WHITMORE LAKE PUBLIC SCHOOLS

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

YEAR ENDED JUNE 30, 2023

Maner Costerisan

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-11
BASIC FINANCIAL STATEMENTS	12
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet - Governmental Funds	15-16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17-18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Notes to Financial Statements	20-50
REQUIRED SUPPLEMENTARY INFORMATION	51
Budgetary Comparison Schedule - General Fund	52
Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability	53
Schedule of the Reporting Unit's Pension Contributions	54
Schedule of the Reporting Unit's Proportionate Share of the Net OPEB Liability	55
Schedule of the Reporting Unit's OPEB Contributions	56
Notes to Required Supplementary Information	57
ADDITIONAL SUPPLEMENTARY INFORMATION	58
Nonmajor Governmental Fund Types	
Combining Balance Sheet	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	60
Special Revenue Funds	
Combining Balance Sheet	61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	62
Debt Service Funds	
Combining Balance Sheet	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	64

TABLE OF CONTENTS

	Page
Long-Term Debt	
Bonded Debt	65-68
Financed Purchase Agreements	69
School Loan Revolving Fund	70
Schedule of Expenditures of Federal Awards	71-73
Notes to Schedule of Expenditures of Federal Awards	74
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*	75-76
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	77-79
Schedule of Findings and Questioned Costs	80
Schedule of Prior Year Audit Findings	81

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Whitmore Lake Public Schools

Opinions

We have audited the accompanying 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, 2023, and the related notes to the financial statements, which collectively comprise Whitmore Lake Public Schools' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Whitmore Lake Public Schools, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Whitmore Lake Public Schools' internal control. Accordingly, no such opinion is expressed.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Whitmore Lake Public Schools' basic financial statements. The accompanying 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* 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information, including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2023 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.

Maner Costerisan PC

August 25, 2023

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, 2023.

FINANCIAL HIGHLIGHTS

- Governmental funds revenues and other financing sources increased to $21.2 million from $18.2 million. Expenditures and other financing uses increased to $21.5 million from $17.7 million. The increase in both categories is due to the addition of Go Like The Wind Montessori School which added significant revenues as well as expenditures.

- General Fund revenues were $14.3 million, $293 thousand less than General Fund expenditures and other financing sources (uses).

- State Aid Foundation allowance increased, on a per student basis, from $8,700 in the previous year to $9,150.

- The District's blended student count decreased to 654 pupils, a decrease of 6 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.

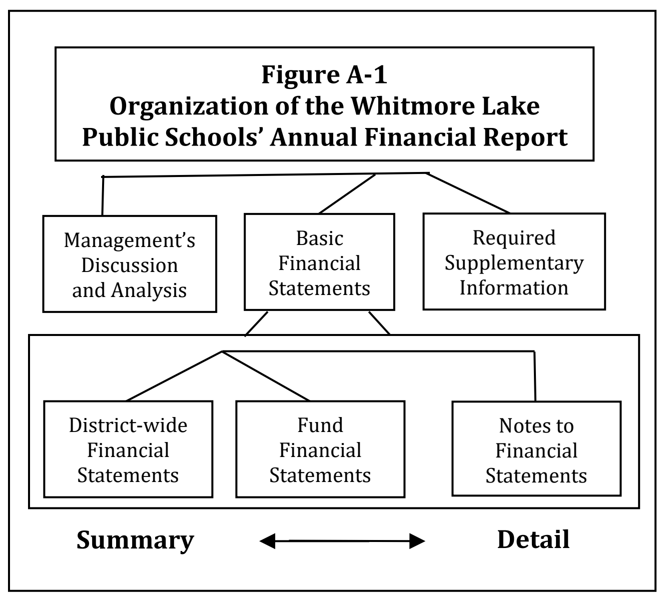
OVERVIEW OF THE FINANCIAL STATEMENTS

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.



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.

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 one kind of fund:

- 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.

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

	2023	2022
ASSETS		
Current and other assets	$ 5,318,787	$ 5,279,375
Capital assets, net of depreciation/amortization	27,499,714	28,192,069
TOTAL ASSETS	32,818,501	33,471,444
Deferred outflows of resources	9,195,396	4,904,391
LIABILITIES		
Noncurrent liabilities	47,808,349	50,216,071
Other liabilities	2,540,543	1,994,269
Net other postemployment benefit liability	1,226,766	865,488
Net pension liability	21,157,699	13,304,230
TOTAL LIABILITIES	72,733,357	66,380,058
Deferred inflows of resources	5,700,055	10,799,867
NET POSITION		
Net investment in capital assets	(18,344,919)	(20,029,006)
Restricted for debt service	48,472	-
Restricted for special revenue - community recreation	45,029	70,434
Restricted for capital projects - sinking fund	652,445	579,585
Unrestricted	(18,820,542)	(19,425,103)
TOTAL NET POSITION	$ (36,419,515)	$ (38,804,090)

Table A-4
Changes in Whitmore Lake Public Schools' Net Position

	2023	2022
REVENUES		
Program revenues		
Charges for services	$ 1,710,825	$ 951,890
Operating grants and contributions	4,413,366	3,890,854
General revenues		
Property taxes	6,957,358	6,559,642
State aid - unrestricted	3,539,617	3,323,731
Intermediate sources	2,183,922	1,659,934
Investment earnings	111,421	27,968
Other	182,005	140,121
TOTAL REVENUES	19,098,514	16,554,140
EXPENSES		
Instruction	6,089,863	4,697,016
Support services	5,706,327	4,720,600
Community services	1,499,344	526,782
Food services	417,959	414,264
Student/school activities	321,655	243,728
Interest on long-term debt	1,348,566	1,361,268
Unallocated depreciation/amortization	1,330,225	1,344,223
TOTAL EXPENSES	16,713,939	13,307,881
Change in net position	$ 2,384,575	$ 3,246,259

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 increased, on a per student basis, from $8,700 in the previous year to $9,150.

- Food service expenditures were greater than revenues by $55,180.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported *combined* fund balances of $2,305,642.

The General Fund's fund balance decreased from $1,178,173 to $885,318 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. For fiscal year 2022-2023, the budget amendment included:

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

- Increases in revenue and expenditures associated with our new Montessori program, Go Like the Wind.

The District's original budget was adopted with a budget surplus of $7,756. The final budget amendment in June 2023 called for a budget deficit of $468,314. Actual revenues were less than actual expenditures and other financing sources and uses by $292,855 at year-end.

- Actual general fund revenues were approximately $150,000 higher than budgeted. This variance was not considered significant and is the result of normal budgetary variances.

