1 graded to 3.50% Year 12.

ADDITIONAL SUPPLEMENTARY INFORMATION

**WHITMORE LAKE PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2021**

	Special Revenue	Debt Service	Total Nonmajor Funds
ASSETS			
Cash and cash equivalents	\$ 443,141	\$ 87,450	\$ 530,591
Accounts receivable	2,232	-	2,232
Intergovernmental receivable	31,824	-	31,824
Inventories	21,844	-	21,844
	<u>21,844</u>	<u>-</u>	<u>21,844</u>
TOTAL ASSETS	<u>\$ 499,041</u>	<u>\$ 87,450</u>	<u>\$ 586,491</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 3,867	\$ -	\$ 3,867
Due to other funds	7,263	-	7,263
	<u>7,263</u>	<u>-</u>	<u>7,263</u>
TOTAL LIABILITIES	<u>11,130</u>	<u>-</u>	<u>11,130</u>
FUND BALANCES			
Nonspendable			
Inventories	21,844	-	21,844
Restricted for:			
Debt service	-	87,450	87,450
Community recreation	211,857	-	211,857
Food service	63,966	-	63,966
Committed for:			
Student/school activities	190,244	-	190,244
	<u>190,244</u>	<u>-</u>	<u>190,244</u>
TOTAL FUND BALANCES	<u>487,911</u>	<u>87,450</u>	<u>575,361</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 499,041</u>	<u>\$ 87,450</u>	<u>\$ 586,491</u>

**WHITMORE LAKE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2021**

	Special Revenue	Debt Service	Total Nonmajor Funds
REVENUES			
Local sources			
Property taxes	\$ 386,896	\$ 1,540,122	\$ 1,927,018
Investment earnings	6	17	23
Student/school activities	159,757	-	159,757
Food sales and admissions	92,445	-	92,445
Total local sources	639,104	1,540,139	2,179,243
State sources	15,353	43,883	59,236
Federal sources	411,011	-	411,011
TOTAL REVENUES	1,065,468	1,584,022	2,649,490
EXPENDITURES			
Current			
Food service activities	354,406	-	354,406
Community service activity	289,069	-	289,069
Student/school activities	125,874	-	125,874
Capital outlay	80,039	-	80,039
Debt service			
Principal repayment	-	1,925,000	1,925,000
Interest expense	-	1,017,119	1,017,119
Other expense	-	1,653	1,653
TOTAL EXPENDITURES	849,388	2,943,772	3,793,160
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	216,080	(1,359,750)	(1,143,670)
OTHER FINANCING SOURCES (USES)			
Proceeds from school loan revolving fund	-	3,980,551	3,980,551
Transfers in	902	1,001,269	1,002,171
Transfers out	-	(3,685,628)	(3,685,628)
TOTAL OTHER FINANCING SOURCES (USES)	902	1,296,192	1,297,094
NET CHANGE IN FUND BALANCES	216,982	(63,558)	153,424
FUND BALANCES			
Beginning of year, as restated	270,929	151,008	421,937
End of year	\$ 487,911	\$ 87,450	\$ 575,361

**WHITMORE LAKE PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

	<u>Food Service</u>	<u>Student/School Activities</u>	<u>Community Recreation</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 32,142	\$ 197,507	\$ 213,492	\$ 443,141
Accounts receivable	-	-	2,232	2,232
Intergovernmental receivable	31,824	-	-	31,824
Inventories	21,844	-	-	21,844
	<u>21,844</u>	<u>-</u>	<u>-</u>	<u>21,844</u>
TOTAL ASSETS	<u>\$ 85,810</u>	<u>\$ 197,507</u>	<u>\$ 215,724</u>	<u>\$ 499,041</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 3,867	\$ 3,867
Due to other funds	-	7,263	-	7,263
	<u>-</u>	<u>7,263</u>	<u>-</u>	<u>7,263</u>
TOTAL LIABILITIES	<u>-</u>	<u>7,263</u>	<u>3,867</u>	<u>11,130</u>
FUND BALANCES				
Nonspendable				
Inventories	21,844	-	-	21,844
Restricted for:				
Community recreation	-	-	211,857	211,857
Food service	63,966	-	-	63,966
Committed for:				
Student/school activities	-	190,244	-	190,244
	<u>-</u>	<u>190,244</u>	<u>-</u>	<u>190,244</u>
TOTAL FUND BALANCES	<u>85,810</u>	<u>190,244</u>	<u>211,857</u>	<u>487,911</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 85,810</u>	<u>\$ 197,507</u>	<u>\$ 215,724</u>	<u>\$ 499,041</u>

