

Whitehall District Schools

**REPORT ON FINANCIAL STATEMENTS**  
(with required supplementary information)

Year ended June 30, 2019  
With Restatement



Whitehall District Schools

**TABLE OF CONTENTS**

Independent Auditor’s Report..... 1

Management’s Discussion and Analysis.....4

Basic Financial Statements

    District-wide Financial Statements

        Statement of Net Position..... 17

        Statement of Activities ..... 18

    Fund Financial Statements

        Governmental Funds

            Balance Sheet..... 19

            Reconciliation of the Governmental Funds Balance

                Sheet to the Statement of Net Position..... 20

            Statement of Revenues, Expenditures and Changes

                in Fund Balances..... 21

            Reconciliation of the Governmental Funds Statement

                of Revenues, Expenditures and Changes in Fund

                    Balances to the Statement of Activities ..... 22

            Statement of Fiduciary Assets and Liabilities ..... 23

        Notes to Financial Statements ..... 24

Required Supplementary Information

    Budgetary Comparison Schedule—General Fund..... 50

    Budgetary Comparison Schedule—Community Education Fund ..... 51

    Schedule of the School District’s Proportionate Share of the Net Pension Liability ..... 52

    Schedule of the School District’s Pension Contributions..... 53

    Schedule of the School District’s Proportionate Share of the Net OPEB Liability..... 54

    Schedule of the School District’s OPEB Contributions ..... 55

    Notes to Required Supplementary Information. .... 56

Other Supplemental Information

    Other Governmental Funds

        Combining Balance Sheet ..... 58

        Combining Statement of Revenues, Expenditures and Changes

            in Fund Balances ..... 59

**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Whitehall District Schools  
Whitehall, Michigan

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Whitehall District Schools (the School District), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board of Education  
Whitehall District Schools  
Page 2

***Opinions***

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 Whitehall District Schools as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information on pages 4 through 16 and 50 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Whitehall District Schools' basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of Education  
Whitehall District Schools  
Page 3

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2019, on our consideration of Whitehall District 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 Whitehall District 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 Whitehall District Schools' internal control over financial reporting and compliance.

**Report on Restatement Adjustments to Financial Statements**

As discussed in Note O to the financial statements, an error resulting in an overstatement of net capital assets and an understatement of instruction and support expenses as of and for the year ended June 30, 2019 was discovered subsequent to the issuance of our report on those financial statements dated October 7, 2019. Accordingly, adjustments have been made to net capital assets as well as instruction and support expenses as of and for the year ended June 30, 2019 to correct the error.



Muskegon, Michigan  
October 7, 2019, except for Note O, as to which the date is October 25, 2019

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2019

The discussion and analysis of Whitehall District Schools' financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2019. The intent of this Management Discussion and Analysis is to provide, in simple terms, a look at the District's past performance and current position. Readers may also review the financial statements, and notes to the financial statements to enhance their understanding of the District's financial performance.

This information is required by GASB 34 (Governmental Accounting Standards Board's Statement No. 34). GASB 34 requires the presentation of two basic types of financial statements; namely, District-wide Financial Statements and Fund Financial Statements. Certain comparative information between the current year and the prior year is typically presented in the MD&A.

**Overview of the Financial Statements**

This annual report consists of five parts: (1) the independent auditor's report, (2) management's discussion and analysis (this section), (3) the basic financial statements, (4) required supplementary information, and (5) combining financial statements. The financial statements include notes that explain some of the information in the statements by providing detailed data. These statements are followed by a section of required supplementary information that further explains and supports the financial statements, utilizing a comparison to the District's budget for the year. Additionally, the basic financial statements also include two kinds of statements that present different views of the District.

**District-Wide Financial Statements**

The district-wide financial statements are full accrual basis statements that provide information about the District's overall financial status. They are used to help determine whether or not the District is in a better or worse financial position as a result of the year's activities. The Statement of Net Position reports all of the District's assets, deferred outflows and inflows, and liabilities, both short-term and long-term, whether they are "current" (available or due within the next year) or not. Capital assets and long-term obligations of the District are reported in this statement. 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 it has changed. Net position, the difference between the District's assets, deferred outflows and inflows, and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in net position is an indicator of whether the District's financial position is improving or deteriorating.

In order to accurately assess the District's overall health, the reader should also consider additional non-financial factors such as changes in the District's property tax base, the quality of the education provided, and the condition of the District's buildings.

In district-wide statements, the District's activities are classified as governmental activities. Governmental activities include most of the District's basic services, such as regular and special education, food service, athletics, transportation, and administration. Property taxes and state aid finance most of these services.

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2019

**Fund Financial Statements**

The fund financial statements focus on individual parts of the District, while reporting the District's operations in more detail than the district-wide statements. The fund level statements are reported on a modified accrual basis. Only those assets that are measurable and currently available are reported. Liabilities are recognized to the extent that they are expected to be paid with current financial resources.

Fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's Accounting Manual. In the State of Michigan, the District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including: Special Revenue Funds for Community Education, Food Service, & Technology/Security activities, Debt Service Funds, Capital Project Funds, and Fiduciary Funds.

In fund financial statements, capital asset purchases are reported as expenditures in the year of acquisition. No asset is reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future year's debt obligations are not recorded.

In addition to the General Fund, which is required to be reported individually as a major fund, the District reports the Community Education Fund as a major fund. This fund represents the operations of White Lake Area Community Education, a five-district consortium for which the District serves as the fiscal agent.

Beginning with 2013-14, the Debt Service Fund was added as a major fund. Prior to this year, the district accounted for each bond issue with a separate fund. Michigan law allows school districts to combine debt funds into a single common debt fund. The combined amounts in a single fund require that fund to be considered a major fund.

The voters of the Whitehall District Schools District passed a bond issue in November 2016 authorizing the issuance of up to \$12.9 million. The bond proceeds and investment earnings were projected to support \$12.945 million in projects covering facilities upgrades, technology infrastructure upgrades, bus replacements, issuance costs and interest costs. Bonds were sold in April 2017 with a principal value of \$11.67 million and premium of \$1.61 million. The final installment of debt repayment is in 2034-35, the same as previous debt issues. The Capital Projects Fund of 2017 is the other major fund.

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2019

**Financial Analysis of the District as a Whole**

The net position of the District at June 30, 2019 is approximately \$(35.7) million, a slight decrease from the previous year, as shown below in a condensed comparative statement of net position.

**Statement of Net Position**

	<b><u>For the Year Ended June 30,</u></b>	
	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Assets</b>		
Current assets	\$ 12,392,592	\$ 19,299,902
Capital assets (net of depreciation)	42,423,465	37,172,355
Deferred outflows of resources	18,360,542	11,146,992
Total assets and deferred outflows of resources	73,176,599	67,619,249
<b>Liabilities</b>		
Current liabilities	8,178,213	8,774,525
Long-term debt and post-employment liability	47,206,449	51,055,835
Net pension liability	45,639,307	39,161,046
Deferred inflows of resources	7,900,804	4,109,807
Total liabilities and deferred inflows of resources	108,924,773	103,101,213
<b>Net Position</b>		
Net investment in capital assets	8,173,581	5,387,134
Restricted funds	1,517,688	1,432,428
Unrestricted funds	(45,439,443)	(42,301,526)
Net position	\$ (35,748,174)	\$ (35,481,964)

**Comments on Major Changes to Net Position**

- Current assets – Decreased as funds were used for capital improvements.
- Capital assets – Increased with the construction projects funded by the 2017 bond issue.
- GASB 68 and 75 significantly affected the net position of the District as the estimated portion of the school employees' retirement costs (pension and health benefits) is being recognized on all public school statements. For Whitehall, \$45.639 million is included for the pension liability, and the \$12.119 million (see page 17) is included for the other post-employment benefits (OPEB) liability. The State has begun to fund this system beginning with the 2013-14 fiscal year for pension and the 2017-18 fiscal year for OPEB.