- Actual general fund expenditures were approximately $25,000 lower than budgeted. This variance was not considered significant and is the result of normal budgetary variances.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2023, the District had invested approximately $54.6 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 $54 thousand from last year. (More detailed information about capital assets can be found in the notes to the financial statements.) Total depreciation/amortization expense for the year was $1,330,225.

The District's capital assets are as follows:

Table A-5
Whitmore Lake Public Schools' Capital Assets

	2023			2022
	Cost	Accumulated Depreciation/ Amortization	Net Book Value	Net Book Value
Land	$ 1,213,011	$ -	$ 1,213,011	$ 1,213,011
Buildings and improvements	51,133,042	25,891,093	25,241,949	26,324,147
Buses and other vehicles	1,081,920	330,428	751,492	376,989
Furniture and equipment	1,142,238	848,976	293,262	277,922
Total	$ 54,570,211	$ 27,070,497	$ 27,499,714	$ 28,192,069

Long-term Obligations

At year-end the District had $47.48 million in long-term obligations outstanding, a $2.610 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
(in millions of dollars)

	2023	2022
General Obligation Bonds	$ 40.86	$ 44.79
Notes from Direct Borrowings and Direct Placements	6.54	5.21
Accumulated Compensated Absences	0.08	0.09
Total	$ 47.48	$ 50.09

- The District continued to pay down its debt, retiring $3.927 million of outstanding bonds.

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 been fully expended. The district is utilizing state and other grants to continue to support a safe and healthy learning environment.

- Low unemployment rates in Michigan continue to cause a hiring shortage of qualified school personnel, especially for special education positions.

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 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, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 1,300,891
Investments	1,440,770
Receivables	
Intergovernmental receivables	1,779,842
Leases	711,850
Inventories	24,887
Prepaids	60,547
Capital assets not being depreciated/amortized	1,213,011
Capital assets, net of accumulated depreciation/amortization	26,286,703
TOTAL ASSETS	32,818,501
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding, net of accumulated amortization	837,732
Related to other postemployment benefit	1,795,974
Related to pensions	6,561,690
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,195,396
LIABILITIES	
Accounts payable	21,507
Accrued salaries and related items	794,288
Accrued retirement	564,556
Accrued interest	197,320
Notes payable	962,872
Noncurrent liabilities	
Due within one year	3,913,003
Due in more than one year	43,569,371
Accrued interest due in more than one year	325,975
Net other postemployment benefit liability	1,226,766
Net pension liability	21,157,699
TOTAL LIABILITIES	72,733,357
DEFERRED INFLOWS OF RESOURCES	
Related to unavailable revenue - leases	654,046
Related to pensions	681,361
Related to other postemployment benefit	2,795,446
Related to state aid funding for pensions	1,569,202
TOTAL DEFERRED INFLOW OF RESOURCES	5,700,055
NET POSITION	
Net investment in capital assets	(18,344,919)
Restricted for debt service	48,472
Restricted for special revenue (community recreation)	45,029
Restricted for capital projects (sinking fund)	652,445
Unrestricted	(18,820,542)
TOTAL NET POSITION	$ (36,419,515)

See notes to financial statements.

WHITMORE LAKE PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Governmental Activities Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	$ 6,089,863	$ 297,267	$ 3,291,043	$ (2,501,553)
Support services	5,706,327	51,200	822,760	(4,832,367)
Community services	1,499,344	947,507	-	(551,837)
Food services	417,959	99,529	299,563	(18,867)
Student/school activities	321,655	315,322	-	(6,333)
Interest on long-term debt	1,348,566	-	-	(1,348,566)
Unallocated depreciation/amortization	1,330,225	-	-	(1,330,225)
Total governmental activities	$ 16,713,939	$ 1,710,825	$ 4,413,366	(10,589,748)
General revenues				
Property taxes, levied for general purposes				2,486,200
Property taxes, levied for debt service				3,646,169
Property taxes, levied for capital projects sinking fund				405,969
Property taxes, levied for special purposes				419,020
Investment earnings				111,421
State sources - unrestricted				3,539,617
Intermediate sources				2,183,922
Other				182,005
Total general revenues				12,974,323
CHANGE IN NET POSITION				2,384,575
Net position, beginning of year				(38,804,090)
Net position, end of year				$ (36,419,515)

See notes to financial statements.

WHITMORE LAKE PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	2015A Debt Service Fund	2019 Debt Service Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 762,878	$ 1,194	$ 948	$ 145,100	$ 390,771	$ 1,300,891
Investments	1,322,727	-	-	-	118,043	1,440,770
Receivables						
Intergovernmental	1,773,368	-	-	-	6,474	1,779,842
Due from other funds	-	47,328	145,633	507,345	39,100	739,406
Leases	711,850	-	-	-	-	711,850
Inventories	-	-	-	-	24,887	24,887
Prepaids	60,547	-	-	-	-	60,547
TOTAL ASSETS	$ 4,631,370	$ 48,522	$ 146,581	$ 652,445	$ 579,275	$ 6,058,193
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	$ 15,008	$ -	$ -	$ -	$ 6,499	$ 21,507
Accrued salaries and related items	794,288	-	-	-	-	794,288
Accrued retirement	564,556	-	-	-	-	564,556
Accrued interest	15,876	-	-	-	-	15,876
Due to other funds	739,406	-	-	-	-	739,406
Notes payable	962,872	-	-	-	-	962,872
TOTAL LIABILITIES	3,092,006	-	-	-	6,499	3,098,505
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - leases	654,046	-	-	-	-	654,046
FUND BALANCES						
Nonspendable						
Inventories	-	-	-	-	24,887	24,887
Prepaids	60,547	-	-	-	-	60,547

See notes to financial statements.