**WHITMORE LAKE PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021**

	Food Service	Student/School Activities	Community Recreation	Total
REVENUES				
Sales	\$ 6,318	\$ -	\$ -	\$ 6,318
State aid	15,353	-	-	15,353
Federal aid	411,011	-	-	411,011
Property taxes	-	-	386,896	386,896
Investment earnings	5	-	1	6
Student/school activities	-	159,757	-	159,757
Other	6,452	-	79,675	86,127
TOTAL REVENUES	439,139	159,757	466,572	1,065,468
EXPENDITURES				
Salaries	102,402	-	80,067	182,469
Benefits	43,064	-	35,479	78,543
Purchased services	5,106	-	64,234	69,340
Supplies and materials	198,806	-	103,541	302,347
Capital outlay	-	-	80,039	80,039
Student/school activities	-	125,874	-	125,874
Other expenses	5,028	-	5,748	10,776
TOTAL EXPENDITURES	354,406	125,874	369,108	849,388
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	84,733	33,883	97,464	216,080
OTHER FINANCING SOURCES (USES)				
Transfers in	902	-	-	902
NET CHANGE IN FUND BALANCES	85,635	33,883	97,464	216,982
FUND BALANCES				
Beginning of year, as restated	175	156,361	114,393	270,929
End of year	\$ 85,810	\$ 190,244	\$ 211,857	\$ 487,911

**WHITMORE LAKE PUBLIC SCHOOLS
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021**

	<u>2015A</u>	<u>2016</u>	<u>2019</u>	<u>Total Nonmajor Debt Service</u>
ASSETS				
Cash and cash equivalents	<u>\$ 72,055</u>	<u>\$ 4,516</u>	<u>\$ 10,879</u>	<u>\$ 87,450</u>
FUND BALANCES				
Restricted for debt service	<u>\$ 72,055</u>	<u>\$ 4,516</u>	<u>\$ 10,879</u>	<u>\$ 87,450</u>

**WHITMORE LAKE PUBLIC SCHOOLS
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2021**

	2012	2015A	2016	2019	Total Nonmajor Debt Service
REVENUES					
Local sources					
Property taxes	\$ -	\$ 1,258,592	\$ 116,075	\$ 165,455	\$ 1,540,122
Interest	-	-	17	-	17
State sources	-	-	43,883	-	43,883
TOTAL REVENUES	-	1,258,592	159,975	165,455	1,584,022
EXPENDITURES					
Redemption of bonds	-	1,925,000	-	-	1,925,000
Interest on bonded debt	-	337,000	298,600	381,519	1,017,119
Other	-	500	529	624	1,653
TOTAL EXPENDITURES	-	2,262,500	299,129	382,143	2,943,772
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(1,003,908)	(139,154)	(216,688)	(1,359,750)
OTHER FINANCING SOURCES (USES)					
Proceeds from school loan revolving fund	-	140,090	3,676,124	164,337	3,980,551
Transfers in	-	935,462	-	65,807	1,001,269
Transfers out	(33,089)	(28,000)	(3,595,539)	(29,000)	(3,685,628)
TOTAL OTHER FINANCING SOURCES (USES)	(33,089)	1,047,552	80,585	201,144	1,296,192
NET CHANGE IN FUND BALANCES	(33,089)	43,644	(58,569)	(15,544)	(63,558)
FUND BALANCES					
Beginning of year	33,089	28,411	63,085	26,423	151,008
End of year	\$ -	\$ 72,055	\$ 4,516	\$ 10,879	\$ 87,450

**WHITMORE LAKE PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2021**

\$17,315,000 Refunding Bonds issued December 16, 2020.

Principal Due May 1,	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1,	November 1,	June 30,	Amount
\$ -	\$ 187,896	\$ 187,896	2022	\$ 375,792
-	187,896	187,896	2023	375,792
-	187,896	187,896	2024	375,792
-	187,896	187,896	2025	375,792
-	187,896	187,896	2026	375,792
-	187,896	187,896	2027	375,792
-	187,896	187,896	2028	375,792
2,530,000	187,896	187,896	2029	2,905,792
3,580,000	162,760	162,760	2030	3,905,520
3,660,000	125,403	125,403	2031	3,910,806
3,735,000	86,296	86,296	2032	3,907,592
3,810,000	44,520	44,520	2033	3,899,040
<u>\$ 17,315,000</u>	<u>\$ 1,922,147</u>	<u>\$ 1,922,147</u>		<u>\$ 20,031,918</u>

**WHITMORE LAKE PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2021**

\$8,900,000 Refunding Bonds issued September 22, 2015.