The District uses its capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities. The remaining net position represents resources that are either restricted for debt service, food services, and community services or are unrestricted as to how they may be used.



Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2019

**Statement of Activities**

**For the Year Ended June 30,**

	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>District Wide Revenues</b>		
Program Revenues		
Charges for services	\$ 956,739	\$ 1,014,663
Operating grants	10,131,872	10,926,471
General Revenues		
Property taxes	6,553,725	6,237,566
Unrestricted grants	13,727,782	13,176,737
Other revenues	339,995	276,585
Total revenues	31,710,113	31,632,022
<b>District Wide Expenses</b>		
Instruction	14,999,769	16,025,172
Support services	11,993,674	10,222,466
Community services	1,853,625	1,486,466
Food services	1,016,860	1,018,610
Athletics	539,502	523,227
Interest on long-term debt	1,568,938	1,680,570
Unallocated amortization	4,383	-
Total expenses	31,976,751	30,956,511
<b>Change in net position</b>	(266,638)	675,511
<b>Net position at beginning of year</b>	(35,481,536)	(36,157,475)
<b>Net position at end of year</b>	\$ (35,748,174)	\$ (35,481,964)

The net position of the District decreased by approximately \$267,000 during 2018-19 as indicated above. This would indicate that financial conditions were stable and that no immediate fiscal issues are of concern to management. State funding of education through the foundation grant and student enrollment are the primary factors for the District's financial activities. With the improvement of the economy, state funding has improved. Student enrollment has stabilized in the recent past. However, much of the state growth has been used to address the state's unfunded obligations for retirees which is addressed throughout the statements as GASB 68 and 75.

The Statement of Activities, presented later in the government-wide financial statements, provides greater detail on the District's activity. The cost of the District's governmental activities for the year was approximately \$31.977 million. Certain activities and programs were paid through charges for services by the beneficiaries of the programs, or grants restricted to specific uses. The remaining public benefit portion of expenditures was paid for with property taxes, state pupil foundation aid, investment earnings, and other miscellaneous revenues.

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2019

**Capital Assets and Debt Administration**

	<b>Net Capital Asset Values</b>			<b>Change in Accumulated Depreciation</b>	<b>June 30, 2019</b>
	<b>June 30, 2018</b>	<b>Additions</b>	<b>Deductions</b>		
Land	\$ 762,882	\$ -	\$ -	\$ -	\$ 762,882
Construction in progress	1,031,954	4,437,682	867,208	-	4,602,428
Buildings & improvements	34,266,901	2,788,084	-	1,214,591	35,840,394
Furniture & equipment	636,384	91,510	13,536	116,986	597,372
Buses and vehicles	474,234	260,559	644,988	(530,584)	620,389
Total	\$ 37,172,355	\$ 7,577,835	\$ 1,525,732	\$ 800,993	\$ 42,423,465

As indicated above, capital assets, net of depreciation, increased in value from July 1, 2018, to June 30, 2019. This is the result of ongoing construction projects funded by the 2017 bond issue.

	<b>Debt Obligations</b>				<b>Current</b>
	<b>June 30, 2018</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2019</b>	
Bonds for capital financing	\$ 39,234,326	\$ -	\$ 2,503,637	\$ 36,730,689	\$ 2,325,000
Compensated absences	232,637	23,487	20,001	236,123	22,100
Retirement obligations	503,772	37,606	43,564	497,814	78,000
Cash flow borrowing	2,500,000	2,000,000	2,500,000	2,000,000	2,000,000
Total	\$ 42,470,735	\$ 2,061,093	\$ 5,067,202	\$ 39,464,626	\$ 4,425,100

As indicated above, total debt obligations of the District decreased during the year ended June 30, 2019. Principal and interest payments were made according to debt schedules. State Aid Notes for cash flow borrowing were paid and new notes issued for \$2 million.

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2019

**General Fund Budgetary Highlights**

The State of Michigan's Uniform Budget Act requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. When the budget is prepared each year, several unknown factors exist. Estimates are used for such major items as student count, employee contracts, state aid, staffing, and tax appeals. When compared in total, the variances between the initial budget, final budget and actual results are minimal considering all of the unknowns that exist during initial budgeting. As a matter of practice, the District amends its budget periodically during the fiscal year. These revisions are made in order to deal with changes in revenues and expenditures that become known during the year.

One of the major factors impacting the District's budget is the revenue received from the State of Michigan through the per-pupil foundation allowance. The foundation grant for the 2018-19 year was increased from \$7,631 per student to \$7,811; up \$180 per student from the 2017-18 foundation grant level. The District also received \$379 per student for operating purposes in various categorical grants. Another \$964 per student was received to offset retirement costs, of which \$795 per student was paid back to the state to reduce the retirement system's unfunded liabilities.

Expenditure assumptions did not change significantly from the adoption of the initial budget through multiple budget amendments. At each point, staffing levels and costs, as well as funding sources were reviewed and adjusted as needed.

The initial budget called for an operating surplus of \$35,836, while the final amended budget called for a surplus of \$59,899. The biggest change in assumptions from the initial budget to the final amendment was the adjustment of revenue sources and levels as student count was finalized and grant budgets were approved. The actual results reflect an operating surplus of approximately \$285,033; \$225,134 more than expected compared to the final budget amendment. A table showing these results follows.

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2019

	<b><u>2018-19 General Fund</u></b>		
	<b><u>Initial Budget</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>
<b>Revenues</b>			
Local revenue			
Local sources	\$ 3,189,783	\$ 3,383,452	\$ 3,446,622
Received from other districts	614,500	773,000	725,429
State revenue	17,872,232	17,650,839	17,659,480
Federal revenue	928,957	985,674	907,333
Transfers and other	53,094	58,998	37,348
Total revenues	<u>22,658,566</u>	<u>22,851,963</u>	<u>22,776,212</u>
Variance of actual from budget	117,646	(75,751)	
	0.52%	-0.33%	
<b>Expenditures</b>			
Instruction	\$ 14,693,449	\$ 14,560,546	\$14,088,890
Instructional support	2,416,113	2,455,767	2,489,011
Administration	2,492,140	2,524,655	2,525,061
Maintenance and operations	1,398,080	1,412,635	1,522,831
Transportation	909,251	1,028,917	1,119,001
Athletics	504,697	504,552	512,561
Community Services	-	-	498
Transfers and other	209,000	304,992	233,326
Total expenditures	<u>22,622,730</u>	<u>22,792,064</u>	<u>22,491,179</u>
Variance of actual from budget	131,551	300,885	
	0.58%	1.32%	
<b>Change in Fund Balance</b>	<u>35,836</u>	<u>59,899</u>	<u>285,033</u>
Variance of actual from budget	249,197	225,134	

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2019

The significant budget variances are attributed to the following items:

Revenue Sources

- Revenue from other districts was less than budgeted as the ISD used more special education funding for its services to districts before allocating to local districts.
- Federal revenue was less due to underspending of the grants which will be carried over into the next year's allocation.

Expenditures:

- Instruction was less than budgeted due to less than expected severance payments and billback for ISD services as well as payments to the state for unfunded retirement obligations.
- Maintenance spent more than anticipated in utilities due to the unusually harsh winter.
- In transportation, expenses were higher than expected for wages and fleet maintenance.

Budget variances in expenditures by object category are below.