	General Fund	2015A Debt Service Fund	2019 Debt Service Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (continued)						
FUND BALANCES						
Restricted for:						
Debt service	$ -	$ 48,522	$ 146,581	$ -	$ 34,813	$ 229,916
Capital projects	-	-	-	652,445	-	652,445
Community recreation	-	-	-	-	237,568	237,568
Food service	-	-	-	-	99,566	99,566
Committed for:						
Student/school activities	-	-	-	-	175,942	175,942
Unassigned - general fund	824,771	-	-	-	-	824,771
TOTAL FUND BALANCES	885,318	48,522	146,581	652,445	572,776	2,305,642
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 4,631,370	$ 48,522	$ 146,581	$ 652,445	$ 579,275	$ 6,058,193

Total Governmental Fund Balances		$ 2,305,642
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		837,732
Deferred outflows of resources - related to other postemployment benefit		1,795,974
Deferred outflows of resources - related to pensions		6,561,690
Deferred inflows of resources - related to pensions		(681,361)
Deferred inflows of resources - related to other postemployment benefit		(2,795,446)
Deferred inflows of resources - related to state aid funding for pensions		(1,569,202)
Capital assets used in governmental activities are not financial resources and are not reported in the funds:		
The cost of the capital assets is	$ 54,570,211	
Accumulated depreciation/amortization is	(27,070,497)	
		27,499,714
Long-term liabilities are not due and payable in the current period and are not reported in the funds:		
Bonds and other debt liabilities		(47,400,781)
Compensated absences		(81,593)
Accrued interest is not included as a liability in government funds, it is recorded when paid		(508,416)
Net other postemployment benefit liability		(1,226,766)
Net pension liability		(21,157,699)
Net Position of Governmental Activities		$ (36,420,512)

See notes to financial statements.

WHITMORE LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General Fund	2015A Debt Service Fund	2019 Debt Service Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Local sources						
Property taxes	$ 2,486,200	$ 1,349,190	$ 1,954,323	$ 405,969	$ 761,676	$ 6,957,358
Investment earnings	104,430	627	1,738	2,819	1,807	111,421
Food and community recreation	-	-	-	-	243,760	243,760
Student/school activities	-	-	-	-	315,322	315,322
Athletics	10,150	-	-	-	-	10,150
Other	1,200,448	-	-	126,543	-	1,326,991
Total local revenues	3,801,228	1,349,817	1,956,061	535,331	1,322,565	8,965,002
State sources	6,632,436	-	31,623	-	24,738	6,688,797
Federal sources	1,706,097	-	-	-	274,825	1,980,922
Incoming transfers and other	2,183,922	-	-	-	-	2,183,922
TOTAL REVENUES	14,323,683	1,349,817	1,987,684	535,331	1,622,128	19,818,643
EXPENDITURES						
Current						
Instruction	6,919,123	-	-	-	-	6,919,123
Supporting services	6,454,083	-	-	-	-	6,454,083
Food service activities	-	-	-	-	454,272	454,272
Community services	1,203,066	-	-	-	425,400	1,628,466
Student/school activities	-	-	-	-	321,655	321,655
Capital outlay	-	-	-	462,471	254,872	717,343

See notes to financial statements.

	General Fund	2015A Debt Service Fund	2019 Debt Service Fund	Sinking Fund	Total Nonmajor Funds	Total Governmental Funds
EXPENDITURES (continued)						
Debt service						
Principal repayment	$ 38,874	$ 2,010,000	$ 1,735,000	$ -	$ -	$ 3,783,874
Interest on debt and leases	1,392	181,200	348,949	-	674,392	1,205,933
Other	-	695	695	-	2,325	3,715
TOTAL EXPENDITURES	14,616,538	2,191,895	2,084,644	462,471	2,132,916	21,488,464
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(292,855)	(842,078)	(96,960)	72,860	(510,788)	(1,669,821)
OTHER FINANCING SOURCES						
School loan revolving fund issuance	-	818,544	194,282	-	348,835	1,361,661
NET CHANGE IN FUND BALANCES	(292,855)	(23,534)	97,322	72,860	(161,953)	(308,160)
FUND BALANCES						
Beginning of year	1,178,173	72,056	49,259	579,585	734,729	2,613,802
End of year	$ 885,318	$ 48,522	$ 146,581	$ 652,445	$ 572,776	$ 2,305,642

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, 2023

Net Change in Fund Balances Total Governmental Funds	$ (308,160)
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/amortization:	
Depreciation/amortization expense	(1,330,225)
Capital outlay	670,864
Loss on disposal of capital assets	(32,994)
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	200,757
Accrued interest payable, end of the year	(181,444)
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:	
School loan revolving fund issuance	(1,361,661)
Payments on debt	3,783,874
Amortization of deferred loss on refunding	(142,219)
Amortization of bond premium	182,084
Accrued interest from school loan revolving fund and school bond loan fund	(201,811)
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	86,829
Accrued compensated absences, end of the year	(81,593)
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	1,109,182
Pension related items	707,828
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	(716,736)
Change in Net Position of Governmental Activities	$ 2,384,575

See 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 *2015A and 2019 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.

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

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

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information (continued)

Budgetary Basis of Accounting (continued)

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, 2023. 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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments (continued)

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

e. Bankers acceptances of United States banks.

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

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

Inventories and Prepaid Items

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

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

Capital Assets

Capital assets, which include 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. Right to use assets, if any, of the District are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives. The other property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Capital Asset Classes	Lives
Buildings and additions	5 - 50
Furniture and equipment	3 - 20
Buses and other vehicles	8

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net 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.

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 four items that qualify for reporting in this category. The first is restricted section 147c state aid deferred to offset deferred outflows related to section 147c pension contributions subsequent to the measurement period. The second and third items are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. 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. The District also reports unavailable revenues from one source: leases. These amounts are long-term leases entered into by the District in which the District is the lessor. These amounts are recognized as revenue over the term of the lease agreements.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Net Position Flow Assumption (continued)

In the computation of net investment in capital assets, school loan revolving fund principal proceeds of $6,496,818 are considered capital-related debt. Accrued interest on the school loan revolving fund of $325,975 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, 2023 is $718,416.

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board of Education 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies (continued)

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, 2023, the District's General Fund balance was greater than 5% of revenues.

Leases

Lessee: The District is, at times, a lessee for noncancelable lease of equipment and vehicles. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of $5,000 or more.

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

Lessor: The District is a lessor for a noncancelable lease of a building. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payment received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the District determines (1) the discount rate is uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Leases (continued)

The District monitors changes in circumstances that would require a remeasurement of this lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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.

For the year ended June 30, 2023, the District levied the following amounts per $1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (Non-PRE)	17.9458
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	0.9458
Special revenue fund	
PRE and Non-PRE	0.9601

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Long-Term Obligations

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2023, 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, 2023, $1,125,642 of the District's bank balance of $1,551,646 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 $1,300,891.

Custodial Credit Risk - Investments

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

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

Investment Type	Fair Value	Weighted Average Maturity (Years)
Michigan Class Investment Pool	$ 1,273,420	0.123
MILAF External Investment Pool - MAX	56,544	N/A
Mid America - Employee Benefit Trust Fund (EBTF)	110,806	0.277
Total fair value	$ 1,440,770	
Portfolio weighted average maturity		0.13559

One day maturity equals 0.0027, one year equals 1.00.

