

WHITMORE LAKE PUBLIC SCHOOLS
REPORT ON FINANCIAL STATEMENTS
(with required and
additional supplementary information)
YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
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	20-52
REQUIRED SUPPLEMENTARY INFORMATION	53
Budgetary Comparison Schedule - General Fund	54
Schedule of the Reporting Unit's Proportionate Share of the Net Pension Liability.....	55
Schedule of the Reporting Unit's Pension Contributions.....	56
Schedule of the Reporting Unit's Proportionate Share of the Net OPEB Asset	57
Schedule of the Reporting Unit's OPEB Contributions.....	58
Notes to Required Supplementary Information	59-60
ADDITIONAL SUPPLEMENTARY INFORMATION	61
Nonmajor Governmental Fund Types	
Combining Balance Sheet.....	62
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	63
Special Revenue Funds	
Combining Balance Sheet.....	64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	65
Debt Service Funds	
Combining Balance Sheet.....	66
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	67
Long-Term Debt	
Bonded Debt.....	68-72
Lease Agreement.....	73
School Loan Revolving Fund	74

TABLE OF CONTENTS

Page

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



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
📠 517.323.6346

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, 2025, 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, 2025, 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.

Change in Accounting Principle

As discussed in Note 16 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

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, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional supplementary information, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2025 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.

Maney Costeiman PC

October 16, 2025

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, 2025.

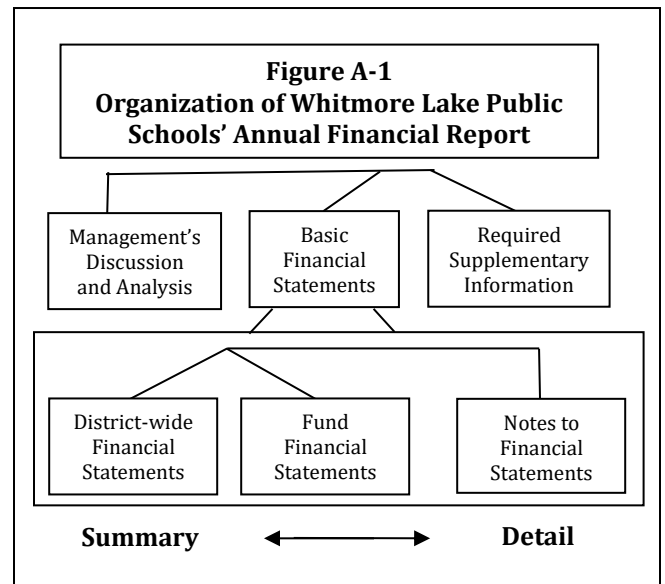
FINANCIAL HIGHLIGHTS

- Governmental funds revenues and other financing sources increased to \$26.2 million from \$23.2 million. Expenditures and other financing uses remained the same at \$23.0 million. The increase in revenues and other financing sources is due to the School Improvement Bond issuance.
- General Fund revenues and other financing sources were \$14.5 million, \$15 thousand less than General Fund expenditures.
- State Aid Foundation allowance remained the same, on a per student basis, at \$9,608.
- The District’s blended student count increased to 685 pupils, an increase of approximately 19 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.



MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

DISTRICT-WIDE STATEMENTS

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

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

The District has 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

Table A-3		
Whitmore Lake Public Schools' Net Position		
	2025	2024*
ASSETS		
Current and other assets	\$ 8,809,985	\$ 5,659,918
Net other postemployment benefit asset	3,056,233	393,768
Capital assets, net of depreciation/amortization	25,984,319	26,894,826
TOTAL ASSETS	37,850,537	32,948,512
DEFERRED OUTFLOWS OF RESOURCES	9,148,545	10,467,322
LIABILITIES		
Noncurrent liabilities	45,162,996	45,157,033
Other liabilities	3,074,595	2,901,894
Net pension liability	16,840,802	20,636,652
TOTAL LIABILITIES	65,078,393	68,695,579
DEFERRED INFLOWS OF RESOURCES	10,066,638	7,529,179
NET POSITION		
Net investment in capital assets	(13,885,456)	(16,211,077)
Restricted for debt service	186,780	149,174
Restricted for capital projects - sinking fund	431,811	497,438
Restricted for net other postemployment benefits	3,056,233	393,768
Unrestricted	(17,935,317)	(17,638,227)
TOTAL NET POSITION	\$ (28,145,949)	\$ (32,808,924)
*The 2024 numbers have not been updated for the adoption of GASB 101		

MANAGEMENT’S DISCUSSION AND ANALYSIS

Table A-4		
Changes in Whitmore Lake Public Schools' Net Position		
	2025	2024*
REVENUES		
Program revenues		
Charges for services	\$ 2,083,922	\$ 2,154,879
Operating grants and contributions	5,300,286	5,191,995
General revenues		
Property taxes	8,436,770	7,691,352
State aid - unrestricted	3,551,107	3,716,994
Intermediate sources	2,887,438	2,580,856
Investment earnings	134,520	144,848
Other	118,819	696,066
	22,512,862	22,176,990
EXPENSES		
Instruction	6,178,780	6,924,991
Support services	6,519,096	6,345,497
Community services	1,497,409	1,640,985
Food services	595,302	591,927
Student/school activities	296,157	310,998
Interest on long-term debt	1,297,665	1,346,648
Unallocated depreciation/amortization	1,405,931	1,405,353
	17,790,340	18,566,399
Change in net position	\$ 4,722,522	\$ 3,610,591
*The 2024 numbers have not been updated for the adoption of GASB 101		

District Governmental Activities

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

- State Aid Foundation allowance remained the same, on a per student basis, at \$9,608.
- Food service revenues were greater than expenditures by \$13,568.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported *combined* fund balances of \$5,668,311.

The General Fund's fund balance decreased from \$1,211,304 to \$1,195,566 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 2024-2025, the budget amendment included:

- Very minor increases to both revenues and expenditures. These adjustments were not considered significant and are the result of normal budgetary variances; however, the primary driver of the changes was increased state funding and expenditures that were associated with the additional source of funding.

The District's original budget was adopted with a budget surplus of \$107,321. The final budget amendment in June 2025 called for a budget deficit of \$89,350. Actual revenues were lower than actual expenditures and other financing sources and uses by \$15,738 at year-end.

- Actual general fund revenues were approximately \$109,000 lower than budgeted. This variance was not considered significant and is the result of normal budgetary variances.
- Actual general fund expenditures were approximately \$182,000 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 2025, the District had invested approximately \$55.6 million in a broad range of capital assets, including school buildings, athletic and support facilities, computer and transportation equipment. This amount represents a net increase of \$311 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 \$1,405,931.

MANAGEMENT’S DISCUSSION AND ANALYSIS

The District’s capital assets are as follows:

Table A-5 Whitmore Lake Public Schools' Capital Assets				
	2025			2024
	Cost	Accumulated Depreciation/ Amortization	Net Book Value	Net Book Value
Land	\$ 1,213,011	\$ -	\$ 1,213,011	\$ 1,213,011
Buildings and improvements	51,625,328	28,148,738	23,476,590	24,232,481
Buses and other vehicles	815,098	519,670	295,428	392,270
Right to use - leased vehicle	122,763	28,133	94,630	109,975
Furniture and equipment	1,813,548	908,888	904,660	947,089
Total	<u><u>\$ 55,589,748</u></u>	<u><u>\$ 29,605,429</u></u>	<u><u>\$ 25,984,319</u></u>	<u><u>\$ 26,894,826</u></u>

Long-term Obligations

At year-end the District had \$44.15 million in long-term obligations outstanding, a \$360 thousand 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)		
	2025	2024*
General Obligation Bonds	\$ 35.81	\$ 36.82
Notes from Direct Borrowings and Direct Placements	8.20	7.61
Compensated Absences	0.14	0.08
Total	<u><u>\$ 44.15</u></u>	<u><u>\$ 44.51</u></u>

*The 2024 numbers have not been updated for the adoption of GASB 101

- The District continued to pay down its debt, retiring \$4.0 million of outstanding bonds. The retirement was offset by the issuance of a new \$3.1 million bond.