Principal Due May 1,	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1,	November 1,	June 30,	Amount
\$ 1,970,000	\$ 130,000	\$ 130,000	2022	\$ 2,230,000
2,010,000	90,600	90,600	2023	2,191,200
2,040,000	50,400	50,400	2024	2,140,800
240,000	9,600	9,600	2025	259,200
240,000	4,800	4,800	2026	249,600
<u>\$ 6,500,000</u>	<u>\$ 285,400</u>	<u>\$ 285,400</u>		<u>\$ 7,070,800</u>

**WHITMORE LAKE PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2021**

\$8,695,000 Refunding Bonds issued March 15, 2016.

Principal Due May 1,	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1,	November 1,	June 30,	Amount
\$ -	\$ 149,300	\$ 149,300	2022	\$ 298,600
-	149,300	149,300	2023	298,600
-	149,300	149,300	2024	298,600
1,875,000	149,300	149,300	2025	2,173,600
1,950,000	111,800	111,800	2026	2,173,600
2,025,000	72,800	72,800	2027	2,170,600
1,615,000	32,300	32,300	2028	1,679,600
<u>\$ 7,465,000</u>	<u>\$ 814,100</u>	<u>\$ 814,100</u>		<u>\$ 9,093,200</u>

**WHITMORE LAKE PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2021**

\$17,255,000 Refunding Bonds issued December 12, 2019.

Principal Due May 1,	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1,	November 1,	June 30,	Amount
\$ 1,660,000	\$ 190,759	\$ 190,759	2022	\$ 2,041,519
1,735,000	174,475	174,475	2023	2,083,949
1,825,000	156,734	156,734	2024	2,138,469
1,875,000	137,161	137,161	2025	2,149,322
1,935,000	115,430	115,430	2026	2,165,860
2,235,000	92,036	92,036	2027	2,419,072
2,795,000	64,020	64,020	2028	2,923,040
2,170,000	28,286	28,286	2029	2,226,572
<u>\$ 16,230,000</u>	<u>\$ 958,901</u>	<u>\$ 958,901</u>		<u>\$ 18,147,802</u>

**WHITMORE LAKE PUBLIC SCHOOLS
LEASE-PURCHASE AGREEMENT
JUNE 30, 2021**

Lease-purchase agreement entered on September 22, 2016.

<u>Principal Due</u>	<u>Lease Payment for Fiscal Year</u>	
	<u>June 30,</u>	<u>Amount</u>
<u>\$ 8,004</u>	2022	<u>\$ 8,004</u>

**WHITMORE LAKE PUBLIC SCHOOLS
LEASE-PURCHASE AGREEMENT
JUNE 30, 2021**

Lease-purchase agreements entered on August 4, 2017 and October 4, 2017.

Principal Due	Lease Payment for Fiscal Year	
	June 30,	Amount
\$ 40,841	2022	\$ 40,841
40,841	2023	40,841
40,841	2024	40,841
\$ 122,523		\$ 122,523

**WHITMORE LAKE PUBLIC SCHOOLS
SCHEDULE OF BORROWINGS - STATE OF MICHIGAN
SCHOOL LOAN REVOLVING FUND
JUNE 30, 2021**

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 (SLRF). These loans, together with accrued interest payable thereon, are to be repaid when the debt retirement millage rate provides funds in excess of the amounts needed to pay current bond maturities and interest. The borrowings from the State of Michigan under these programs are summarized as follows:

Year Ended June 30,	School Loan Revolving Fund (SLRF)		
	Loan Proceeds (Repayments)	Interest Accrued (Repayments)	Total
Prior years	\$ 8,689,041	\$ 1,289,793	\$ 9,978,834
2012	1,323,704	314,728	1,638,432
2013	1,580,857	387,182	1,968,039
2014	1,818,576	506,842	2,325,418
2015	836,806	562,930	1,399,736
2016	(13,808,578)	(3,051,179)	(16,859,757)
2017	4,587,047	53,753	4,640,800
2018	4,584,588	197,476	4,782,064
2019	4,559,395	367,877	4,927,272
2020	4,692,718	246,488	4,939,206
2020	(14,700,951)	(851,371)	(15,552,322)
2021	4,184,138	80,769	4,264,907
2021	(4,756,093)	(84,907)	(4,841,000)
Total	<u>\$ 3,591,248</u>	<u>\$ 20,381</u>	<u>\$ 3,611,629</u>