Concentration of Credit Risk

The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

Investment Type	Fair Value	Rating	Rating Agency
Michigan CLASS Investment Pool	$ 1,273,420	AAAm	Standard & Poor's
MILAF External Investment Pool - MAX	56,544	AAAm	Standard & Poor's
Mid America - Employee Benefit Trust Fund (EBTF)	110,806	NR - AAA	Standard & Poor's
Total	$ 1,440,770		

Foreign Currency Risk

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement

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

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

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

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

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

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

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	$ 56,544

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.

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

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

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 statues 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, 2023, 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	$ 1,273,420	$ -	No restrictions	None
Mid America - Employee Benefit Trust Fund (EBTF)	110,806	-	No restrictions	None
	$ 1,384,226	$ -		

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, 2023:

	Primary Government
Cash and cash equivalents	$ 1,300,891
Investments	1,440,770
	$ 2,741,661

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Receivables at June 30, 2023 consist of the following:

	Government-wide
State aid	$ 1,203,376
Federal revenue	300,948
Intermediate sources	165,000
Other	110,518
	$ 1,779,842

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

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Governmental activities				
Capital assets, not being depreciated/amortized				
Land	$ 1,213,011	$ -	$ -	$ 1,213,011
Capital assets, being depreciated/amortized				
Buildings and improvements	51,199,620	105,709	172,287	51,133,042
Buses and other vehicles	1,076,563	109,959	104,602	1,081,920
Furniture and equipment	1,134,665	455,196	447,623	1,142,238
Total capital assets, being depreciated/amortized	53,410,848	670,864	724,512	53,357,200
Accumulated depreciation/amortization				
Buildings and improvements	24,875,473	1,156,913	141,293	25,891,093
Buses and other vehicles	699,574	78,477	447,623	330,428
Furniture and equipment	856,743	94,835	102,602	848,976
Total accumulated depreciation/amortization	26,431,790	1,330,225	691,518	27,070,497
Net capital assets being depreciated/amortized	26,979,058	(659,361)	32,994	26,286,703
Net governmental capital assets	$ 28,192,069	$ (659,361)	$ 32,994	$ 27,499,714

Depreciation/amortization for the fiscal year ended June 30, 2023 amounted to $1,330,225. The District determined that it was impractical to allocate depreciation/amortization to the various governmental activities as the assets serve multiple functions.

NOTE 5 - NOTES PAYABLE - STATE AID ANTICIPATION NOTES

At June 30, 2023, the District has issued state aid anticipation notes payable in amounts totaling $1,600,000, have interest rates of 1.97% and 1.99%, and mature on July 20, 2023 and August 21, 2023. 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 $651,487 at June 30, 2023. 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, 2023 is as follows:

Balance July 1, 2022	Additions	Payments	Balance June 30, 2023
$ 771,299	$ 1,600,000	$ 1,408,427	$ 962,872

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, 2023:

	General Obligation Bonds	Notes from Direct Borrowings and Direct Placements	Accumulated Compensated Absences	Total
Balance July 1, 2022	$ 44,791,203	$ 5,213,875	$ 86,829	$ 50,091,907
Addition	-	1,361,661	-	1,361,661
Deletions	(3,927,084)	(38,874)	(5,236)	(3,971,194)
Balance June 30, 2023	40,864,119	6,536,662	81,593	47,482,374
Due within one year	(3,865,000)	(39,844)	(8,159)	(3,913,003)
Due in more than one year	$ 36,999,119	$ 6,496,818	$ 73,434	$ 43,569,371

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of $39,844 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

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 4.11% at June 30, 2023 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.

Long-term obligations at June 30, 2023 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.	$ 2,520,000
$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 $1,825,000 to $2,795,000 through May 1, 2029; interest at 2.05% to 2.81%, payable semi-annually.	12,835,000
$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 1.99% to 2.34%, payable semi-annually.	17,315,000
Plus on issuance of bonds	729,119
Total general obligation bonds	40,864,119
Notes from Direct Borrowings and Direct Placements	
Borrowing from the State of Michigan under the School Loan Revolving Fund, excluding interest at 4.11% at June 30, 2023.	6,496,818
Financed purchase agreements due in annual installments of $40,841, including 2.50% of imputed interest, through October 4, 2023.	39,844
Total notes from direct borrowings and direct placements	6,536,662
Total general obligation bonds and notes from direct borrowings and direct placements	47,400,781
Compensated absences	81,593
Total general long-term obligations	$ 47,482,374

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

The annual requirement to amortize general obligations outstanding as of June 30, 2023, including interest payments are as follows:

	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements			
Year Ending June 30,	Principal	Interest	Principal	Interest	Compensated Absences	Total
2024	$ 3,865,000	$ 1,088,660	$ 39,844	$ 997	$ -	$ 4,994,501
2025	3,990,000	967,914	-	-	-	4,957,914
2026	4,125,000	839,852	-	-	-	4,964,852
2027	4,260,000	705,464	-	-	-	4,965,464
2028	4,410,000	568,432	-	-	-	4,978,432
2029 - 2033	19,485,000	1,270,322	-	-	-	20,755,322
	40,135,000	5,440,644	39,844	997	-	45,616,485
Premium on bonds	729,119	-	-	-	-	729,119
Compensated absences	-	-	-	-	81,593	81,593
School loan revolving fund	-	-	6,496,818	325,975	-	6,822,793
	$ 40,864,119	$ 5,440,644	$ 6,536,662	$ 326,972	$ 81,593	$ 53,249,990

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2023 are as follows:

Receivable Fund		Payable Fund	
2015A Debt Service Fund	$ 47,328	General Fund	$ 739,406
2019 Debt Service Fund	145,633		
2016 Debt Service Fund	14,862		
2020 Debt Service Fund	19,652		
Student/school Activities Fund	4,586		
Sinking Fund	507,345		
	$ 739,406		

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 Annual Comprehensive Financial Report that can be obtained at www.michigan.gov/orsschools.

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

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

Benefits Provided - Overall

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

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

Benefits Provided - Pension

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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.

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.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

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

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.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

Pension and OPEB contributions made in the fiscal year ending September 30, 2022 were determined as of the September 30, 2019 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2019 are amortized over an 17-year period beginning October 1, 2021 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, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%

The District's pension contributions for the year ended June 30, 2023 were equal to the required contribution total. Total pension contributions were approximately $2,935,000. Of the total pension contributions approximately $2,828,000 was contributed to fund the Defined Benefit Plan and approximately $107,000 was contributed to fund the Defined Contribution Plan.