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:

- The State has not adopted a school aid budget yet for the 2025-26 school year. School funding is in flux as the proposals put forth by both chambers and the governor vary drastically.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Although federal funding represents a smaller portion of total education funding in Michigan, the uncertainty of these federal funds is causing concerns. Federal funding helps support free school meals and low-income and special education services within the school system.

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:

- Inflation is still a concern across the nation as prices continue to increase for certain goods and services. Rising costs and failing roads in Michigan puts pressure on the State government to continue to find creative ways to shift State General Fund costs to the School Aid Fund. This shift ultimately affects the amount of funding available to school districts.

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, 2025

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 3,126,927
Investments	3,273,640
Receivables	
Intergovernmental receivables	2,030,308
Leases	257,069
Inventories	24,611
Prepays	97,430
Net other postemployment benefit asset	3,056,233
Capital assets not being depreciated/amortized	1,213,011
Capital assets, net of accumulated depreciation/amortization	<u>24,771,308</u>
TOTAL ASSETS	<u>37,850,537</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding, net of accumulated amortization	553,294
Related to other postemployment benefit	1,135,378
Related to pensions	<u>7,459,873</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>9,148,545</u>
LIABILITIES	
Accounts payable	68,907
Accrued salaries and related items	921,128
Accrued retirement	505,269
Accrued interest	190,160
Notes payable	1,200,000
Unearned revenue	189,131
Noncurrent liabilities	
Due within one year	4,161,594
Due in more than one year	39,985,030
Accrued interest due in more than one year	1,016,372
Net pension liability	<u>16,840,802</u>
TOTAL LIABILITIES	<u>65,078,393</u>
DEFERRED INFLOWS OF RESOURCES	
Related to unavailable revenue - leases	218,016
Related to pensions	4,869,405
Related to other postemployment benefit	4,011,742
Related to state aid funding for pensions	<u>967,475</u>
TOTAL DEFERRED INFLOW OF RESOURCES	<u>10,066,638</u>
NET POSITION	
Net investment in capital assets	(13,885,456)
Restricted for debt service	186,780
Restricted for capital projects (sinking fund)	431,811
Restricted for net other postemployment benefits	3,056,233
Unrestricted	<u>(17,935,317)</u>
TOTAL NET POSITION	<u><u>\$ (28,145,949)</u></u>

See notes to financial statements.

**WHITMORE LAKE PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities				
Instruction	\$ 6,178,780	\$ 151,527	\$ 3,743,374	\$ (2,283,879)
Support services	6,519,096	50,463	935,844	(5,532,789)
Community services	1,497,409	1,560,754	-	63,345
Food services	595,302	24,042	621,068	49,808
Student/school activities	296,157	297,136	-	979
Interest on long-term debt	1,297,665	-	-	(1,297,665)
Unallocated depreciation/amortization	1,405,931	-	-	(1,405,931)
Total governmental activities	<u>\$ 17,790,340</u>	<u>\$ 2,083,922</u>	<u>\$ 5,300,286</u>	<u>(10,406,132)</u>
General revenues				
Property taxes, levied for general purposes				3,096,379
Property taxes, levied for debt service				4,351,678
Property taxes, levied for capital projects sinking fund				490,641
Property taxes, levied for special purposes				498,072
Investment earnings				134,520
State sources - unrestricted				3,551,107
Intermediate sources				2,887,438
Other				<u>118,819</u>
Total general revenues				<u>15,128,654</u>
CHANGE IN NET POSITION				<u>4,722,522</u>
Net position, beginning of year as previously reported				(32,808,924)
Adjustment to beginning net position				<u>(59,547)</u>
Net position, beginning of year as restated				<u>(32,868,471)</u>
Net position, end of year				<u>\$ (28,145,949)</u>

See notes to financial statements.

**WHITMORE LAKE PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	2015A Debt Service Fund	2019 Debt Service Fund	Sinking Fund	2025 Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 1,861,828	\$ 5,301	\$ 115,930	\$ 444,604	\$ 4,484	\$ 694,780	\$ 3,126,927
Investments	211,811	-	-	-	3,048,391	13,438	3,273,640
Receivables							
Intergovernmental	1,883,528	-	-	-	-	146,780	2,030,308
Due from other funds	8,904	-	-	-	-	23,234	32,138
Leases	257,069	-	-	-	-	-	257,069
Inventories	-	-	-	-	-	24,611	24,611
Prepays	97,430	-	-	-	-	-	97,430
TOTAL ASSETS	\$ 4,320,570	\$ 5,301	\$ 115,930	\$ 444,604	\$ 3,052,875	\$ 902,843	\$ 8,842,123
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 52,237	\$ -	\$ -	\$ -	\$ -	\$ 16,670	\$ 68,907
Accrued salaries and related items	921,128	-	-	-	-	-	921,128
Accrued retirement	505,269	-	-	-	-	-	505,269
Accrued interest	39,223	-	-	-	-	-	39,223
Due to other funds	-	-	-	12,793	2,035	17,310	32,138
Notes payable	1,200,000	-	-	-	-	-	1,200,000
Unearned revenue	189,131	-	-	-	-	-	189,131
TOTAL LIABILITIES	2,906,988	-	-	12,793	2,035	33,980	2,955,796
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - leases	218,016	-	-	-	-	-	218,016
FUND BALANCES							
Nonspendable							
Inventories	-	-	-	-	-	24,611	24,611
Prepays	97,430	-	-	-	-	-	97,430

See notes to financial statements.

	General Fund	2015A Debt Service Fund	2019 Debt Service Fund	Sinking Fund	2025 Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (continued)							
FUND BALANCES							
Restricted for:							
Debt service	\$ -	\$ 5,301	\$ 115,930	\$ -	\$ -	\$ 216,486	\$ 337,717
Capital projects	-	-	-	431,811	3,050,840	-	3,482,651
Community recreation	-	-	-	-	-	385,936	385,936
Food service	-	-	-	-	-	62,899	62,899
Committed for:							
Student/school activities	-	-	-	-	-	178,931	178,931
Unassigned - general fund	1,098,136	-	-	-	-	-	1,098,136
TOTAL FUND BALANCES	1,195,566	5,301	115,930	431,811	3,050,840	868,863	5,668,311
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,320,570	\$ 5,301	\$ 115,930	\$ 444,604	\$ 3,052,875	\$ 902,843	\$ 8,842,123

Total Governmental Fund Balances

\$ 5,668,311

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	553,294
Deferred outflows of resources - related to other postemployment benefit	1,135,378
Deferred outflows of resources - related to pensions	7,459,873
Deferred inflows of resources - related to pensions	(4,869,405)
Deferred inflows of resources - related to other postemployment benefit	(4,011,742)
Deferred inflows of resources - related to state aid funding for pensions	(967,475)

Some assets are not current financial resources and therefore are not reported in the Governmental Funds Balance Sheet.

Noncurrent assets at year-end consist of:

Net other postemployment benefits asset	3,056,233
---	-----------

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

The cost of the capital assets is	\$ 55,589,748
Accumulated depreciation/amortization is	<u>(29,605,429)</u>
	25,984,319

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

Bonds and other debt liabilities	(44,009,700)
Compensated absences	(136,924)
Accrued interest is not included as a liability in government funds, it is recorded when paid	(1,167,309)
Net pension liability	<u>(16,840,802)</u>

Net Position of Governmental Activities

\$ (28,145,949)

See notes to financial statements.