<b>General Fund Expenditures by Object</b>	<b>2018-19 Budget</b>	<b>Percent of total</b>	<b>2018-19 Actual</b>	<b>Percent of total</b>	<b>Variance</b>	<b>Percent Budget</b>
Wages	\$11,092,941	48.67%	\$11,076,723	49.25%	\$ 16,218	0.15%
Benefits	7,630,744	33.48%	7,417,924	32.98%	\$ 212,820	2.79%
Purchased services	1,694,376	7.43%	1,675,389	7.45%	\$ 18,987	1.12%
Supplies	1,156,940	5.08%	1,289,743	5.73%	\$(132,803)	-11.48%
Capital	312,971	1.37%	296,268	1.32%	\$ 16,703	5.34%
Other	904,092	3.97%	735,132	3.27%	\$ 168,960	18.69%
<b>Total</b>	<b>\$22,792,064</b>	<b>100.00%</b>	<b>\$22,491,179</b>	<b>100.00%</b>	<b>\$ 300,885</b>	

- Benefits were less than budgeted in severance and unfunded retirement payments.
- Supplies were more than budgeted due to increases in utility costs.
- Capital projects were budgeted but not undertaken, including replacement of copiers.

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2019

**General Fund Year-to-Year Comparative Highlights**

In comparing results for the year ended June 30, 2019 to results for the year ended June 30, 2018, State revenue increased with the improved Michigan economy and resulting foundation grant. The State has also increased its contribution through school districts to lower the unfunded liability of the State retirement system.

Instructional expense was lower due to less ISD services billed back and replacement of retiring staff. Instructional Support increased with Social Worker staffing and a reclassification of Alternative Education student supervision. Transportation increased with staffing changes and the purchase of buses.

**General Fund Year-to-Year Comparison of Actual Results**

	<u>2019</u>	<u>2018</u>	<u>Difference</u>
<b>Revenues</b>			
Local revenue			
Local sources	\$ 3,446,622	\$ 3,224,938	\$ 221,684
Received from other districts	725,429	657,095	68,334
State revenue	17,659,480	17,558,426	101,054
Federal revenue	907,333	929,456	(22,123)
Transfers and other	37,348	57,251	(19,903)
Totals revenues	\$22,776,212	\$22,427,166	\$ 349,046
<b>Expenditures</b>			
Instruction	\$14,088,890	\$14,286,729	\$ (197,839)
Instructional support	2,489,011	2,264,563	224,448
Administration	2,525,061	2,462,086	62,975
Maintenance and operations	1,522,831	1,508,423	14,408
Transportation	1,119,001	844,425	274,576
Athletics	512,561	506,997	5,564
Community Services	498	-	498
Transfers and other	233,326	161,056	72,270
Total expenditures	\$22,491,179	\$22,034,279	\$ 456,900

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2019

As indicated below, funding from the State of Michigan is the District's largest source of revenue at 77.53% and decreased in amount and percentage of revenue in comparison to the prior year. Thus, the financial stability of the District rests primarily with the economic health of the State of Michigan.

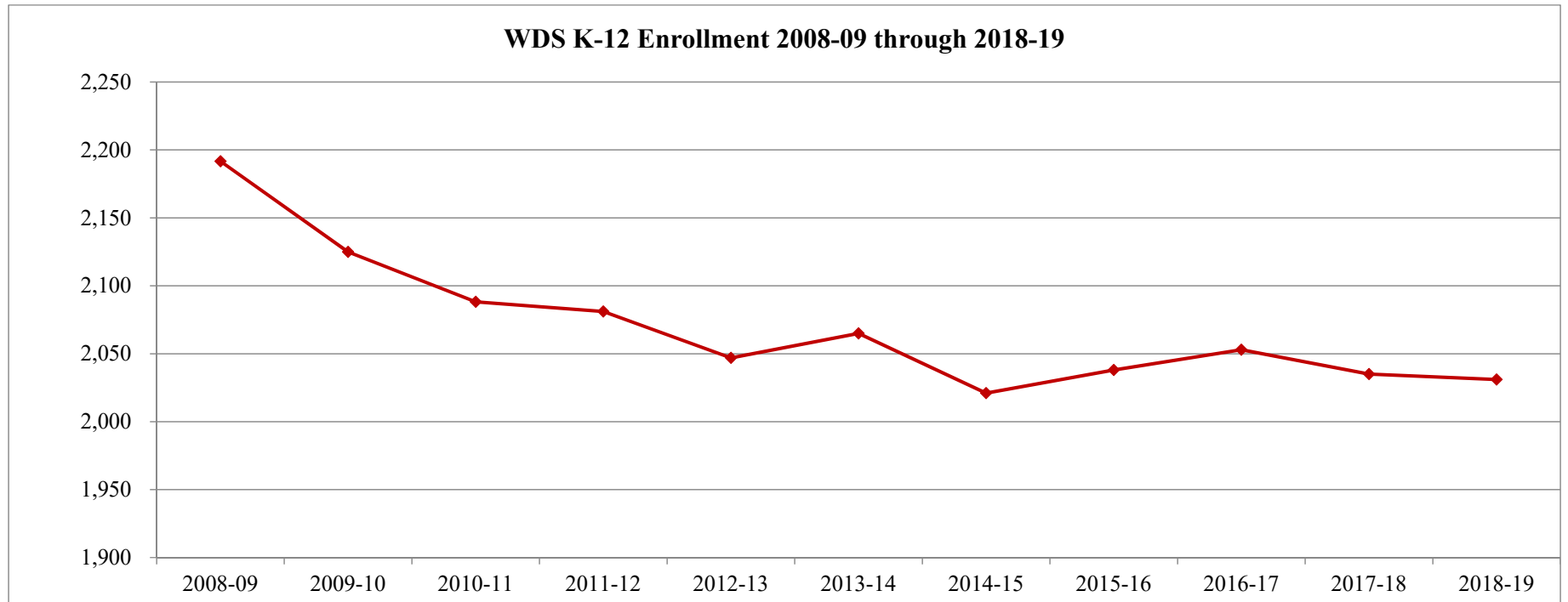
<b><u>General Fund Revenue and Other Financing Sources</u></b>				
<b>Revenues</b>	<b><u>2018-19</u></b>	<b><u>Percent</u></b>	<b><u>2017-18</u></b>	<b><u>Percent</u></b>
State revenue	\$ 17,659,480	77.53%	\$ 17,558,426	78.29%
Federal revenue	907,333	3.98%	929,456	4.14%
Local sources	3,446,622	15.13%	3,224,938	14.38%
Local from other districts	725,429	3.19%	657,095	2.93%
Transfers and other	37,348	0.17%	57,251	0.26%
Total revenues	\$22,776,212	100.00%	\$22,427,166	100.00%

<b><u>General Fund Expenditures by Function</u></b>				
<b>Expenditures</b>	<b><u>2018-19</u></b>	<b><u>Percent</u></b>	<b><u>2017-18</u></b>	<b><u>Percent</u></b>
Instruction and support	\$16,577,901	73.70%	\$16,551,292	75.12%
Business and administration	2,525,061	11.23%	2,462,086	11.17%
Maintenance and operations	1,522,831	6.77%	1,508,423	6.85%
Transportation	1,119,001	4.98%	844,425	3.83%
Athletics	512,561	2.28%	506,997	2.30%
Community services	498	0.00%	-	0.00%
Transfers and other	233,326	1.04%	161,056	0.73%
Total expenditures	\$22,491,179	100.00%	\$22,034,279	100.00%

As the chart above indicates, 73.70% of the District's resources are spent on instruction and instructional support services. This indicates the District's priority of spending resources in the classroom and in ways that directly benefit students. It is noted that the District spends approximately 6.77% of its budget on maintenance and operations and 4.98% of its budget on transportation of its students.

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2019

The District's pupil enrollment for state aid funding purposes decreased by 4 full-time equivalent students in 2018-19. The chart below depicts the enrollment changes experienced by the District over the past eleven years. For the time period presented, the peak K-12 enrollment for the District was 2,192 students in 2008-09.





Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2019

**White Lake Area Community Education Budgetary Highlights**

The State of Michigan's Uniform Budget Act requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to July 1, the start of the fiscal year. This requirement applies not only to the general fund but to other governmental funds, including special revenue funds. White Lake Area Community Education (WLACE) is a five-district consortium for which Whitehall District Schools serves as the fiscal agent. WLACE provides early childhood, community enrichment, alternative and adult education, and other community service programs to the five member districts – Whitehall District Schools, Montague Area Public Schools, Reeths-Puffer Schools, Holton Public Schools, and North Muskegon Public Schools.

**2018-19 Community Education Fund**

	<u>Initial Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>Revenues</b>			
Local revenue	\$ 710,127	\$ 750,000	\$ 736,089
State revenue	2,125,942	1,867,743	1,891,856
Federal revenue	849,810	880,395	898,154
Transfers and other	-	95,992	85,000
Total revenues	3,685,879	3,594,130	3,611,099
Variance of actual from budget	(74,780) -2.0%	16,969 0.5%	
<b>Expenditures</b>			
Instruction	1,676,068	1,594,270	1,600,656
Support services	477,941	482,216	456,152
Community enrichment	85,331	103,896	94,407
Early childhood	1,428,272	1,478,419	1,493,667
Transfers and other	39,023	21,998	-
Total expenditures	3,706,635	3,680,799	3,644,882
Variance of actual from budget	(61,753) -1.7%	(35,917) -1.0%	
<b>Change in Fund balance</b>	(20,756)	(86,669)	(33,783)

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2019

The significant budget variances are attributed to the following items:

Revenue Variances

- The consortium had fewer state funded preschool students and classrooms.
- An incoming transfer was budgeted and made to cover the end of grant period accrual of compensation for the state preschool program.

Expenditure Variances

- The lower funding of preschool is reflected in the Instruction variances.

Summary

- The ending fund balance for WLACE is \$130,380 or 3.58% of 2018-19 expenditures.

**Currently Known Facts and Conditions Affecting the 2019-20 School Year**

The adopted general fund budget for the 2019-20 fiscal year projects a surplus of approximately \$33,000. This budget will be amended in the winter of 2019-20 to reflect updated factors such as foundation grant information, actual student counts, and final staffing levels. A state budget funding public schools had not been finalized by the state prior to June 30, 2019 when a new district budget was required to be in place. Therefore, estimates were used based on various legislative and executive proposals.

The main assumptions in this budget are:

- The District has budgeted for the per pupil foundation grant to be \$8,071, an increase of \$200. Enrollment is projected to decline slightly.
- MPSERS has several rates for the various retirement plans and options. The rate for the most common plan is expected to be higher than 2018-19. The State has begun to write down the unfunded liability of the retirement system with funding under Section 147 of the State Aid Act. Revenue and expense include equal amounts for this retirement funding.
- The White Lake Area Community Education budget projects a deficit of \$21,000. Much of the budget is grant based and expenses are adjusted to meet funding levels.

**Employee Contracts (MEA affiliates)**

A successor contract for certified staff (teachers and professional instructional support) was ratified in August 2013, and expires August 31, 2027 with periodic re-opener clauses for wages and/or benefits. The most recent re-opener was ratified in June 2018. The current contract with the transportation employees group was ratified in July 2017 and expires June 2020.

**Requests for Information**

This financial report is designed to provide the citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances, and to show how the District is accountable for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to Jerry McDowell, Superintendent, Whitehall District Schools, 541 E. Slocum, Whitehall, MI 49461, telephone number (231) 893-1005.

Whitehall District Schools  
**STATEMENT OF NET POSITION**  
June 30, 2019

	<b>Governmental activities</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 6,944,886
Investments	1,529,870
Receivables	16,806
Due from other governmental units	3,878,295
Inventories	19,680
Prepaid items	3,055
Total current assets	12,392,592
Noncurrent assets	
Capital assets, net	
Nondepreciable	5,365,310
Depreciable	37,058,155
Total noncurrent assets	42,423,465
Total assets	54,816,057
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges on refunding	135,123
Related to other postemployment benefits	2,344,270
Related to pensions	15,881,149
Total deferred outflows of resources	18,360,542
Total assets and deferred outflows of resources	73,176,599
<b>LIABILITIES</b>	
Current liabilities	
State aid loan	2,000,000
Accounts payable and accrued liabilities	3,383,300
Due to other governmental units	366,865
Unearned revenue	50,948
Bonds and other obligations, due within one year	2,377,100
Total current liabilities	8,178,213
Noncurrent liabilities	
Bonds and other obligations, less amounts due within one year	35,087,526
Net other postemployment benefits liability	12,118,923
Net pension liability	45,639,307
Total noncurrent liabilities	92,845,756
Total liabilities	101,023,969
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to other postemployment benefits	2,724,028
Related to pensions	5,176,776
Total deferred inflows of resources	7,900,804
Total liabilities and deferred inflows of resources	108,924,773
<b>NET POSITION</b>	
Net investment in capital assets	8,173,581
Restricted	
Debt service	1,406,475
Technology	111,213
Unrestricted	(45,439,443)
Total net position	\$ (35,748,174)

The accompanying notes are an integral part of this statement.

Whitehall District Schools  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2019

<i>Functions/Programs</i>	Program Revenue			<b>Net (Expense) Revenue and Changes in Net Position</b>
	<b>Expenses</b>	<b>Charges for services</b>	<b>Operating grants and contributions</b>	<b>Governmental activities</b>
Governmental activities				
Instruction	\$ 14,999,769	\$ -	\$ 5,367,252	\$ (9,632,517)
Support services	11,993,674	29,314	2,487,442	(9,476,918)
Community services	1,853,625	610,827	1,105,218	(137,580)
Food services	1,016,860	241,983	694,846	(80,031)
Athletics	539,502	74,615	-	(464,887)
Interest on long-term debt	1,568,938	-	477,114	(1,091,824)
Unallocated depreciation and amortization	4,383	-	-	(4,383)
Total governmental activities	<b>\$ 31,976,751</b>	<b>\$ 956,739</b>	<b>\$ 10,131,872</b>	(20,888,140)
General revenues				
Property taxes				6,553,725
Grants and contributions not restricted to specific programs				13,727,782
Investment earnings				174,433
Miscellaneous				165,562
Total general revenues				20,621,502
Change in net position				(266,638)
Net position at beginning of year				(35,481,536)
Net position at end of year				<b>\$ (35,748,174)</b>

The accompanying notes are an integral part of this statement.

Whitehall District Schools  
**BALANCE SHEET**  
 Governmental Funds  
 June 30, 2019

	General Fund	Community Education Fund	Debt Service Fund	2017 School Building and Site Fund	Other governmental funds	Total governmental funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,160,696	\$ 27,427	\$ 157,572	\$ 2,245,462	\$ 353,729	\$ 6,944,886
Investments	-	-	1,430,000	99,870	-	1,529,870
Receivables	4,423	683	6,111	350	5,239	16,806
Due from other governmental units	3,357,235	513,981	-	-	7,079	3,878,295
Due from other funds	162,562	-	-	-	529	163,091
Inventories	-	-	-	-	19,680	19,680
Prepaid items	3,055	-	-	-	-	3,055
Total assets	<b>\$ 7,687,971</b>	<b>\$ 542,091</b>	<b>\$ 1,593,683</b>	<b>\$ 2,345,682</b>	<b>\$ 386,256</b>	<b>\$ 12,555,683</b>
<b>LIABILITIES</b>						
State aid loan	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
Accounts payable	113,790	8,411	-	632,904	10,848	765,953
Accrued liabilities	2,164,605	245,791	-	-	19,751	2,430,147
Due to other governmental units	351,357	15,508	-	-	-	366,865
Due to other funds	529	132,817	8	790	28,947	163,091
Unearned revenue	32,540	9,184	-	-	9,224	50,948
Total liabilities	4,662,821	411,711	8	633,694	68,770	5,777,004
<b>FUND BALANCES</b>						
Nonspendable						
Inventories	-	-	-	-	19,680	19,680
Prepaid items	3,055	-	-	-	-	3,055
Restricted						
Debt service	-	-	1,593,675	-	-	1,593,675
Capital projects	-	-	-	1,711,988	28,530	1,740,518
Food services	-	-	-	-	158,063	158,063
Technology	-	-	-	-	111,213	111,213
Community education	-	130,380	-	-	-	130,380
Unassigned	3,022,095	-	-	-	-	3,022,095
Total fund balances	3,025,150	130,380	1,593,675	1,711,988	317,486	6,778,679
Total liabilities and fund balances	<b>\$ 7,687,971</b>	<b>\$ 542,091</b>	<b>\$ 1,593,683</b>	<b>\$ 2,345,682</b>	<b>\$ 386,256</b>	<b>\$ 12,555,683</b>

The accompanying notes are an integral part of this statement.