**WHITMORE LAKE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Project Number	Program or Award Amount	Accrued Revenue 7/1/2020	Prior Year Expenditures (Memorandum Only)	Current Year Expenditures	Current Year Receipts	Accrued Revenue 6/30/2021
U.S. DEPARTMENT OF AGRICULTURE								
Passed Through the Michigan Department of Education								
Child Nutrition Cluster								
Non-Cash Assistance (Donated Foods)								
National School Program - non-bonus	10.555	N/A	\$ 22,187	\$ -	\$ 16,847	\$ 22,187	\$ 22,187	\$ -
National School Lunch Program - Bonus		N/A	27	-	-	27	27	-
Total non-cash assistance			<u>22,214</u>	<u>-</u>	<u>16,847</u>	<u>22,214</u>	<u>22,214</u>	<u>-</u>
Cash Assistance								
COVID-19 - National School Lunch Program	10.555	200902	123,118	17,748	123,118	-	17,748	-
Total CFDA #10.555			<u>145,332</u>	<u>17,748</u>	<u>139,965</u>	<u>22,214</u>	<u>39,962</u>	<u>-</u>
Cash Assistance								
COVID-19 - Summer Food Service Program	10.559	200900 210904	14,655	-	-	14,655	14,655	-
			373,180	-	-	373,180	344,431	28,749
Total CFDA #10.559			<u>387,835</u>	<u>-</u>	<u>-</u>	<u>387,835</u>	<u>359,086</u>	<u>28,749</u>
Total Cash Assistance			<u>510,953</u>	<u>17,748</u>	<u>123,118</u>	<u>387,835</u>	<u>376,834</u>	<u>28,749</u>
Total Child Nutrition Cluster			<u>533,167</u>	<u>17,748</u>	<u>139,965</u>	<u>410,049</u>	<u>399,048</u>	<u>28,749</u>
Child and Adult Care Food Program	10.558	201920 211920	13,040	-	12,952	88	88	-
			874	-	-	874	782	92
Total CFDA #10.558			<u>13,914</u>	<u>-</u>	<u>12,952</u>	<u>962</u>	<u>870</u>	<u>92</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>547,081</u>	<u>17,748</u>	<u>152,917</u>	<u>411,011</u>	<u>399,918</u>	<u>28,841</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Passed Through Washtenaw Intermediate School District								
Head Start								
	93.600	N/A	93,975	17,128	93,975	-	17,128	-
	93.600	N/A	116,990	-	-	116,990	94,296	22,694
Total CFDA #93.600			<u>210,966</u>	<u>17,128</u>	<u>93,975</u>	<u>116,990</u>	<u>111,424</u>	<u>22,694</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>210,966</u>	<u>17,128</u>	<u>93,975</u>	<u>116,990</u>	<u>111,424</u>	<u>22,694</u>

The accompanying notes are an integral part of this schedule.

**WHITMORE LAKE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Project Number	Program or Award Amount	Accrued Revenue 7/1/2020	Prior Year Expenditures (Memorandum Only)	Current Year Expenditures	Current Year Receipts	Accrued Revenue 6/30/2021
U.S. DEPARTMENT OF EDUCATION								
Passed Through the Michigan Department of Education Title I Grants to Local Educational Agencies	84.010	201530-1920 211530-2021	\$ 134,125 134,275	\$ 132,824 -	\$ 132,824 -	\$ - 132,885	\$ 132,824 60,965	\$ - 71,920
Total CFDA #84.010			<u>268,400</u>	<u>132,824</u>	<u>132,824</u>	<u>132,885</u>	<u>193,789</u>	<u>71,920</u>
Supporting Effective Instruction State Grants	84.367	200520-1920 210520-2021	31,353 29,584	18,763 -	18,763 -	- 24,411	18,763 4,355	- 20,056
Total CFDA #84.367			<u>60,937</u>	<u>18,763</u>	<u>18,763</u>	<u>24,411</u>	<u>23,118</u>	<u>20,056</u>
Student Support and Academic Enrichment Program	84.424	200750-1920 210750-2021	10,000 10,000	10,000 -	10,000 -	- 10,000	10,000 -	- 10,000
Total CFDA #84.424			<u>20,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Education Stabilization Fund								
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER Formula Funds I)	84.425D	203710-1920	109,276	-	-	109,276	107,639	1,637
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER Education Equity Funds)		203720-1920	21,954	-	-	21,954	21,528	426
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER Formula Funds II)		213712-2021	419,384	-	-	182,852	-	182,852
Total CFDA #84.425D and Education Stabilization Funds			<u>550,614</u>	<u>-</u>	<u>-</u>	<u>314,082</u>	<u>129,167</u>	<u>184,915</u>
Total Passed Through the Michigan Department of Education			<u>899,951</u>	<u>161,587</u>	<u>161,587</u>	<u>481,378</u>	<u>356,074</u>	<u>286,891</u>

The accompanying notes are an integral part of this schedule.