WHITMORE LAKE PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	2015A Debt Service Fund	2019 Debt Service Fund	Sinking Fund	2025 Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
REVENUES							
Local sources							
Property taxes	\$ 3,096,379	\$ 215,838	\$ 2,015,105	\$ 490,641	\$ -	\$ 2,618,807	\$ 8,436,770
Investment earnings	114,703	76	1,678	4,484	10,256	3,323	134,520
Food sales and community recreation	-	-	-	-	-	1,319,009	1,319,009
Student/school activities	-	-	-	-	-	297,136	297,136
Athletics	51,565	-	-	-	-	-	51,565
Other	530,547	1,641	-	227	-	2,616	535,031
Total local revenues	3,793,194	217,555	2,016,783	495,352	10,256	4,240,891	10,774,031
State sources	7,250,862	-	-	119	-	344,114	7,595,095
Federal sources	587,434	-	-	-	-	312,601	900,035
Incoming transfers and other	2,887,438	-	-	-	-	-	2,887,438
TOTAL REVENUES	14,518,928	217,555	2,016,783	495,471	10,256	4,897,606	22,156,599
EXPENDITURES							
Current							
Instruction	7,137,167	-	-	-	-	-	7,137,167
Supporting services	7,326,926	-	-	-	-	-	7,326,926
Food service activities	-	-	-	-	-	631,542	631,542
Community services	33,113	-	-	-	-	1,606,421	1,639,534
Student/school activities	-	-	-	-	-	296,157	296,157
Capital outlay	-	-	-	561,098	118,716	30,623	710,437

See notes to financial statements.

	General Fund	2015A Debt Service Fund	2019 Debt Service Fund	Sinking Fund	2025 Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
EXPENDITURES (continued)							
Debt service							
Principal repayment	\$ 21,454	\$ 240,000	\$ 1,875,000	\$ -	\$ -	\$ 1,875,000	\$ 4,011,454
Interest on debt and leases	6,406	19,200	274,322	-	-	674,567	974,495
Other	9,600	3,971	500	-	-	3,302	17,373
	<u>14,534,666</u>	<u>263,171</u>	<u>2,149,822</u>	<u>561,098</u>	<u>118,716</u>	<u>5,117,612</u>	<u>22,745,085</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES							
	<u>(15,738)</u>	<u>(45,616)</u>	<u>(133,039)</u>	<u>(65,627)</u>	<u>(108,460)</u>	<u>(220,006)</u>	<u>(588,486)</u>
OTHER FINANCING SOURCES (USES)							
School loan revolving fund issuance	-	68,646	153,374	-	-	390,030	612,050
Transfers in	-	-	52,776	-	-	210,878	263,654
Transfers out	-	(234,248)	(27,271)	-	(2,135)	-	(263,654)
Bond proceeds	-	-	-	-	3,100,000	-	3,100,000
Premium on issuance of bonds	-	-	-	-	61,435	-	61,435
	<u>-</u>	<u>(165,602)</u>	<u>178,879</u>	<u>-</u>	<u>3,159,300</u>	<u>600,908</u>	<u>3,773,485</u>
TOTAL OTHER FINANCING SOURCES (USES)							
	<u>(15,738)</u>	<u>(211,218)</u>	<u>45,840</u>	<u>(65,627)</u>	<u>3,050,840</u>	<u>380,902</u>	<u>3,184,999</u>
NET CHANGE IN FUND BALANCES							
	<u>(15,738)</u>	<u>(211,218)</u>	<u>45,840</u>	<u>(65,627)</u>	<u>3,050,840</u>	<u>380,902</u>	<u>3,184,999</u>
FUND BALANCES							
Beginning of year	<u>1,211,304</u>	<u>216,519</u>	<u>70,090</u>	<u>497,438</u>	<u>-</u>	<u>487,961</u>	<u>2,483,312</u>
End of year	<u>\$ 1,195,566</u>	<u>\$ 5,301</u>	<u>\$ 115,930</u>	<u>\$ 431,811</u>	<u>\$ 3,050,840</u>	<u>\$ 868,863</u>	<u>\$ 5,668,311</u>

See notes to financial statements.

**WHITMORE LAKE PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances Total Governmental Funds \$ 3,184,999

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

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

Depreciation/amortization expense	(1,405,931)
Capital outlay	528,707
Net book value of assets disposed	(33,283)

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	161,319
Accrued interest payable, end of the year	(150,937)

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	(612,050)
Bond issuance	(3,100,000)
Premium on issuance of bonds	(61,435)
Payments on debt and lease obligations	4,011,454
Amortization of deferred loss on refunding	(142,219)
Amortization of bond premium	182,084
Accrued interest from school loan revolving fund	(373,417)

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

Accrued compensated absences, beginning of the year, as restated	143,872
Accrued compensated absences, end of the year	(136,924)

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	1,156,981
Pension related items	1,013,039

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

Change in state aid funding for pension	356,263
---	---------

Change in Net Position of Governmental Activities \$ 4,722,522

WHITMORE LAKE PUBLIC SCHOOLS NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities* normally are supported by taxes and intergovernmental revenues.

Reporting Entity

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

Basis of Presentation - Government-wide Financial Statements

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

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

Basis of Presentation - Fund Financial Statements

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

The District reports the following *Major Governmental Funds*:

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

The *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* accounts for the receipt of property taxes levied for sinking fund and subsequent expenditures of those funds. The fund has complied with the applicable provisions of Section 1212 of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2023-1.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation - Fund Financial Statements (continued)

Major Governmental Funds (continued):

The *2025 Bonded Construction Capital Projects Fund* is used to account for capital projects activities funded with bonds. For this capital project, the school district has complied with the applicable provisions of Section 1351a of the Revised School Code. The projects are not yet considered substantially complete, and a subsequent year audit is expected.

Beginning with the year of bond issuance, the school district has reported the annual construction activity for the bonds in the 2025 Capital Projects Fund. The projects for which the 2025 School Improvement Bonds were issued were in process as of June 30, 2025. The cumulative revenues, other financing sources (uses), and expenditures recognized for the construction period were as follows:

Revenues and other financing sources	<u>\$ 3,171,691</u>
Expenditures and other financing sources	<u>\$ 120,851</u>

Revenues and other financing sources above includes total bond proceeds and premium of \$3,161,435.

The District reports the following *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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, 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.

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information

Budgetary Basis of Accounting

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

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

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

- a. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
- b. Public hearings are conducted to obtain taxpayer comments.
- c. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, in the general fund are noted in the required supplementary information section.
- d. Transfers may be made for budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
- e. The budget was amended during the year with supplemental appropriations, the last one approved prior to year-end June 30, 2025. The District considered these amendments to be significant. See the budgetary comparison schedule for more information.

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

Cash and Cash Equivalents

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Investments

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

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

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

Inventories and Prepaid Items

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

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

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

Land and construction in progress, if any, are not depreciated. 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 improvements	5 - 50
Furniture and equipment	5 - 20
Buses and other vehicles	8
Right to use - leased vehicle	5

Defined Benefit Plan

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

Deferred Outflows

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Inflows

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

In the computation of net investment in capital assets, school loan revolving fund principal proceeds of \$8,129,865 are considered capital-related debt. Accrued interest on the school loan revolving fund of \$1,016,372 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, 2025 is \$535,791.

Fund Balance Flow Assumptions

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance Policies

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

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

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

The District strives to maintain a secure financial position whereby the fund balance in the general fund does not fall below 5% of revenues. At June 30, 2025, 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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Leases (continued)

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.