Whitehall District Schools  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
 TO THE STATEMENT OF NET POSITION**  
 June 30, 2019

Total fund balances—governmental funds		\$ 6,778,679
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and are not reported in the governmental funds.		
Cost of capital assets	\$ 62,398,538	
Accumulated depreciation	<u>(19,975,073)</u>	42,423,465
Deferred charges on refunding are not capitalized and amortized in the governmental funds.		
Deferred charges on refunding	286,219	
Accumulated amortization	<u>(151,096)</u>	135,123
Deferred inflows and outflows of resources related to pensions and other postemployment benefits are not reported in the governmental funds.		
Deferred outflows of resources - related to other postemployment benefits	2,344,270	
Deferred inflows of resources - related to other postemployment benefits	(2,724,028)	
Deferred outflows of resources - related to pensions	15,881,149	
Deferred inflows of resources - related to pensions	<u>(5,176,776)</u>	10,324,615
Accrued interest in governmental activities is not reported in the governmental funds.		
		(187,200)
Long-term obligations in governmental activities are not due and payable in the current period and are not reported in the governmental funds.		
		<u>(95,222,856)</u>
Net position of governmental activities		<u><u>\$ (35,748,174)</u></u>

The accompanying notes are an integral part of this statement.

Whitehall District Schools  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
 Governmental Funds  
 For the year ended June 30, 2019

	<u>General Fund</u>	<u>Community Education Fund</u>	<u>Debt Service Fund</u>	<u>2017 School Building and Site Fund</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
<b>REVENUES</b>						
Local sources						
Property taxes	\$ 3,170,958	\$ -	\$ 3,382,767	\$ -	\$ -	\$ 6,553,725
Investment earnings	42,018	1,155	33,379	93,519	4,362	174,433
Fees and charges	103,929	610,827	-	-	241,983	956,739
Other	855,146	124,107	-	-	419,169	1,398,422
Total local sources	4,172,051	736,089	3,416,146	93,519	665,514	9,083,319
State sources	17,659,480	1,891,856	217,601	-	62,405	19,831,342
Federal sources	907,333	898,154	477,114	-	632,441	2,915,042
Total revenues	22,738,864	3,526,099	4,110,861	93,519	1,360,360	31,829,703
<b>EXPENDITURES</b>						
Current						
Instruction	14,088,890	1,600,656	-	-	236,430	15,925,976
Support services	8,168,465	456,152	-	-	146,142	8,770,759
Community services	498	1,588,074	-	-	-	1,588,572
Food services	-	-	-	-	1,020,178	1,020,178
Debt service						
Principal	-	-	2,265,000	-	-	2,265,000
Interest and other charges	-	-	1,794,393	-	-	1,794,393
Capital projects	147,395	-	-	6,572,793	363	6,720,551
Total expenditures	22,405,248	3,644,882	4,059,393	6,572,793	1,403,113	38,085,429
Excess (deficiency) of revenues over (under) expenditures	333,616	(118,783)	51,468	(6,479,274)	(42,753)	(6,255,726)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	37,348	85,000	-	-	931	123,279
Transfers out	(85,931)	-	-	-	(37,348)	(123,279)
Total other financing sources (uses)	(48,583)	85,000	-	-	(36,417)	-
Net change in fund balances	285,033	(33,783)	51,468	(6,479,274)	(79,170)	(6,255,726)
Fund balances at beginning of year	2,740,117	164,163	1,542,207	8,191,262	396,656	13,034,405
Fund balances at end of year	<b>\$ 3,025,150</b>	<b>\$ 130,380</b>	<b>\$ 1,593,675</b>	<b>\$ 1,711,988</b>	<b>\$ 317,486</b>	<b>\$ 6,778,679</b>

The accompanying notes are an integral part of this statement.

Whitehall District Schools  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2019

Net change in fund balances—total governmental funds \$ (6,255,726)

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

Governmental funds report outlays for capital assets as expenditures; in the Statement of Activities these costs are depreciated over their estimated useful lives.

Depreciation expense	\$ (1,459,517)	
Capital outlay	<u>6,710,627</u>	5,251,110

Governmental funds report outlays for deferred charges on refunding as expenditures; in the Statement of Activities these costs are amortized over the bond period. (29,482)

Repayment of principal on long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. 2,503,637

Interest expense on long-term obligations is recorded in the Statement of Activities when incurred, but is not reported in governmental funds until paid. 16,300

Compensated absences and retirement obligations reported in the Statement of Activities do not require the use of current financial resources. They are reported as expenditures when financial resources are used in the governmental funds. 2,472

Some other postemployment benefit related 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. 417,636

Some pension related 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. (2,172,585)

Change in net position of governmental activities \$ (266,638)

The accompanying notes are an integral part of this statement.



Whitehall District Schools  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
Fiduciary Funds  
June 30, 2019

	<u>Agency funds</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 319,660
Receivables	<u>48</u>
	<b><u>\$ 319,708</u></b>
 <b>LIABILITIES</b>	
Accounts payable	\$ 8,055
Deposits held for others	<u>311,653</u>
	<b><u>\$ 319,708</u></b>

The accompanying notes are an integral part of this statement.

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Whitehall District Schools (School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

**Reporting Entity**

The School District is governed by an elected seven-member Board of Education (Board), which has responsibility and control over all activities related to public school education within the School District. The School District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities.

Generally accepted accounting principles require that if the School District is considered to be financially accountable for other organizations, those organizations should be included as component units in the School District's financial statements. Since no organizations met this criterion, none are included in the financial statements.

**Basis of Presentation—Government-wide and Fund 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 School District. All fiduciary activities are reported only in the fund financial statements. Governmental activities normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions.

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from 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.

The fund financial statements provide information about the School 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 School District reports the following major governmental funds:

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

The Community Education Fund accounts for community education, early childhood, adult and alternative education, and employment development programs.

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Basis of Presentation—Government-wide and Fund Financial Statements—Continued**

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

The 2017 School Building and Site Fund accounts for the use of the proceeds from the 2017 School Building and Site Bond. The bond was approved for issuance in November 2016 and may be used for the remodeling, equipping and furnishing of school buildings and athletic facilities and the purchase of new technology and school buses.

Additionally, the School District reports the following fund types:

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 School District accounts for its food service and technology activities in the school service special revenue funds.

The capital projects fund accounts for the financial resources to be used for the acquisition of fixed assets or construction of major capital projects.

The agency fund is custodial in nature and used to account for assets held by the School District as an agent for another organization or individual.

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

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Measurement Focus and Basis of Accounting—Continued**

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are 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, retirement obligations and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

The state portion of the foundation is provided primarily by a state education property tax millage of 7 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. 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 due from other governmental units.

The School 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 considered to be measurable and available only when cash is received by the government.

The agency fund has no measurement focus, but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

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

***Cash and Investments***

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

Investments for the School District are reported at fair value (generally based on quoted market prices). Standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the School District intends to hold the investment until maturity.

State statutes authorize the School District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in 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. The School District is also authorized to invest in U. S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above. The School District's deposits and investments are in accordance with statutory authority.