The District's OPEB contributions for the year ended June 30, 2023 were equal to the required contribution total. Total OPEB contributions were approximately $617,000. Of the total OPEB contributions approximately $558,000 was contributed to fund the Defined Benefit Plan and approximately $59,000 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).

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Liabilities and 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2021 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined.

MPSERS (Plan) Non-university Employers	September 30, 2022	September 30, 2021
Total pension liability	$ 95,876,795,620	$ 86,392,473,395
Plan fiduciary net position	$ 58,268,076,344	$ 62,717,060,920
Net pension liability	$ 37,608,719,276	$ 23,675,412,475
Proportionate share	0.05626%	0.05619%
Net pension liability for the District	$ 21,157,699	$ 13,304,230

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

For the year ended June 30, 2023, the District recognized pension expense of $2,120,204.

At June 30, 2023, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 3,635,651	$ -
Net difference between projected and actual plan investment earnings	49,615	-
Differences between expects and actual experience	211,651	47,306
Changes in proportion and difference between employer contributions and proportionate share of contributions	14,419	634,055
Reporting Unit's contributions subsequent to the measurement date	2,650,354	-
	$ 6,561,690	$ 681,361

$2,650,354, 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.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Liabilities and 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)

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

Year Ended September 30,	Amount
2023	$ 720,358
2024	632,108
2025	665,788
2026	1,211,721

OPEB Liabilities and 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, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2021 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.

MPSERS (Plan) Non-university Employers	September 30, 2022	September 30, 2021
Total OPEB liability	$ 12,522,713,324	$ 12,046,393,511
Plan fiduciary net position	$ 10,404,650,683	$ 10,520,015,621
Net OPEB liability	$ 2,118,062,641	$ 1,526,377,890
Proportionate share	0.05792%	0.05670%
Net OPEB liability for the District	$ 1,226,766	$ 865,488

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

OPEB Liabilities and 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, 2023, the District recognized OPEB benefit of $551,409.

At June 30, 2023, 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	$ 1,093,456	$ 89,035
Net difference between projected and actual plan investment earnings	95,881	-
Differences between expects and actual experience	-	2,402,765
Changes in proportion and difference between employer contributions and proportionate share of contributions	122,175	303,646
Reporting Unit's contributions subsequent to the measurement date	484,462	-
	$ 1,795,974	$ 2,795,446

$484,462, 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
2023	$ (566,266)
2024	(488,471)
2025	(405,571)
2026	(12,217)
2027	(13,370)
2028	1,961

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions

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

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

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

Inflation - 3.0%.

Mortality Assumptions:

Retirees: 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, 2021. 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 valuation.

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

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.75% for year one and graded to 3.5% in year fifteen. Post 65, 5.25% for year one and graded to 3.5% in year fifteen.

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, 2022 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	25.00%	5.10%
International Equity Pools	15.00%	6.70%
Private Equity Pools	16.00%	8.70%
Real Estate and Infrastructure Pools	10.00%	5.30%
Fixed Income Pools	13.00%	-0.20%
Absolute Return Pools	9.00%	2.70%
Real Return/Opportunistic Pools	10.00%	5.80%
Short Term Investment Pools	2.00%	-0.50%
	100.00%	

* Long term rate of return are net of administrative expenses and 2.2% inflation.

Rate of Return - For fiscal year ended September 30, 2022, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was (4.18)% and (4.99)%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Discount Rate - A single discount rate of 6.00% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 6.00%. The projection of cash flows used to determine this single discount rate 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.

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

OPEB Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.00%. The projection of cash flows used to determine this 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 6.00%, as well as what the Reporting Unit's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Pension		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net pension liability	$ 27,920,302	$ 21,157,699	$ 15,585,009

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 6.00%, 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	$ 2,057,783	$ 1,226,766	$ 526,948

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, 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		
	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit liability	$ 513,711	$ 1,226,766	$ 2,027,185

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 2022 Annual Comprehensive Financial Report.

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

NOTE 9 - SUBSEQUENT EVENTS

The District has approved borrowing $2,100,000 for fiscal year 2024 to replace the notes payable as described in Note 5.

NOTE 10 - TAX ABATEMENTS

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

The District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions, 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	$ 37,388

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.

NOTE 11 - CONTINGENT LIABILITIES

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

NOTE 12 - 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 13 - NEW ACCOUNTING STANDARD

For the year ended June 30, 2023, the District implemented the following new pronouncement:

GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

Summary:

Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-based Information Technology Arrangements* was issued in May 2020. 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.

There was no material impact on the District's financial statement after the adoption of GASB Statement 96.

NOTE 14 - LEASE RECEIVABLE

During the previous fiscal year, the District began leasing a portion of one of its buildings to a third-party. The lease is for five years, with three years remaining as of June 30, 2023, and the District will receive annual payments, paid through a monthly hold back from state aid received by the District, ranging from of $230,000 to $260,000. The District recognized $218,015 in lease revenue and $16,508 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the District 's receivable for lease payments was $711,850. Also, the District has deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was $654,046.

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement N*o. 62. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2024-2025 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

WHITMORE LAKE PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	$ 3,932,310	$ 3,714,493	$ 3,801,228	$ 86,735
State sources	5,858,423	6,610,166	6,632,436	22,270
Federal sources	1,383,335	1,721,867	1,706,097	(15,770)
Incoming transfers and other	1,650,000	2,127,065	2,183,922	56,857
TOTAL REVENUES	12,824,068	14,173,591	14,323,683	150,092
EXPENDITURES				
Current				
Instruction				
Basic programs	5,445,053	5,482,783	5,479,683	3,100
Added needs	1,420,123	1,436,311	1,439,440	(3,129)
Total instruction	6,865,176	6,919,094	6,919,123	(29)
Supporting services				
Pupil	1,349,455	1,827,537	1,819,168	8,369
Instructional staff	727,921	639,663	637,538	2,125
General administration	361,144	361,081	335,050	26,031
School administration	690,000	520,289	519,942	347
Business	358,251	429,523	429,811	(288)
Operation/maintenance	830,020	1,121,240	1,124,992	(3,752)
Pupil transportation	590,000	777,445	777,362	83
Central	390,845	450,970	451,128	(158)
Athletics	302,603	348,588	359,092	(10,504)
Total supporting services	5,600,239	6,476,336	6,454,083	22,253
Community services	350,897	1,206,209	1,203,066	3,143
Debt service				
Principal repayment	-	38,874	38,874	-
Interest	-	1,392	1,392	-
Total Debt service	-	40,266	40,266	-
TOTAL EXPENDITURES	12,816,312	14,641,905	14,616,538	25,367
NET CHANGE IN FUND BALANCE	$ 7,756	$ (468,314)	(292,855)	$ 175,459
FUND BALANCE				
Beginning of year			1,178,173	
End of year			$ 885,318	