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues and Expenditures/Expenses (continued)

Property Taxes (continued)

For the year ended June 30, 2025, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund	
Non-Principal Residence Exemption (Non-PRE)	18.0000
Commercial Personal Property	6.0000
Debt service fund	
PRE, Non-PRE, Commercial Personal Property	8.3900
Capital projects fund (Sinking Fund)	
PRE, Non-PRE, Commercial Personal Property	0.9458
Special revenue fund	
PRE and Non-PRE	0.9601

Compensated Absences

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

Long-Term Obligations

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

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS

As of June 30, 2025, 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, 2025, \$2,840,478 of the District’s bank balance of \$3,283,089 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 \$3,126,877.

Custodial Credit Risk - Investments

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

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

Interest Rate Risk

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

Investment Type	Fair Value	Weighted Average Maturity (Years)
Michigan Class Investment Pool	\$ 3,096,687	0.105
MILAF External Investment Pool - MAX	62,523	N/A
Mid America - Employee Benefit Trust Fund (EBTF)	114,430	N/A
Total fair value	\$ 3,273,640	
Portfolio weighted average maturity		0.105

One day maturity equals 0.0027, one year equals 1.00.

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Rating Agency</u>
Michigan CLASS Investment Pool	\$ 3,096,687	AAAm	Standard & Poor's
MILAF External Investment Pool - MAX	62,523	AAAm	Standard & Poor's
Mid America - Employee Benefit Trust Fund (EBTF)	114,430	NR - AAA	Standard & Poor's
Total	<u>\$ 3,273,640</u>		

Foreign Currency Risk

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

Fair Value Measurement

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

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant, unobservable inputs may be used. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

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

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

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurement (continued)

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

Investment Type	Amortized Cost
MILAF External Investment Pool - MAX	\$ 62,523

Investments in Entities that Calculate Net Asset Value per Share

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

The Michigan CLASS investment pool invest in U.S. Treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated "A1" or better), collateralized bank deposits, repurchase agreements (collateralized at 102 percent by treasuries and agencies), and approved money market funds. The program is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state 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, 2025, 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	\$ 3,096,687	\$ -	No restrictions	None
Mid America - Employee Benefit Trust Fund (EBTF)	114,430	-	No restrictions	None
	\$ 3,211,117	\$ -		

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

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements. The following summarizes the categorization of these amounts as June 30, 2025:

	Primary Government
Cash and cash equivalents	\$ 3,126,927
Investments	3,273,640
	\$ 6,400,567

NOTE 3 - INTERGOVERNMENTAL RECEIVABLES

Receivables at June 30, 2025 consist of the following:

	Government- wide
State aid	\$ 1,372,494
Federal revenue	259,389
Intermediate sources	256,189
Other	142,236
	\$ 2,030,308

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

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

NOTE 4 - CAPITAL ASSETS

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

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Governmental activities				
Capital assets, not being depreciated/amortized				
Land	\$ 1,213,011	\$ -	\$ -	\$ 1,213,011
Capital assets, being depreciated/amortized				
Buildings and improvements	51,271,579	436,587	82,838	51,625,328
Buses and other vehicles	815,098	-	-	815,098
Right to use - leased vehicle	122,763	-	-	122,763
Furniture and equipment	1,856,202	92,120	134,774	1,813,548
Total capital assets, being depreciated/amortized	54,065,642	528,707	217,612	54,376,737
Accumulated depreciation/amortization				
Buildings and improvements	27,039,098	1,173,567	63,927	28,148,738
Buses and other vehicles	422,828	96,842	-	519,670
Right to use - leased vehicle	12,788	15,345	-	28,133
Furniture and equipment	909,113	120,177	120,402	908,888
Total accumulated depreciation/amortization	28,383,827	1,405,931	184,329	29,605,429
Net capital assets being depreciated/amortized	25,681,815	(877,224)	33,283	24,771,308
Net governmental capital assets	\$ 26,894,826	\$ (877,224)	\$ 33,283	\$ 25,984,319

Depreciation/amortization for the fiscal year ended June 30, 2025 amounted to \$1,405,931. 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, 2025, the District has issued state aid anticipation notes payable in amounts totaling \$2,000,000, have interest rates of 3.33% and 3.31%, and mature on July 21, 2025 and August 20, 2025. 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 \$824,494 at June 30, 2025. 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, 2025 is as follows:

Balance July 1, 2024	Additions	Payments	Balance June 30, 2025
\$ 1,220,000	\$ 2,000,000	\$ 2,020,000	\$ 1,200,000

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

NOTE 6 - LONG-TERM OBLIGATIONS

The District issues general obligation bonds to provide funds for the acquisition, construction, and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. The following is a summary of long-term obligations of the District for the year ended June 30, 2025:

	General Obligation Bonds	Notes from Direct Borrowings and Direct Placements	Compensated Absences*	Total
Balance July 1, 2024, as restated	\$ 36,817,035	\$ 7,612,718	\$ 143,872	\$ 44,573,625
Addition	3,161,435	612,050	-	3,773,485
Deletions	<u>(4,172,084)</u>	<u>(21,454)</u>	<u>(6,948)</u>	<u>(4,200,486)</u>
Balance June 30, 2025	35,806,386	8,203,314	136,924	44,146,624
Due within one year	<u>(4,125,000)</u>	<u>(22,902)</u>	<u>(13,692)</u>	<u>(4,161,594)</u>
Due in more than one year	<u>\$ 31,681,386</u>	<u>\$ 8,180,412</u>	<u>\$ 123,232</u>	<u>\$ 39,985,030</u>

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

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$73,449 contains provisions that in an event of default, either by (1) unable to make principal or interest payments (2) false or misrepresentation is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

Borrowing from the State of Michigan - The school loan revolving funds payable represents notes payable to the State of Michigan for loans made to the school district, as authorized by the State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the school district issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board. Interest rates were 4.22% at June 30, 2025 for the school loan revolving funds. Repayment is required when the millage rate necessary to cover the annual bonded debt services falls below 8.39 mills. Currently the District levies 8.39 mills. Due to the variability of the factors that affect the timing of repayment, including the future amount of state-equalized value of property in the school district, no provision for repayment has been included in the above amortization schedule. The state may apply a default late charge on the note if the District does not make the repayments, or apply the default late charge if the District fails to levy the appropriate debt mills. The state may also withhold state aid payments if the District is in default.

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

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Long-term obligations at June 30, 2025 is comprised of the following:

General Obligation Bonds

\$8,900,000 Refunding Bonds dated September 22, 2015, due in annual installments of \$240,000 through May 1, 2026; interest at 4.00%, payable semi-annually.	\$ 240,000
\$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.	5,590,000
\$17,255,000 Refunding Bonds dated December 12, 2019, due in annual installments of \$1,935,000 to \$2,795,000 through May 1, 2029; interest at 2.42% to 2.61%, payable semi-annually.	9,135,000
\$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
\$3,100,000 School Improvement Bonds dated June 3, 2025 due in annual installments of \$110,000 to \$230,000 through May of 2045; interest at 4.25% to 4.38%. payable semi-annually.	3,100,000
Plus premium on issuance of bonds	<u>426,386</u>
Total general obligation bonds	<u>35,806,386</u>

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

NOTE 6 - LONG-TERM OBLIGATIONS (continued)

Notes from Direct Borrowings and Direct Placements

Borrowing from the State of Michigan under the School Loan Revolving Fund, excluding interest at 4.22% at June 30, 2025.	\$ 8,129,865
Lease agreement due in annual installments of \$27,860, including 6.75% of imputed interest, through September 15, 2027.	<u>73,449</u>
Total notes from direct borrowings and direct placements	<u>8,203,314</u>
Total general obligation bonds and notes from direct borrowings and direct placements	44,009,700
Compensated absences	<u>136,924</u>
Total general long-term obligations	<u><u>\$ 44,146,624</u></u>