***Inventories and Prepaid Items***

All inventories are valued at cost using the first-in/first-out method. 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 government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

***Capital Assets***

Capital assets, which include property, plant, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

As the School District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

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

<u>Capital Asset Classes</u>	<u>Years</u>
Buildings and improvements	10-50
Furniture and equipment	5-20
Buses and other vehicles	8-10

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

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

***Long-term Obligations***

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses 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.

***Defined Benefit Plan***

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

***Deferred Outflows/Inflows of Resources***

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditures) until that time.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

***Net Position Flow Assumption***

Sometimes the government 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 of net position to report as restricted and unrestricted 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 School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

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

***Fund Balance Flow Assumptions***

Sometimes the School 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 School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***Fund Balance Policies***

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government 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 School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by formal action prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by formal action remains in place until a similar action is taken (another formal action) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the School 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.

**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 or capital 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 School District are collected by various municipalities and periodically remitted to the School District. The taxes are levied 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.

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Revenues and Expenditures/Expenses—Continued**

***Compensated Absences***

The liability for compensated absences reported in the government-wide statement consists of unpaid, accumulated annual and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

For fund financial statements, no compensated absence liability is reported for current employees and a compensated absence liability is reported for terminated employees only when the termination date is on or before year end.

***Retirement Obligations***

For government-wide financial statements, the liability for retirement obligations is reported when legally enforceable. For fund financial statements, the liability for retirement obligations is reported either 1) on the due date when there is a specified due date or 2) on the retirement date if it is before year end, when there is not a specified legally enforceable due date.

**NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the General Fund, Community Education Fund, and special revenue funds. All annual appropriations lapse at year end.

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

1. 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.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by Board of Education resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). 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 and Community Education Fund, are noted in the required supplementary information section.
4. The Director of Finance is authorized to transfer budgeted amounts within 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 Board of Education.
5. Formal budgetary integration is employed as a management control device during the year.
6. The budget is amended during the year with supplemental appropriations, the last one approved prior to June 30, 2019.



Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2019

**NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY—Continued**

**School Bond Construction Compliance**

The 2017 School Building and Site Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351(a) of the State of Michigan’s School Code.

Following is a summary of the revenue and expenditures in the capital project fund from the inception of the funds through June 30, 2019:

	<b>2017 School Building and Site Fund</b>
Revenue and bond proceeds	\$ 13,176,222
Expenditures	11,464,233

**NOTE C—DEPOSITS AND INVESTMENTS**

As of June 30, 2019, the School District had the following investments:

<b>Investment Type</b>	<b>Fair value</b>	<b>Weighted average maturity (Days)</b>	<b>Standard &amp; Poor's rating</b>	<b>Percent</b>
U.S. government bonds				
Federal Home Loan Bank Bond	<b>\$ 99,870</b>	36	AAA	<b>100%</b>

**Risks and Uncertainties**

The School District has accounts that invest in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term that such changes could materially affect account balances, and the amounts reported in the financial statements.

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE C—DEPOSITS AND INVESTMENTS—Continued**

**Interest rate risk**

The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit risk**

State law limits investments in commercial paper and corporate bonds to the three highest classifications issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices.

**Concentration of credit risk**

The School District does not have a concentration of credit risk policy. Concentration of credit risk is the risk of loss attributed to the magnitude of the School District 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.

**Custodial credit risk - deposits**

In the case of deposits, this is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. As of June 30, 2019, \$6,817,742 of the School District's bank balance of \$7,317,742 was exposed to custodial credit risk because it was uninsured and uncollateralized.

**Custodial credit risk - investments**

The School District does not have a custodial credit risk policy for investments. This is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**Foreign currency risk**

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

**NOTE D—FAIR VALUE MEASUREMENTS**

The framework for measuring fair value 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) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the School District has the ability to access.

Level 2 Inputs to the valuation methodology include the following:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2019

**NOTE D—FAIR VALUE MEASUREMENTS—Continued**

The asset’s 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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019.

*U.S. Government bonds:* Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the School District believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the School District’s assets at fair value on a recurring basis as of June 30, 2019:

<b>Assets at Fair Value as of</b>		
<b>June 30, 2019</b>		
	<u>Level 1</u>	<u>Total</u>
U.S. Government bonds	<u>\$ 99,870</u>	<u>\$ 99,870</u>

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE E—CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

	<b>Balance July 1, 2018</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2019</b>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 762,882	\$ -	\$ -	\$ 762,882
Construction in progress	1,031,954	4,437,682	867,208	4,602,428
Total capital assets, not being depreciated	1,794,836	4,437,682	867,208	5,365,310
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	49,740,514	2,788,084	-	52,528,598
Furniture and equipment	2,743,110	91,510	13,536	2,821,084
Buses and other vehicles	2,067,975	260,559	644,988	1,683,546
Total capital assets, being depreciated	54,551,599	3,140,153	658,524	57,033,228
<b>Less accumulated depreciation:</b>				
Buildings and improvements	15,473,613	1,214,591	-	16,688,204
Furniture and equipment	2,106,726	130,522	13,536	2,223,712
Buses and other vehicles	1,593,741	114,404	644,988	1,063,157
Total accumulated depreciation	19,174,080	1,459,517	658,524	19,975,073
Total capital assets, being depreciated, net	35,377,519	1,680,636	-	37,058,155
Capital assets, net	<b>\$ 37,172,355</b>	<b>\$ 6,118,318</b>	<b>\$ 867,208</b>	<b>\$ 42,423,465</b>

**Depreciation**

Depreciation expense has been charged to functions as follows:

Instruction	\$ 864,034
Support services	542,833
Community services	37,124
Athletics	7,442
Food services	3,701
Unallocated	4,383
	<b>\$ 1,459,517</b>

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2019

**NOTE F—INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The composition of interfund balances as of June 30, 2019 is as follows:

**Due to/from other funds:**

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Community Education Fund	\$ 132,817
General Fund	Debt Service Fund	8
General Fund	2017 School Building and Site Fund	790
General Fund	Other governmental funds	28,947
Other governmental funds	General Fund	529
		<u>\$ 163,091</u>

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

**Interfund Transfers**

The General Fund transferred \$85,000 to Community Education Fund to cover the first time recognition of accrued compensation at September 30, 2019 in one of the preschool programs. The General Fund transferred \$931 to the Food Service Fund as required by the State’s At-Risk funding rules for the breakfast program. The Food Service Fund transferred \$37,348 to the General Fund to cover allowable indirect costs.

**NOTE G—SHORT-TERM DEBT**

The School District issues State of Michigan school aid anticipation notes to provide short-term operating funds. The notes are obligations of the General Fund, which received the note proceeds, and are backed by the full faith, credit and resources of the School District. In the event of default, the government could withhold future state aid payments. The short-term debt activity for the year ended June 30, 2019 follows:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2019</u>
State aid anticipation note				
2017/2018 1.5% due August 2018	\$ 2,500,000	\$ -	\$ 2,500,000	\$ -
2018/2019 1.9% due August 2019	-	2,000,000	-	2,000,000
	<u>\$ 2,500,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,500,000</u>	<u>\$ 2,000,000</u>

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE H—LONG-TERM OBLIGATIONS**

The School District issues bonds, notes and other contractual commitments to provide for the acquisition, construction and improvement of major capital facilities and for the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District.

The following is a summary of long-term obligations activity for the School District for the year ended June 30, 2019:

	<u>Balance</u> <u>July 1, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2019</u>	<u>Due within</u> <u>one year</u>
<b>Governmental activities</b>					
Bonds	\$ 36,940,000	\$ -	\$ 2,265,000	\$ 34,675,000	\$ 2,325,000
Premium	2,371,455	-	245,951	2,125,504	-
Discount	(77,129)	-	(7,314)	(69,815)	-
Compensated absences	232,637	23,487	20,001	236,123	22,100
Retirement obligations	503,772	37,606	43,564	497,814	78,000
	<u>\$ 39,970,735</u>	<u>\$ 61,093</u>	<u>\$ 2,567,202</u>	<u>\$ 37,464,626</u>	<u>\$ 2,425,100</u>

The governmental activities refunding bonds are secured by future state aid and property tax revenues of the School District. If the School District defaults, the bonds are callable.