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Reporting Unit's proportion of net pension liability (%)	0.05626%	0.05619%	0.05695%	0.06067%	0.06329%	0.06367%	0.06195%	0.06143%	0.07030%
Reporting Unit's proportionate share of net pension liability	$ 21,157,699	$ 13,304,230	$ 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	$ 5,627,996	$ 5,135,364	$ 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	375.94%	259.07%	397.07%	388.15%	354.82%	305.59%	291.57%	287.01%	253.38%
Plan fiduciary net position as a liability (Non-university employers)	60.77%	72.60%	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 TEN FISCAL YEARS (DETERMINED AS OF THE YEAR ENDED JUNE 30)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions	$ 2,828,032	$ 1,831,551	$ 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	2,828,032	1,831,551	1,633,328	1,560,182	1,588,302	1,646,612	1,485,977	1,383,078	1,081,882
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 6,803,205	$ 5,415,599	$ 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	41.57%	33.82%	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 TEN FISCAL YEARS (DETERMINED AS OF PLAN YEAR ENDED SEPTEMBER 30)

	2022	2021	2020	2019	2018	2017
Reporting Unit's proportion of net OPEB liability (%)	0.05792%	0.05670%	0.05549%	0.05915%	0.06287%	0.06365%
Reporting Unit's proportionate share of net OPEB liability	$ 1,226,766	$ 865,488	$ 2,972,919	$ 4,245,425	$ 4,997,785	$ 5,636,336
Reporting Unit's covered-employee payroll	$ 5,627,996	$ 5,135,364	$ 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	21.80%	16.85%	60.34%	82.01%	93.20%	104.39%
Plan fiduciary net position as a percentage of total OPEB liability (Non-university employers)	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

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

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

	2023	2022	2021	2020	2019	2018
Statutorily required contributions	$ 557,773	$ 435,485	$ 432,486	$ 428,720	$ 426,036	$ 456,627
Contributions in relation to statutorily required contributions	557,773	435,485	432,486	428,720	426,036	456,627
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Reporting Unit's covered-employee payroll	$ 6,803,205	$ 5,415,599	$ 4,967,874	$ 5,004,438	$ 5,238,129	$ 5,313,512
Contributions as a percentage of covered-employee payroll	8.20%	8.04%	8.71%	8.57%	8.13%	8.59%

NOTE 1 - PENSION INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

- Discount rate for MIP, Basic, and Pension Plus plans decreased to 6.00% from 6.80%.

NOTE 2 - OPEB INFORMATION

Benefit Changes - there were no changes of benefit terms in 2022.

Changes of Assumptions - the assumption changes for 2022 were:

- Discount rate decreased to 6.00% from 6.95%.

ADDITIONAL SUPPLEMENTARY INFORMATION

WHITMORE LAKE PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2023

	Special Revenue	Debt Service	Total Nonmajor Funds
ASSETS			
Cash and cash equivalents	$ 390,472	$ 299	$ 390,771
Investments	118,043	-	118,043
Intergovernmental receivable	6,474	-	6,474
Due from other funds	4,586	34,514	39,100
Inventories	24,887	-	24,887
TOTAL ASSETS	$ 544,462	$ 34,813	$ 579,275
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 6,499	$ -	$ 6,499
FUND BALANCES			
Nonspendable			
Inventories	24,887	-	24,887
Restricted for:			
Debt service	-	34,813	34,813
Community recreation	237,568	-	237,568
Food service	99,566	-	99,566
Committed for:			
Student/school activities	175,942	-	175,942
TOTAL FUND BALANCES	537,963	34,813	572,776
TOTAL LIABILITIES AND FUND BALANCES	$ 544,462	$ 34,813	$ 579,275

WHITMORE LAKE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2023

	Special Revenue	Debt Service	Total Nonmajor Funds
REVENUES			
Local sources			
Property taxes	$ 419,020	$ 342,656	$ 761,676
Investment earnings	1,731	76	1,807
Student/school activities	315,322	-	315,322
Food sales and admissions	243,760	-	243,760
Total local sources	979,833	342,732	1,322,565
State sources	24,738	-	24,738
Federal sources	274,825	-	274,825
TOTAL REVENUES	1,279,396	342,732	1,622,128
EXPENDITURES			
Current			
Food service activities	454,272	-	454,272
Community service activity	425,400	-	425,400
Student/school activities	321,655	-	321,655
Capital outlay	254,872	-	254,872
Debt service			
Interest expense	-	674,392	674,392
Other expense	-	2,325	2,325
TOTAL EXPENDITURES	1,456,199	676,717	2,132,916
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(176,803)	(333,985)	(510,788)
OTHER FINANCING SOURCES (USES)			
School loan revolving fund isusance	-	348,835	348,835
NET CHANGE IN FUND BALANCES	(176,803)	14,850	(161,953)
FUND BALANCES			
Beginning of year	714,766	19,963	734,729
End of year	$ 537,963	$ 34,813	$ 572,776

WHITMORE LAKE PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	Food Service	Student/ School Activities	Community Recreation	Total
ASSETS				
Cash and cash equivalents	$ 99,286	$ 171,356	$ 119,830	$ 390,472
Investments	-	-	118,043	118,043
Intergovernmental receivable	4,900	-	1,574	6,474
Due from other funds	-	4,586	-	4,586
Inventories	24,887	-	-	24,887
TOTAL ASSETS	$ 129,073	$ 175,942	$ 239,447	$ 544,462
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 4,620	$ -	$ 1,879	$ 6,499
FUND BALANCES				
Nonspendable				
Inventories	24,887	-	-	24,887
Restricted for:				
Community recreation	-	-	237,568	237,568
Food service	99,566	-	-	99,566
Committed for:				
Student/school activities	-	175,942	-	175,942
TOTAL FUND BALANCES	124,453	175,942	237,568	537,963
TOTAL LIABILITIES AND FUND BALANCES	$ 129,073	$ 175,942	$ 239,447	$ 544,462