The annual requirement to amortize general obligations outstanding as of June 30, 2025, including interest payments are as follows:

Year Ending June 30,	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements		Compensated Absences	Total
	Principal	Interest	Principal	Interest		
2026	\$ 4,125,000	\$ 961,314	\$ 22,902	\$ 4,958	-	\$ 5,114,174
2027	4,370,000	838,776	24,448	3,412	-	5,236,636
2028	4,525,000	697,068	26,099	1,761	-	5,249,928
2029	4,820,000	556,114	-	-	-	5,376,114
2030	3,705,000	444,170	-	-	-	4,149,170
2031 - 2035	11,905,000	1,021,754	-	-	-	12,926,754
2036 - 2040	865,000	347,174	-	-	-	1,212,174
2041 - 2045	1,065,000	143,500	-	-	-	1,208,500
	35,380,000	5,009,870	73,449	10,131	-	40,473,450
Premium on bonds	426,386	-	-	-	-	426,386
Compensated absences	-	-	-	-	136,924	136,924
School loan revolving fund	-	-	8,129,865	1,016,372	-	9,146,237
	<u>\$ 35,806,386</u>	<u>\$ 5,009,870</u>	<u>\$ 8,203,314</u>	<u>\$ 1,026,503</u>	<u>\$ 136,924</u>	<u>\$ 50,182,997</u>

Interest expense (all funds) for the year ended June 30, 2025 was approximately \$974,000.

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

NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2025 are as follows:

Receivable Fund		Payable Fund	
2016 Debt Service Fund	\$ 23,234	Food Service Fund	\$ 17,310
General Fund	8,904	2025 Capital Projects	2,035
		Sinking Fund	12,793
	\$ 32,138		\$ 32,138

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 (MPERS) (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. MPERS 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 MPERS is as follows:

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Benefits Provided - Pension

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

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

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform 2012 (continued)

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

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

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

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

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

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

Pension Reform of 2017

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Pension Reform of 2017 (continued)

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

Pension Reform of 2023

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

Benefits Provided - Other Postemployment Benefit (OPEB)

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

Retiree Healthcare Reform of 2012

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

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.

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Regular Retirement (no reduction factor for age)

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

Pension and OPEB contributions made in the fiscal year ending September 30, 2024 were determined as of the September 30, 2021 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2021 are amortized over a 15-year period beginning October 1, 2023 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, 2024 - September 30, 2025	20.96% - 30.11%	0.00% - 1.25%
October 1, 2023 - September 30, 2024	13.90% - 23.03%	7.06% - 8.31%

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Employer Contributions (continued)

The District’s pension contributions for the year ended June 30, 2025 were equal to the required contribution total. Total pension contributions were approximately \$3,216,000. Of the total pension contributions approximately \$3,074,000 was contributed to fund the Defined Benefit Plan and approximately \$142,000 was contributed to fund the Defined Contribution Plan.

The District’s OPEB contributions for the year ended June 30, 2025 were equal to the required contribution total. Total OPEB contributions were approximately \$116,000. Of the total OPEB contributions approximately \$39,000 was contributed to fund the Defined Benefit Plan and approximately \$77,000 was contributed to fund the Defined Contribution Plan.

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

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

The net pension liability was measured as of September 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2023 and rolled-forward using generally accepted actuarial procedures.

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

<u>MPSERS (Plan) Non-university Employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total pension liability	\$ 95,765,499,515	\$ 94,947,828,557
Plan fiduciary net position	\$ 71,283,482,728	\$ 62,581,762,238
Net pension liability	\$ 24,482,016,787	\$ 32,366,066,319
Proportionate share	0.06789%	0.06376%
Net pension liability for the District	\$ 16,840,802	\$ 20,636,652

For the year ended June 30, 2025, the District recognized pension expense of \$2,060,596.

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

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)

At June 30, 2025, 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	\$ 1,755,753	\$ 1,233,898
Net difference between projected and actual plan investment earnings	-	3,213,939
Differences between expects and actual experience	456,903	182,978
Changes in proportion and difference between employer contributions and proportionate share of contributions	2,452,701	238,590
Reporting Unit's contributions subsequent to the measurement date	2,794,516	-
	\$ 7,459,873	\$ 4,869,405

\$2,794,516, reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

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

Year Ended June 30,	Amount
2026	\$ 240,449
2027	900,607
2028	(657,660)
2029	(687,444)

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

The net OPEB asset was measured as of September 30, 2024, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation date of September 30, 2023 and rolled-forward using generally accepted actuarial procedures.

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

<u>MPSERS (Plan) Non-university Employers</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Total OPEB liability	\$ 9,991,545,923	\$ 11,223,648,949
Plan fiduciary net position	\$ 14,295,943,589	\$ 11,789,347,341
Net OPEB asset	\$ (4,304,397,666)	\$ (565,698,392)
Proportionate share	0.07100%	0.06961%
Net OPEB asset for the District	\$ (3,056,233)	\$ (393,768)

For the year ended June 30, 2025, the District recognized OPEB benefit of \$1,118,036.

At June 30, 2025, the Reporting Unit reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$ 667,525	\$ 76,726
Net difference between projected and actual plan investment earnings	-	578,580
Differences between expects and actual experience	-	3,238,674
Changes in proportion and difference between employer contributions and proportionate share of contributions	453,276	117,762
Reporting Unit's contributions subsequent to the measurement date	<u>14,577</u>	<u>-</u>
	<u>\$ 1,135,378</u>	<u>\$ 4,011,742</u>

\$14,577, 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 asset in the subsequent fiscal year.

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

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

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

Year Ended June 30,	Amount
2026	\$ (1,007,829)
2027	(537,427)
2028	(536,470)
2029	(485,797)
2030	(266,615)
2031	(56,803)

Actuarial Assumptions

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

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

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

Inflation - 3.0%.

Mortality Assumptions -

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

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

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

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

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

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

Healthcare Cost Trend Rate for Other Postemployment Benefit - Pre 65, 7.25% for year one and graded to 3.5% in year fifteen. Post 65, 6.50% for year one and graded to 3.5% in year fifteen.

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

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

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

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

The target asset allocation at September 30, 2024 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.0%	5.3%
International Equity Pools	15.0%	6.5%
Private Equity Pools	16.0%	9.0%
Real Estate and Infrastructure Pools	10.0%	7.1%
Fixed Income Pools	13.0%	2.2%
Absolute Return Pools	9.0%	5.2%
Real Return/Oppportunistic Pools	10.0%	6.9%
Short Term Investment Pools	2.0%	1.4%
	<u>100.0%</u>	

* Long term rate of return are net of administrative expenses and 2.3% inflation.

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

Rate of Return - For fiscal year ended September 30, 2024, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 15.47% and 15.45%, 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.

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	\$ 24,688,797	\$ 16,840,802	\$ 10,305,837

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

	Other Postemployment Benefit		
	1% Decrease	Discount Rate	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit asset	\$ (2,361,882)	\$ (3,056,233)	\$ (3,656,573)

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

NOTE 8 - PENSION AND OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions (continued)

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

	Other Postemployment Benefit		
	Current		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Reporting Unit's proportionate share of the net other postemployment benefit asset	\$ (3,656,579)	\$ (3,056,233)	\$ (2,412,365)

Pension and OPEB Plan Fiduciary Net Position

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

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

NOTE 9 - SUBSEQUENT EVENTS

The District has approved borrowing \$2,100,000 for fiscal year 2026 to replace the notes payable as described in Note 5.

NOTE 10 - TRANSFERS

There were various transfers totaling \$263,654 between the debt service funds to meet debt service needs.