General obligation bonds consist of the following:

	<u>Interest</u> <u>Rate</u>	<u>Date of</u> <u>Maturity</u>	<u>Balance</u>
<b>Governmental activities</b>			
General obligation bonds			
2010 School Building and Site General Obligation Bond Series A	5.4-6.5%	May 2029	\$ 8,700,000
2010 School Building and Site General Obligation Bond Series B	5%	May 2035	360,000
2011 Refunding General Obligation Bond	4-4.125%	May 2027	5,985,000
2015 Refunding General Obligation Bond	4%	May 2024	8,065,000
2017 School Building and Site General Obligation Bond	3-5%	May 2035	11,565,000
			<u>\$ 34,675,000</u>

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE H—LONG-TERM OBLIGATIONS—Continued**

The annual requirements of principal and interest to amortize the bonds and retirement obligations outstanding as of June 30, 2019 follow:

Year ending June 30,	Governmental Activities			
	Bonds		Other	
	Principal	Interest	Principal	Interest
2020	\$ 2,325,000	\$ 1,692,213	\$ 78,000	\$ -
2021	2,400,000	1,590,113	35,000	-
2022	2,495,000	1,479,113	35,000	-
2023	2,575,000	1,363,038	35,000	-
2024	2,660,000	1,243,238	35,000	-
2025-2029	13,185,000	4,234,160	175,000	-
2030-2034	7,425,000	1,541,250	104,814	-
2035	1,610,000	80,500	-	-
	<b>\$ 34,675,000</b>	<b>\$ 13,223,625</b>	<b>\$ 497,814</b>	<b>\$ -</b>

**Prior-year Defeasance of Debt**

In prior years, the School District defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the School District’s financial statements. On June 30, 2019, \$9.165 million of bonds outstanding are considered defeased.

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**Plan Description**

The Michigan Public School Employees’ Retirement System (System or MPSERS) 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.

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 the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees’ Retirement Act (1980 PA 300 as amended).

**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. Depending on the plan option selected (Basic, Member Investment Plan (MIP), Pension Plus, Pension Plus 2), member retirement benefits for DB plan members are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. 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.

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

**Benefits Provided – Pension—Continued**

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirement.

***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 who became a member 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 percent of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50 percent (up to 1 percent 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 service 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.

Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a DC plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus 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 plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

Employees in the Pension Plus and DC plans are immediately vested in their own contributions and earnings on those contributions. The employee becomes vested in the employer match contribution at the following rates: 50 percent after two years of service, 75 percent after three years of service, and 100 percent after four years of service. Non-vested contributions are forfeited upon termination of employment. Forfeitures during a plan year are credited to a forfeitures account. Forfeitures are first applied to restore any forfeited amounts that are required to be restored. The remaining amounts in the forfeitures account may be maintained in reserve, used to cover a portion of the plan's administrative expenses or offset future employer contributions, as determined by the plan administrator.



Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

***Pension Reform 2017***

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closes the current hybrid plan (Pension Plus) to newly hired employees as of February 1, 2018 and creates a new optional revised hybrid plan (Pension Plus 2) 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 new hybrid plan is 6 percent. Further, the law provides that, under certain conditions, the new hybrid plan would close to new employees if the actuarial funded ratio falls below 85 percent for two consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods

***Regular Retirement***

The pension benefit for DB and Pension Plus plan members is based on a member's years of credited service (employment) and final average compensation (FAC). The FAC is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same time period. For a Member Investment Plan member, who became a member of MPERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member, who became a member of MPERS after June 30, 2010, the averaging period is 60 consecutive months. For a Basic Plan member, this period is the 60 consecutive months yielding the highest total wages. 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.

***Post-Retirement Adjustments***

A retiree who became a Member Investment Plan member prior to July 1, 2010, receives an annual post-retirement non-compounded increase of three percent of the initial pension in the October following twelve months of retirement. Basic Plan members do not receive an annual post-retirement increase, but are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions. Pension Plus members do not receive an annual post-retirement increase.

***Plan Status***

The Basic, MIP, and Pension Plus plans are closed to new entrants. The Pension Plus 2 plan and the DC plan are still open to new entrants.

***Benefits Provided – 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 healthcare 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 percent beginning January 1, 2013; 90 percent for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2019

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

**Benefits Provided – OPEB – Continued**

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 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 percent contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3 percent 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 percent employee contribution into their 457 account as of their transition date, earning them a 2 percent employer match into a 401(k) account. Members who selected this option stop paying the 3 percent contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

**Contributions – Pension and OPEB**

School Districts are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. 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 portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2017 valuation will be amortized over a 21-year period for the 2018 fiscal year.

The schedules below summarize the contribution rates in effect for the System’s fiscal year ended September 30, 2018.

**Pension Contribution Rates**

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0 %	17.89 %
Member Investment Plan	3.0 - 7.0	17.89
Pension Plus Plan	3.0 - 6.4	16.61
Pension Plus 2 Plan	3.0 - 6.4	19.74
Defined Contribution	0.0	13.54

**OPEB Contribution Rates**

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Premium Subsidy	3.0 %	6.44 %
Personal Healthcare Fund	0.0	6.13

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

**Contributions – Pension and OPEB—Continued**

The School District's pension contributions for the year ended June 30, 2019 were equal to the required contribution total. Pension contributions were approximately \$4,076,000, including Section 147c contributions.

For the year ended June 30, 2019, the School District and employee defined contribution plan contributions were approximately \$143,000 and \$216,000, respectively.

The School District's OPEB contributions for the year ended June 30, 2019 were equal to the required contribution total. OPEB contributions were approximately \$1,075,000.

**Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2019, the School District reported a liability of \$45,639,307 for its proportionate share of the net pension liability and a liability of \$12,118,923 for its proportionate share of the net OPEB liability.

The net pension and OPEB liabilities were measured as of September 30, 2018, and the total pension and OPEB liabilities used to calculate the net pension and OPEB liabilities were determined by an actuarial valuation rolled forward from September 30, 2017. The School District's proportion of the net pension and OPEB liabilities was determined by dividing each employer's statutorily required pension and OPEB contributions to the system during the measurement period by the percent of pension and OPEB contributions, respectively, required for all applicable employers during the measurement period. At September 30, 2018 and 2017, the School District's pension proportion was 0.15182 and 0.15112 percent, respectively. At September 30, 2018 and 2017, the School District's OPEB proportion was 0.15246 and 0.15121 percent, respectively.

For the year ended June 30, 2019, the School District recognized pension expense of \$6,347,058 and OPEB expense of \$611,894.