**WHITMORE LAKE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Project Number	Program or Award Amount	Accrued Revenue 7/1/2020	Prior Year Expenditures (Memorandum Only)	Current Year Expenditures	Current Year Receipts	Accrued Revenue 6/30/2021
U.S. DEPARTMENT OF EDUCATION								
Passed Through Washtenaw Intermediate School District								
Special Education Cluster								
Special Education Grants to States								
	84.027	200450-1920 210450-2021	\$ 314,511 286,300	\$ 106,532 -	\$ 314,511 -	\$ - 286,300	\$ 106,532 170,322	\$ - 115,978
Total CFDA #84.027			600,808	106,532	314,511	286,300	276,854	115,978
Special Education Preschool Grants								
	84.173	200460-1920 210460-2021	15,756 13,330	5,116 -	15,756 -	- 13,330	5,116 11,122	- 2,208
Total CFDA #84.173			29,086	5,116	15,756	13,330	16,238	2,208
Total Special Education Cluster			629,894	111,648	330,267	299,630	293,092	118,186
Total Passed Through Washtenaw Intermediate School District			629,894	111,648	330,267	299,630	293,092	118,186
TOTAL U.S. DEPARTMENT OF EDUCATION			1,528,208	273,235	491,854	781,008	649,166	405,077
U.S. DEPARTMENT OF TREASURY								
Passed through Michigan Department of Education								
COVID-19 Coronavirus Relief Funds								
	21.019	11(p) 103(2)	243,824 8,583	- -	- -	243,824 8,583	243,824 8,583	- -
Total Passed through Michigan Department of Education			252,407	-	-	252,407	252,407	-
Passed through MAISA/Copper County ISD								
COVID-19 Coronavirus Relief Funds - MiConnect Connectivity Funding								
	21.019	N/A	23,531	-	-	23,531	23,531	-
Total CFDA #21.019			275,938	-	-	275,938	275,938	-
TOTAL FEDERAL AWARDS			\$ 2,562,193	\$ 308,111	\$ 738,746	\$ 1,584,947	\$ 1,436,446	\$ 456,612

The accompanying notes are an integral part of this schedule.

**WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Whitmore Lake Public Schools under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Whitmore Lake Public Schools, it is not intended to and does not present the financial position or change in net position of Whitmore Lake Public Schools.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts (if any) shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. Whitmore Lake Public Schools has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. The District does not pass through federal funds.

The District qualifies for low-risk auditee status. Management has utilized the Cash Management System and the Grant Auditor Report in preparing the Schedule of Expenditures of Federal Awards.

NOTE 3 - RECONILIATION WITH AUDITED FINANCIAL STATEMENTS

Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	\$ 1,231,936
Other nonmajor governmental funds	<u>411,011</u>
Total federal revenue in the fund financial statements	1,642,947
Less: Federal assistance funding not subject to single audit act	<u>(58,000)</u>
Expenditures per schedule of expenditures of federal awards	<u><u>\$ 1,584,947</u></u>

**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
Whitmore Lake Public Schools

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whitmore Lake Public Schools as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Whitmore Lake Public Schools' basic financial statements and have issued our report thereon dated September 6, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Whitmore Lake Public Schools' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Whitmore Lake Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of the Whitmore Lake Public 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 preceding paragraph 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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Manes Costeiran PC

September 6, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education
Whitmore Lake Public Schools

Report on Compliance for Each Major Federal Program

We have audited Whitmore Lake Public Schools' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Whitmore Lake Public Schools' major federal programs for the year ended June 30, 2021. Whitmore Lake Public Schools' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Whitmore Lake Public Schools' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Whitmore Lake Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our unmodified opinion on compliance for major federal programs. However, our audit does not provide a legal determination of Whitmore Lake Public Schools' compliance.

Opinion on Each Major Federal Program

In our opinion, Whitmore Lake Public Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Whitmore Lake Public Schools is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Whitmore Lake Public Schools' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Whitmore Lake Public Schools' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Maney Costeiran PC

September 6, 2021

**WHITMORE LAKE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued based on financial statements prepared in accordance with generally accepted accounting principals:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR Section 200.516(a)?

_____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.555 and 10.559	Child Nutrition Cluster

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

**WHITMORE LAKE PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

There were no audit findings in the previous year.