NOTE 11 - TAX ABATEMENTS

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

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

NOTE 11 - TAX ABATEMENTS (continued)

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	\$ 39,087

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 12 - CONTINGENT LIABILITIES

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

NOTE 13 - 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 14 - LEASE RECEIVABLE

During the 2021-22 fiscal year, the District began leasing a portion of one of its buildings to a third-party. The lease is for five years, with one year remaining as of June 30, 2025, and the District will receive annual payments, paid through a monthly hold back from state aid received by the District, ranging pf \$260,000. The District recognized \$218,015 in lease revenue and \$7,848 in interest revenue during the current fiscal year related to this lease. As of June 30, 2025, the District 's receivable for lease payments was \$257,069. 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, 2025, the balance of the deferred inflow of resources was \$218,016.

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

NOTE 15 - UPCOMING ACCOUNTING PRONOUNCEMENTS

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement establishes new accounting and financial reporting requirements - or modifies existing requirements - related to the following:

- a. Management's discussion and analysis (MD&A);
 - i. Requires that the information presented in MD&A be limited to the related topics discussed in five specific sections:
 - 1) Overview of the Financial Statements,
 - 2) Financial Summary,
 - 3) Detailed Analyses,
 - 4) Significant Capital Asset and Long-Term Financing Activity,
 - 5) Currently Known Facts, Decisions, or Conditions;
 - ii. Stresses detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed;
 - iii. Removes the requirement for discussion of significant variations between original and final budget amounts and between final budget amounts and actual results;
- b. Unusual or infrequent items;
- c. Presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position;
 - i. Requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses and clarifies the definition of operating and nonoperating revenues and expenses;
 - ii. Requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses and defines subsidies;
- d. Information about major component units in basic financial statements should be presented separately in the statement of net position and statement of activities unless it reduces the readability of the statements in which case combining statements of should be presented after the fund financial statements;
- e. Budgetary comparison information should include variances between original and final budget amounts and variances between final budget and actual amounts with explanations of significant variances required to be presented in the notes to RSI.

The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2025-2026 fiscal year.

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

NOTE 16 - CHANGE IN ACCOUNTING PRINCIPLE

For the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*.

Summary:

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 resulting changes due to the adoption of GASB Statement 101 are as follows:

	Governmental Activities	
	Net Position	Compensated Absences
Balance as of July 1, 2024, as previously stated	\$ (32,808,924)	\$ 84,325
Adoption of GASB Statement 101	(59,547)	59,547
Balance as of July 1, 2024, as restated	\$ (32,868,471)	\$ 143,872

REQUIRED SUPPLEMENTARY INFORMATION

**WHITMORE LAKE PUBLIC SCHOOLS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Local sources	\$ 3,598,132	\$ 3,859,000	\$ 3,793,194	\$ (65,806)
State sources	7,852,864	7,449,626	7,250,862	(198,764)
Federal sources	537,488	551,618	587,434	35,816
Incoming transfers and other	2,130,000	2,767,228	2,887,438	120,210
TOTAL REVENUES	<u>14,118,484</u>	<u>14,627,472</u>	<u>14,518,928</u>	<u>(108,544)</u>
EXPENDITURES				
Current				
Instruction				
Basic programs	5,609,500	5,534,200	5,401,871	132,329
Added needs	1,491,400	1,743,000	1,735,296	7,704
Total instruction	<u>7,100,900</u>	<u>7,277,200</u>	<u>7,137,167</u>	<u>140,033</u>
Supporting services				
Pupil	1,945,210	1,977,100	1,973,610	3,490
Instructional staff	811,812	966,600	963,884	2,716
General administration	439,000	526,065	520,984	5,081
School administration	523,500	542,500	540,120	2,380
Business	437,000	475,000	506,788	(31,788)
Operation/maintenance	1,193,000	1,242,400	1,226,540	15,860
Pupil transportation	600,000	742,000	712,491	29,509
Central	440,800	500,000	487,397	12,603
Athletics	373,081	396,421	395,112	1,309
Total supporting services	<u>6,763,403</u>	<u>7,368,086</u>	<u>7,326,926</u>	<u>41,160</u>
Community services	119,000	34,075	33,113	962
Debt service				
Principal repayment	21,454	21,454	21,454	-
Interest	6,406	6,406	6,406	-
Other	-	9,600	9,600	-
TOTAL EXPENDITURES	<u>14,011,163</u>	<u>14,716,821</u>	<u>14,534,666</u>	<u>182,155</u>
NET CHANGE IN FUND BALANCE	<u>\$ 107,321</u>	<u>\$ (89,350)</u>	<u>(15,738)</u>	<u>\$ 73,612</u>
FUND BALANCE				
Beginning of year			<u>1,211,304</u>	
End of year			<u>\$ 1,195,566</u>	

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Reporting Unit's proportion of net pension liability (%)	0.06879%	0.06376%	0.05626%	0.05619%	0.05695%	0.06067%	0.06329%	0.06367%	0.06195%	0.06143%
Reporting Unit's proportionate share of net pension liability	<u>\$ 16,840,802</u>	<u>\$ 20,636,652</u>	<u>\$ 21,157,699</u>	<u>\$ 13,304,230</u>	<u>\$ 19,564,284</u>	<u>\$ 20,092,623</u>	<u>\$ 19,026,426</u>	<u>\$ 16,499,492</u>	<u>\$ 15,456,405</u>	<u>\$ 15,004,062</u>
Reporting Unit's covered-employee payroll	<u>\$ 7,579,110</u>	<u>\$ 7,001,829</u>	<u>\$ 5,627,996</u>	<u>\$ 5,135,364</u>	<u>\$ 4,927,145</u>	<u>\$ 5,176,498</u>	<u>\$ 5,362,305</u>	<u>\$ 5,399,247</u>	<u>\$ 5,301,126</u>	<u>\$ 5,227,690</u>
Reporting Unit's proportionate share of net pension liability as a percentage of its covered-employee payroll	222.20%	294.73%	375.94%	259.07%	397.07%	388.15%	354.82%	305.59%	291.57%	287.01%
Plan fiduciary net position as a percentage of total pension liability (Non-university employers)	74.44%	65.91%	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%

**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)**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contributions	\$ 3,073,635	\$ 2,801,544	\$ 2,828,032	\$ 1,831,551	\$ 1,633,328	\$ 1,560,182	\$ 1,588,302	\$ 1,646,612	\$ 1,485,977	\$ 1,383,078
Contributions in relation to statutorily required contributions	<u>3,073,635</u>	<u>2,801,544</u>	<u>2,828,032</u>	<u>1,831,551</u>	<u>1,633,328</u>	<u>1,560,182</u>	<u>1,588,302</u>	<u>1,646,612</u>	<u>1,485,977</u>	<u>1,383,078</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered- employee payroll	<u>\$ 7,807,459</u>	<u>\$ 7,473,954</u>	<u>\$ 6,803,205</u>	<u>\$ 5,415,599</u>	<u>\$ 4,967,874</u>	<u>\$ 5,004,438</u>	<u>\$ 5,238,129</u>	<u>\$ 5,313,512</u>	<u>\$ 5,495,807</u>	<u>\$ 5,216,302</u>
Contributions as a percentage of covered-employee payroll	39.37%	37.48%	41.57%	33.82%	32.88%	31.18%	30.32%	30.99%	27.04%	26.51%