WHITMORE LAKE PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023

	Food Service	Student/ School Activities	Community Recreation	Total
REVENUES				
Sales	$ 96,562	$ -	$ -	$ 96,562
State aid	24,738	-	-	24,738
Federal aid	274,825	-	-	274,825
Property taxes	-	-	419,020	419,020
Investment earnings	-	-	1,731	1,731
Student/school activities	-	315,322	-	315,322
Other	2,967	-	144,231	147,198
TOTAL REVENUES	399,092	315,322	564,982	1,279,396
EXPENDITURES				
Salaries	147,100	-	143,096	290,196
Benefits	67,206	-	63,475	130,681
Purchased services	16,598	-	21,954	38,552
Supplies and materials	198,919	-	174,266	373,185
Capital outlay	-	-	254,872	254,872
Student/school activities	-	321,655	-	321,655
Other expenses	24,449	-	22,609	47,058
TOTAL EXPENDITURES	454,272	321,655	680,272	1,456,199
NET CHANGE IN FUND BALANCES	(55,180)	(6,333)	(115,290)	(176,803)
FUND BALANCES				
Beginning of year	179,633	182,275	352,858	714,766
End of year	$ 124,453	$ 175,942	$ 237,568	$ 537,963

WHITMORE LAKE PUBLIC SCHOOLS
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2023

	2016	2020	Total Nonmajor Debt Service
ASSETS			
Cash and cash equivalents	$ 298	$ 1	$ 299
Due from other funds	14,862	19,652	34,514
TOTAL ASSETS	$ 15,160	$ 19,653	$ 34,813
FUND BALANCES			
Restricted for debt service	$ 15,160	$ 19,653	$ 34,813

WHITMORE LAKE PUBLIC SCHOOLS
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2023

	2016	2020	Total Nonmajor Debt Service
REVENUES			
Local sources			
Property taxes	$ 151,810	$ 190,846	$ 342,656
Interest	76	-	76
TOTAL REVENUES	151,886	190,846	342,732
EXPENDITURES			
Interest on bonded debt	298,600	375,792	674,392
Other	1,826	499	2,325
TOTAL EXPENDITURES	300,426	376,291	676,717
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(148,540)	(185,445)	(333,985)
OTHER FINANCING SOURCES (USES)			
School loan revolving fund issuance	150,503	198,332	348,835
NET CHANGE IN FUND BALANCES	1,963	12,887	14,850
FUND BALANCES			
Beginning of year	13,197	6,766	19,963
End of year	$ 15,160	$ 19,653	$ 34,813

WHITMORE LAKE PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2023

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

	Interest Due		Debt Service Requirement for Fiscal Year	
Principal Due May 1	May 1	November 1	June 30	Amount
$ -	$ 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
$ 17,315,000	$ 1,546,355	$ 1,546,355		$ 20,031,918

WHITMORE LAKE PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2023

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

Principal Due May 1	Interest Due May 1	Interest Due November 1	Debt Service Requirement for Fiscal Year June 30	Debt Service Requirement for Fiscal Year Amount
$ 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
$ 2,520,000	$ 64,800	$ 64,800		$ 2,649,600

WHITMORE LAKE PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2023

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

	Interest Due		Debt Service Requirement for Fiscal Year	
Principal Due May 1	May 1	November 1	June 30	Amount
$ -	$ 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
$ 7,465,000	$ 515,500	$ 515,500		$ 8,496,000

WHITMORE LAKE PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2023

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

	Interest Due		Debt Service Requirement for Fiscal Year	
Principal Due May 1	May 1	November 1	June 30	Amount
$ 1,825,000	$ 156,734	$ 156,734	2024	$ 2,138,468
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
$ 12,835,000	$ 593,667	$ 593,667		$ 14,022,334

WHITMORE LAKE PUBLIC SCHOOLS
FINANCED PURCHASE AGREEMENTS
JUNE 30, 2023

Financed purchase agreements entered on August 4, 2017 and October 4, 2017.

		Debt Service Requirement for Fiscal Year	
Principal Due	Interest Due	June 30,	Amount
$ 39,844	$ 997	2024	$ 40,841

WHITMORE LAKE PUBLIC SCHOOLS
SCHEDULE OF BORROWINGS - STATE OF MICHIGAN
SCHOOL LOAN REVOLVING FUND
JUNE 30, 2023

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:

	School Loan Revolving Fund (SLRF)		
Year Ended June 30,	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)
2022	1,543,909	103,783	1,647,692
2023	1,361,661	201,811	1,563,472
Total	$ 6,496,818	$ 325,975	$ 6,822,793

WHITMORE LAKE PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Project Number	Program or Award Amount	Accrued Revenue 7/1/2022	Prior Year Expenditures (memorandum only)	Current Year Expenditures	Current Year Receipts	Accrued Revenue 6/30/2023
U.S. DEPARTMENT OF AGRICULTURE								
Passed Through the Michigan Department of Education								
Child Nutrition Cluster								
Non-Cash Assistance (Donated Foods)								
Entitlement Donated Foods	10.555	N/A	$ 21,332	$ -	$ -	$ 21,332	$ 21,332	$ -
Entitlement Donated Foods - Bonus		N/A	947	-	-	947	947	-
Total non-cash assistance (donated foods)			22,279	-	-	22,279	22,279	-
Cash Assistance								
National School Lunch Program	10.555	220910	33,064	-	16,423	16,641	16,641	-
		221960	16,827	-	-	16,827	16,827	-
		221961	261,810	9,303	261,810	-	9,303	-
		230910	10,725	-	-	10,725	10,725	-
		231960	125,615	-	-	125,615	125,615	-
Total ALN 10.555			470,320	9,303	278,233	192,087	201,390	-
School Breakfast Program	10.553	221971	109,775	4,996	114,771	-	4,996	-
		221970	5,989	-	-	5,989	5,989	-
		231970	46,369	-	-	46,369	46,369	-
Total ALN 10.553			162,133	4,996	114,771	52,358	57,354	-
Summer Food Service Program for Children	10.559	220904	2,845	2,845	2,845	-	2,845	-
		220900	5,416	-	-	5,416	5,416	-
Total ALN 10.559			8,261	2,845	2,845	5,416	8,261	-
Total Child Nutrition Cluster			640,714	17,144	395,849	249,861	267,005	-
Child and Adult Care Food Program	10.558	221920	4,975	88	2,447	2,529	2,617	-
		222010	116	-	-	116	116	-
		231920	21,331	-	-	21,331	20,439	892
		221920	988	-		988	946	42
Total ALN 10.558			27,410	88	2,447	24,964	24,118	934
COVID-19 - Pandemic EBT Local Level Costs	10.649	220980	628	-	-	628	628	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			668,752	17,232	398,296	275,453	291,751	934