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Reporting Unit's proportion of net OPEB liability/asset (%)	0.07100%	0.06961%	0.05792%	0.05670%	0.05549%	0.05915%	0.06287%	0.06365%
Reporting Unit's proportionate share of net OPEB liability (asset)	<u>\$ (3,056,233)</u>	<u>\$ (393,768)</u>	<u>\$ 1,226,766</u>	<u>\$ 865,488</u>	<u>\$ 2,972,919</u>	<u>\$ 4,245,425</u>	<u>\$ 4,997,785</u>	<u>\$ 5,636,336</u>
Reporting Unit's covered-employee payroll	<u>\$ 7,579,110</u>	<u>\$ 7,001,829</u>	<u>\$ 5,627,996</u>	<u>\$ 5,135,364</u>	<u>\$ 4,927,145</u>	<u>\$ 5,176,498</u>	<u>\$ 5,362,305</u>	<u>\$ 5,399,247</u>
Reporting Unit's proportionate share of net OPEB liability/asset as a percentage of its covered-employee payroll	40.32%	5.62%	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)	143.08%	105.04%	83.09%	87.33%	59.44%	48.46%	42.95%	36.39%

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

**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)**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contributions	\$ 38,945	\$ 608,812	\$ 557,773	\$ 435,485	\$ 432,486	\$ 428,720	\$ 426,036	\$ 456,627
Contributions in relation to statutorily required contributions	<u>38,945</u>	<u>608,812</u>	<u>557,773</u>	<u>435,485</u>	<u>432,486</u>	<u>428,720</u>	<u>426,036</u>	<u>456,627</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reporting Unit's covered-employee payroll	<u>\$ 7,807,459</u>	<u>\$ 7,473,954</u>	<u>\$ 6,803,205</u>	<u>\$ 5,415,599</u>	<u>\$ 4,967,874</u>	<u>\$ 5,004,438</u>	<u>\$ 5,238,129</u>	<u>\$ 5,313,512</u>
Contributions as a percentage of covered-employee payroll	0.50%	8.15%	8.20%	8.04%	8.71%	8.57%	8.13%	8.59%

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

WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025

NOTE 1 - PENSION INFORMATION

Benefit Changes

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

Changes in Assumptions

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

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

NOTE 2 - OPEB INFORMATION

Benefit Changes

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

Changes in Assumptions

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

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

WHITMORE LAKE PUBLIC SCHOOLS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025

NOTE 2 - OPEB INFORMATION (continued)

Changes in Assumptions (continued)

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

ADDITIONAL SUPPLEMENTARY INFORMATION

**WHITMORE LAKE PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2025**

	Special Revenue	Debt Service	Total Nonmajor Funds
ASSETS			
Cash and cash equivalents	\$ 501,528	\$ 193,252	\$ 694,780
Investments	13,438	-	13,438
Intergovernmental receivable	146,780	-	146,780
Due from other funds	-	23,234	23,234
Inventories	24,611	-	24,611
TOTAL ASSETS	\$ 686,357	\$ 216,486	\$ 902,843
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 16,670	\$ -	\$ 16,670
Due to other funds	17,310	-	17,310
TOTAL LIABILITIES	33,980	-	33,980
FUND BALANCES			
Nonspendable			
Inventories	24,611	-	24,611
Restricted for:			
Debt service	-	216,486	216,486
Community recreation	385,936	-	385,936
Food service	62,899	-	62,899
Committed for:			
Student/school activities	178,931	-	178,931
TOTAL FUND BALANCES	652,377	216,486	868,863
TOTAL LIABILITIES AND FUND BALANCES	\$ 686,357	\$ 216,486	\$ 902,843

**WHITMORE LAKE PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2025**

	Special Revenue	Debt Service	Total Nonmajor Funds
REVENUES			
Local sources			
Property taxes	\$ 498,072	\$ 2,120,735	\$ 2,618,807
Investment earnings	2,674	649	3,323
Student/school activities	297,136	-	297,136
Food sales and admissions	21,426	-	21,426
Community recreation	1,297,583	-	1,297,583
Other	2,616	-	2,616
	<u>2,119,507</u>	<u>2,121,384</u>	<u>4,240,891</u>
Total local sources	2,119,507	2,121,384	4,240,891
State sources	320,935	23,179	344,114
Federal sources	312,601	-	312,601
	<u>312,601</u>	<u>-</u>	<u>312,601</u>
TOTAL REVENUES	<u>2,753,043</u>	<u>2,144,563</u>	<u>4,897,606</u>
EXPENDITURES			
Current			
Food service activities	631,542	-	631,542
Community service activity	1,606,421	-	1,606,421
Student/school activities	296,157	-	296,157
Capital outlay	30,623	-	30,623
Debt service			
Principal repayment	-	1,875,000	1,875,000
Interest expense	-	674,567	674,567
Other expense	-	3,302	3,302
	<u>-</u>	<u>3,302</u>	<u>3,302</u>
TOTAL EXPENDITURES	<u>2,564,743</u>	<u>2,552,869</u>	<u>5,117,612</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>188,300</u>	<u>(408,306)</u>	<u>(220,006)</u>
OTHER FINANCING SOURCES			
School loan revolving fund issuance	-	390,030	390,030
Transfers in	-	210,878	210,878
	<u>-</u>	<u>210,878</u>	<u>210,878</u>
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>600,908</u>	<u>600,908</u>
NET CHANGE IN FUND BALANCES	188,300	192,602	380,902
FUND BALANCES			
Beginning of year	<u>464,077</u>	<u>23,884</u>	<u>487,961</u>
End of year	<u>\$ 652,377</u>	<u>\$ 216,486</u>	<u>\$ 868,863</u>

**WHITMORE LAKE PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025**

	Food Service	Student/ School Activities	Community Recreation	Total
ASSETS				
Cash and cash equivalents	\$ 2,459	\$ 184,773	\$ 314,296	\$ 501,528
Investments	-	-	13,438	13,438
Intergovernmental receivable	81,322	-	65,458	146,780
Inventories	24,611	-	-	24,611
	<u>24,611</u>	<u>-</u>	<u>-</u>	<u>24,611</u>
TOTAL ASSETS	<u>\$ 108,392</u>	<u>\$ 184,773</u>	<u>\$ 393,192</u>	<u>\$ 686,357</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 3,572	\$ 5,842	\$ 7,256	\$ 16,670
Due to other funds	17,310	-	-	17,310
	<u>17,310</u>	<u>-</u>	<u>-</u>	<u>17,310</u>
TOTAL LIABILITIES	<u>20,882</u>	<u>5,842</u>	<u>7,256</u>	<u>33,980</u>
FUND BALANCES				
Nonspendable				
Inventories	24,611	-	-	24,611
Restricted for:				
Community recreation	-	-	385,936	385,936
Food service	62,899	-	-	62,899
Committed for:				
Student/school activities	-	178,931	-	178,931
	<u>-</u>	<u>178,931</u>	<u>-</u>	<u>178,931</u>
TOTAL FUND BALANCES	<u>87,510</u>	<u>178,931</u>	<u>385,936</u>	<u>652,377</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 108,392</u>	<u>\$ 184,773</u>	<u>\$ 393,192</u>	<u>\$ 686,357</u>

**WHITMORE LAKE PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025**

	Food Service	Student/ School Activities	Community Recreation	Total
REVENUES				
Local sources				
Property taxes	\$ -	\$ -	\$ 498,072	\$ 498,072
Investment earnings	-	-	2,674	2,674
Student/school activities	-	297,136	-	297,136
Food sales and admissions	21,426	-	-	21,426
Community recreation	-	-	1,297,583	1,297,583
Other	2,616	-	-	2,616
Total local sources	24,042	297,136	1,798,329	2,119,507
State sources	308,467	-	12,468	320,935
Federal sources	312,601	-	-	312,601
TOTAL REVENUES	645,110	297,136	1,810,797	2,753,043
EXPENDITURES				
Salaries	185,590	-	805,721	991,311
Benefits	92,821	-	462,824	555,645
Purchased services	8,423	-	74,705	83,128
Supplies and materials	319,000	-	234,056	553,056
Capital outlay	-	-	30,623	30,623
Student/school activities	-	296,157	-	296,157
Other expenses	25,708	-	29,115	54,823
TOTAL EXPENDITURES	631,542	296,157	1,637,044	2,564,743
NET CHANGE IN FUND BALANCES	13,568	979	173,753	188,300
FUND BALANCES				
Beginning of year	73,942	177,952	212,183	464,077
End of year	\$ 87,510	\$ 178,931	\$ 385,936	\$ 652,377

**WHITMORE LAKE PUBLIC SCHOOLS
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025**

	<u>2016</u>	<u>2020</u>	<u>2025</u>	<u>Total Nonmajor Debt Service</u>
ASSETS				
Cash and cash equivalents	\$ 112,300	\$ 78,817	\$ 2,135	\$ 193,252
Due from other funds	23,234	-	-	23,234
	<u>\$ 135,534</u>	<u>\$ 78,817</u>	<u>\$ 2,135</u>	<u>\$ 216,486</u>
TOTAL ASSETS				
	<u>\$ 135,534</u>	<u>\$ 78,817</u>	<u>\$ 2,135</u>	<u>\$ 216,486</u>
FUND BALANCES				
	<u>\$ 135,534</u>	<u>\$ 78,817</u>	<u>\$ 2,135</u>	<u>\$ 216,486</u>

**WHITMORE LAKE PUBLIC SCHOOLS
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2025**

	2016	2020	2025	Total Nonmajor Debt Service
REVENUES				
Local sources				
Property taxes	\$ 2,049,559	\$ 71,176	\$ -	\$ 2,120,735
Investment earnings	649	-	-	649
State sources	23,179	-	-	23,179
TOTAL REVENUES	2,073,387	71,176	-	2,144,563
EXPENDITURES				
Principal repayment	1,875,000	-	-	1,875,000
Interest expense	298,600	375,967	-	674,567
Other	2,802	500	-	3,302
TOTAL EXPENDITURES	2,176,402	376,467	-	2,552,869
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(103,015)	(305,291)	-	(408,306)
OTHER FINANCING SOURCES				
School loan revolving fund issuance	120,891	269,139	-	390,030
Transfers in	108,829	99,914	2,135	210,878
TOTAL OTHER FINANCING SOURCES	229,720	369,053	2,135	600,908
NET CHANGE IN FUND BALANCES	126,705	63,762	2,135	192,602
FUND BALANCES				
Beginning of year	8,829	15,055	-	23,884
End of year	<u>\$ 135,534</u>	<u>\$ 78,817</u>	<u>\$ 2,135</u>	<u>\$ 216,486</u>

**WHITMORE LAKE PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2025**

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

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ -	\$ 187,896	\$ 187,896	2026	\$ 375,792
-	187,896	187,896	2027	375,792
-	187,896	187,896	2028	375,792
2,530,000	187,896	187,896	2029	2,905,792
3,580,000	162,760	162,760	2030	3,905,520
3,660,000	125,403	125,403	2031	3,910,806
3,735,000	86,296	86,296	2032	3,907,592
3,810,000	44,520	44,520	2033	3,899,040
<u>\$ 17,315,000</u>	<u>\$ 1,170,563</u>	<u>\$ 1,170,563</u>		<u>\$ 19,656,126</u>

**WHITMORE LAKE PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2025**

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

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 240,000	\$ 4,800	\$ 4,800	2026	\$ 249,600

**WHITMORE LAKE PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2025**

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

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 1,950,000	\$ 111,800	\$ 111,800	2026	\$ 2,173,600
2,025,000	72,800	72,800	2027	2,170,600
1,615,000	32,300	32,300	2028	1,679,600
<u>\$ 5,590,000</u>	<u>\$ 216,900</u>	<u>\$ 216,900</u>		<u>\$ 6,023,800</u>

**WHITMORE LAKE PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2025**

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

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ 1,935,000	\$ 115,430	\$ 115,430	2026	\$ 2,165,860
2,235,000	92,036	92,036	2027	2,419,072
2,795,000	64,020	64,020	2028	2,923,040
2,170,000	28,286	28,286	2029	2,226,572
<u>\$ 9,135,000</u>	<u>\$ 299,772</u>	<u>\$ 299,772</u>		<u>\$ 9,734,544</u>

**WHITMORE LAKE PUBLIC SCHOOLS
BONDED DEBT
JUNE 30, 2025**

\$3,100,000 School Improvement Bonds issued June 3, 2025.

Principal Due May 1	Interest Due		Debt Service Requirement for Fiscal Year	
	May 1	November 1	June 30,	Amount
\$ -	\$ 66,656	\$ 54,806	2026	\$ 121,462
110,000	66,656	66,656	2027	243,312
115,000	64,318	64,318	2028	243,636
120,000	61,875	61,875	2029	243,750
125,000	59,325	59,325	2030	243,650
130,000	56,669	56,669	2031	243,338
135,000	53,906	53,906	2032	242,812
140,000	51,038	51,038	2033	242,076
145,000	48,063	48,063	2034	241,126
150,000	44,982	44,982	2035	239,964
160,000	41,793	41,793	2036	243,586
165,000	38,394	38,394	2037	241,788
175,000	34,888	34,888	2038	244,776
180,000	31,169	31,169	2039	242,338
185,000	27,343	27,343	2040	239,686
195,000	23,297	23,297	2041	241,594
205,000	19,031	19,031	2042	243,062
215,000	14,547	14,547	2043	244,094
220,000	9,844	9,844	2044	239,688
230,000	5,031	5,031	2045	240,062
<u>\$ 3,100,000</u>	<u>\$ 818,825</u>	<u>\$ 806,975</u>		<u>\$ 4,725,800</u>

**WHITMORE LAKE PUBLIC SCHOOLS
LEASE AGREEMENT
JUNE 30, 2025**

Lease agreement entered on September 15, 2023.

Principal Due	Interest Due	Debt Service Requirement for Fiscal Year	
		June 30,	Amount
\$ 22,902	\$ 4,958	2026	\$ 27,860
24,448	3,412	2027	27,860
26,099	1,761	2028	27,860
\$ 73,449	\$ 10,131		\$ 83,580

**WHITMORE LAKE PUBLIC SCHOOLS
SCHEDULE OF BORROWINGS - STATE OF MICHIGAN
SCHOOL LOAN REVOLVING FUND
JUNE 30, 2025**

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

Year Ended June 30,	School Loan Revolving Fund (SLRF)		Total
	Loan Proceeds (Repayments)	Interest Accrued (Repayments)	
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
2024	1,020,997	316,980	1,337,977
2025	612,050	373,417	985,467
Total	<u>\$ 8,129,865</u>	<u>\$ 1,016,372</u>	<u>\$ 9,146,237</u>



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

☎ 517.323.7500

📠 517.323.6346

**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, 2025, and the related notes to the financial statements, which collectively comprise Whitmore Lake Public Schools' basic financial statements and have issued our report thereon dated October 16, 2025.

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 Whitmore Lake Public Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of 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.

Maney Costeiran PC

October 16, 2025



2425 E. Grand River Ave.,
Suite 1, Lansing, MI 48912
☎ 517.323.7500
🖨 517.323.6346

October 16, 2025

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, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Whitmore Lake Public Schools are described in Note 1 to the financial statements. As described in Note 16 to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 101 *Compensated Absences*, during the year ended June 30, 2025. Accordingly, the cumulative effects of the accounting changes are reported in the applicable financial statements and note disclosures. We noted no transactions entered into by Whitmore Lake Public Schools during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

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

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 October 16, 2025.

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,

Maney Costeiran PC