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, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Project Number	Program or Award Amount	Accrued Revenue 7/1/2022	Prior Year Expenditures (memorandum only)	Current Year Expenditures	Current Year Receipts	Accrued Revenue 6/30/2023
U.S. DEPARTMENT OF EDUCATION								
Passed Through the Michigan Department of Education								
Title I Grants to Local Educational Agencies	84.010	221530-2122	$ 115,180	$ 36,698	$ 113,677	$ -	$ 36,698	$ -
		231530-2223	117,147	-	-	116,783	46,192	70,591
Total ALN 84.010			232,327	36,698	113,677	116,783	82,890	70,591
Supporting Effective Instruction State Grants	84.367	220520-2122	27,524	8,175	16,752	-	8,175	-
		230520-2223	53,727	-	-	47,060	-	47,060
Total ALN 84.367			81,251	8,175	16,752	47,060	8,175	47,060
Student Support and Academic Enrichment Program	84.424	220750-2122	10,018	2,369	10,018	-	2,369	-
		230750-2223	10,000	-	-	10,000	-	10,000
Total ALN 84.424			20,018	2,369	10,018	10,000	2,369	10,000
Total Passed Through the Michigan Department of Education			333,596	47,242	140,447	173,843	93,434	127,651
Special Education Cluster								
Passed Through Washtenaw Intermediate School District								
Special Education Grants to States (IDEA, Part B)	84.027A	220450-2122	311,179	107,896	306,418	-	107,896	-
		230450-2223	304,065	-	-	304,065	185,087	118,978
Passed Through Marquette-Alger Regional Educational Service Agency								
Special Education Grants to States (IDEA, Part B)	84.027A	220470-2233	4,800	-	-	4,800	4,800	-
Total ALN 84.027A			620,044	107,896	306,418	308,865	297,783	118,978
Passed Through Washtenaw Intermediate School District								
COVID - 19 - Special Education Preschool Grants 21/22 ARP	84.173X	221285-2122	9,639	9,639	9,639	-	9,639	-
Special Education Preschool Grant (IDEA, Preschool)	84.173A	220460-2122	14,679	1,455	14,679	-	1,455	-
		230460-2223	14,150	-	-	14,150	11,789	2,361
Total ALN 84.173			38,468	11,094	24,318	14,150	22,883	2,361
Total Special Education Cluster			658,512	118,990	330,736	323,015	320,666	121,339
Passed Through Washtenaw Intermediate School District								
English Language Acquisition State Grants	84.365	230580-2223	1,046	-	-	1,046	-	1,046

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, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Project Number	Program or Award Amount	Accrued Revenue 7/1/2022	Prior Year Expenditures (memorandum only)	Current Year Expenditures	Current Year Receipts	Accrued Revenue 6/30/2023
U.S. DEPARTMENT OF EDUCATION (continued)								
Passed Through the Michigan Department of Education								
Education Stabilization Fund								
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Before and After School Programs K-12)	84.425D	213752-2122	$ 25,000	$ 378	$ 1,767	$ 23,233	$ 378	$ 23,233
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Credit Recovery 9-12)	84.425D	213742-2122	23,650	-	10,548	13,102	6,936	6,166
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II Summer Program K-8)	84.425D	213722-2122	73,150	3,925	34,554	38,596	38,697	3,824
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER II 98c Learning Loss)	84.425D	213782-2223	34,125	-	-	34,125	34,125	-
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER III Formula Funds)	84.425U	213713-2122	942,545	400,000	400,000	542,545	942,545	-
Total ALN 84.425 and Education Stabilization Funds			1,098,470	404,303	446,869	651,601	1,022,681	33,223
TOTAL U.S. DEPARTMENT OF EDUCATION			2,091,624	570,535	918,052	1,149,505	1,436,781	283,259
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES								
Passed through Washtenaw Intermediate School District								
Head Start Cluster								
Head Start	93.600	2021-2022	132,309	12,027	132,309	-	12,027	-
		2022-2023	155,784	-	-	155,784	139,029	16,755
Total ALN 93.600			288,093	12,027	132,309	155,784	151,056	16,755
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			288,093	12,027	132,309	155,784	151,056	16,755
TOTAL FEDERAL AWARDS			$ 3,048,469	$ 599,794	$ 1,448,657	$ 1,580,742	$ 1,879,588	$ 300,948

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, 2023

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, 2023. 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 NexSys, 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	$ 1,706,097
Other nonmajor governmental funds	274,825
Total federal revenue in the fund financial statements	1,980,922
Less: Federal assistance funding not subject to single audit act	(400,180)
Expenditures per schedule of expenditures of federal awards	$ 1,580,742

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

To the Board of Education of
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, 2023, 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 August 25, 2023.

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.

Maner Costerisan PC

August 25, 2023

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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 of
Whitmore Lake Public Schools

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Whitmore Lake Public Schools' compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Whitmore Lake Public Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Whitmore Lake Public Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Whitmore Lake Public Schools' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Whitmore Lake Public Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Whitmore Lake Public Schools' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Whitmore Lake Public Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Whitmore Lake Public Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Whitmore Lake Public Schools' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Maner Costerisan PC

August 25, 2023

WHITMORE LAKE PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

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:

Assitance Listing Number(s)	Name of Federal Program or Cluster
84.425D and 84.425U	Education Stabilization Fund

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, 2023

There were no audit findings in the previous year.

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August 25, 2023

To the Board of Education of
Whitmore Lake Public Schools

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whitmore Lake Public Schools for the year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Whitmore Lake Public Schools are described in Note 1 to the financial statements. In the current year, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 96 *Subscription-based IT Arrangements*. The application of existing policies was not changed during fiscal year 2023. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

> Estimates have been used to calculate the net pension liability and the net other postemployment benefit liability. We evaluated the key factors and assumptions used to develop the balance of the net pension liability and net other postemployment benefit liability in determining that they are reasonable in relation to the financial statements taken as a whole.
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> Management's estimate in calculating the liability for employee compensated absences. We evaluated the key factors and assumptions used to develop the balance of employee compensated absences in determining that it is reasonable in relation to the financial statements taken as a whole.
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> Management's determination of the estimated life span of the capital assets. We evaluated the key factors and assumptions used by management to develop the estimated life span of the capital assets in determining that it is reasonable in relation to the financial statements taken as a whole. In addition, certain amounts included in capital assets have been estimated based on an outside appraisal company.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We did not identify any sensitive disclosures.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 25, 2023.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

A separate management letter was not issued.

Restriction on Use

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

Very truly yours,

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