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

**Contributions – Pension and OPEB—Continued**

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	<u>Pension</u>		<u>OPEB</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 211,775	\$ 331,653	\$ -	\$ 2,255,643
Changes of assumptions	10,570,026	-	1,283,400	-
Net difference between projected and actual earnings on plan investments	-	3,120,568	-	465,759
Changes in proportion and differences between School District contributions and proportionate share of contributions	1,272,819	37,432	95,636	2,626
State of Michigan Section 147c UAAL rate stabilization state aid payments subsequent to the measurement date	-	1,687,123	-	-
School District contributions subsequent to the measurement date	3,826,529	-	965,234	-
<b>Total</b>	<b>\$ 15,881,149</b>	<b>\$ 5,176,776</b>	<b>\$ 2,344,270</b>	<b>\$ 2,724,028</b>

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2019

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

**Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources—Continued**

The School District contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions and OPEB, in the chart above, will be recognized as a reduction of the net pension liability and the net OPEB liability, respectively, in the year ended June 30, 2020. The State of Michigan Section 147c UAAL rate stabilization state aid payments subsequent to the measurement date reported as deferred inflows of resources will be recognized as revenue in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be recognized in expense as follows:

Year ending June 30,	Pension	OPEB
2020	\$ 3,595,106	\$ (334,809)
2021	2,661,330	(334,809)
2022	1,674,041	(334,809)
2023	634,490	(239,983)
2024	-	(100,582)

**Actuarial assumptions**

**Valuation Assumptions**

Investment rate of return –	7.05% a year for the MIP and Basic plans 7% a year for the Pension Plus plan 6% a year for the Pension Plus 2 plan 7.15% a year for OPEB
Salary increases –	2.75%-11.55%
Inflation –	2.75%
Cost-of-living pension adjustments –	3% annual non-compounded for MIP members
Healthcare cost trend rate –	7.5% Year 1 graded to 3% Year 12

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**Mortality Assumptions**

The healthy life post-retirement mortality tables used in this valuation of the System were the RP-2014 Male and Female Healthy Annuitant Mortality Tables, adjusted for mortality improvements using projection scale MP-2017 from 2006.

**Experience Study**

The annual actuarial valuation report of the System used for these statements is dated September 30, 2017. Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation.

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2019

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

***Long-Term Expected Rate of Return on Investments***

The long-term expected rate of return on plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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.

The target allocation 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	28.0 %	5.7 %
Private Equity Pools	18.0	9.2
International Equity Pools	16.0	7.2
Fixed Income Pools	10.5	0.5
Real Estate and Infrastructure Pools	10.0	3.9
Absolute Return Pools	15.5	5.2
Short Term Investment Pools	2.0	-
<b>Total</b>	<b><u>100.0</u> %</b>	

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

***Discount rate***

In the current year, the discount rates used to measure the total pension and OPEB liabilities were 7.05 percent (7 percent for the Pension Plus Plan and 6 percent for the Pension Plus 2 plan), and 7.15 percent, respectively. The discount rates used to measure the total pension and OPEB liability as of June 30, 2018 were 7.5 percent (7 percent for the Pension Plus plans). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension and OPEB plans' 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 and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2019

**NOTE I—PENSION AND OTHER POSTEMPLOYMENT BENEFITS (OPEB)—Continued**

**Sensitivity of the net pension liability to changes in the discount rate**

The following presents the School District’s proportionate share of the net pension liability calculated using the discount rate of 7.05 percent (7 percent for Pension Plus plan and 6 percent for the Pension Plus 2 plan), as well as what the School District’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:

<b>1 % Lower</b> <b>(6.05% / 6% / 5%)</b>	<b>Discount Rate</b> <b>(7.05% / 7% / 6%)</b>	<b>1 % Higher</b> <b>(8.05% / 8% / 7%)</b>
\$ 59,920,885	\$ 45,639,307	\$ 33,773,637

**Sensitivity of the net OPEB liability to changes in the discount rate**

The following presents the School District’s proportionate share of the net OPEB liability calculated using the discount rate of 7.15 percent, as well as what the School District’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

<b>1 % Lower</b> <b>(6.15%)</b>	<b>Discount Rate</b> <b>(7.15%)</b>	<b>1 % Higher</b> <b>(8.15%)</b>
\$ 14,548,520	\$ 12,118,923	\$ 10,075,334

**Sensitivity of the net OPEB liability to changes in the healthcare cost trend rate**

The following presents the School District’s proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the School District’s proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

<b>1% Lower</b>	<b>Current Healthcare Cost Trend Rate</b>	<b>1% Higher</b>
\$ 9,967,680	\$ 12,118,923	\$ 14,586,837

**Pension and OPEB Plans Fiduciary Net Position**

Detailed information about the pension and OPEB plans’ fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System Comprehensive Annual Financial Report available at [www.michigan.gov/orsschools](http://www.michigan.gov/orsschools).

**Payable to the pension and OPEB plan**

At year end, the School District is current on all required pension and OPEB payments. Accruals for July and August deferred payroll and for July and August Section 147c amounts are not considered payables for this purpose.

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE J—COMMITMENTS AND CONTINGENCIES**

**Grant Programs**

The School District participates in grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

**Litigation**

The School District is a defendant in a lawsuit. Although the outcome of the lawsuit is not presently determinable, in the opinion of the School District's legal counsel, the resolution of the matter will not have material adverse effect on the financial condition of the School District.

**Commitments**

As of June 30, 2019, the School District had approved commitments for construction and improvements of approximately \$2,070,000 and technology and equipment purchases of approximately \$99,000.

**NOTE K—OTHER INFORMATION**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The School District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The School District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The School District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2019 or any of the prior three years.

**NOTE L—TAX ABATEMENTS**

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax (IFT) exemptions, Brownfield Redevelopment Agreements (BRA), 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 fund types by municipality under these programs are as follows:



Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2019

**NOTE L—TAX ABATEMENTS—Continued**

<b>Municipality</b>	<b>Abatement type</b>	<b>Taxes abated</b>
City of Whitehall	IFT	\$ 93,878
Whitehall Township	IFT	2,255
City of Whitehall	BRA	22,694
		<b>\$ 118,827</b>

The tax abatements that reduce the general fund operating tax levy are considered by the State of Michigan when calculating the School District’s state aid—section 22 of the State School Aid Act.

There are no significant abatements made by the School District.

**NOTE M—SUBSEQUENT EVENTS**

**State Aid Anticipation Note**

In August 2019, the School District received the proceeds of a \$1,900,000 State of Michigan (State) school aid anticipation note payable. The note payable is not subject to redemption prior to its maturity in August 2020 and bears interest at the rate of 1.9 percent per annum. The School District pledged for payment of the note payable, the amount of State school aid to be received plus the full faith, credit, and resources of the School District.

**Commitments**

Subsequent to June 30, 2019, the School District approved technology and equipment purchases totaling approximately \$87,000, as well as a bus purchase for approximately \$88,500.

**NOTE N—UPCOMING ACCOUNTING PRONOUNCEMENTS**

GASB Statement 84—*Fiduciary Activities* was issued by the GASB in January 2017 and will be effective for the School District’s 2020 fiscal year. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus on the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019

**NOTE N—UPCOMING ACCOUNTING PRONOUNCEMENTS—Continued**

GASB Statement 87—*Leases* was issued by the GASB in June 2017 and will be effective for the School District's 2021 fiscal year. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**NOTE O—SUBSEQUENT DISCOVERY OF FACTS – CORRECTION OF AN ERROR**

During the preparation of the School District's annual filing with the State of Michigan as of and for the year ended June 30, 2019, it was discovered that construction in progress placed in service in the current fiscal year was inadvertently duplicated as fixed asset additions. The effect of the error was an overstatement of capital assets, net by \$867,208 as of June 30, 2019 and an understatement of instruction and support expenses by \$857,970 and \$9,238, respectively, for the year ended June 30, 2019. The financial statements have been adjusted accordingly and subsequently reissued.

**REQUIRED SUPPLEMENTARY INFORMATION**

Whitehall District Schools  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
 General Fund  
 For the year ended June 30, 2019

	<b>Budgeted amounts</b>		<b>Actual</b>	<b>Variance with final budget- positive (negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Local revenue				
Local sources	\$ 3,189,783	\$ 3,383,452	\$ 3,446,622	\$ 63,170
Received from other districts	614,500	773,000	725,429	(47,571)
State sources	17,872,232	17,650,839	17,659,480	8,641
Federal sources	928,957	985,674	907,333	(78,341)
Incoming transfers and other transactions	53,094	58,998	37,348	(21,650)
Total revenues	<u>22,658,566</u>	<u>22,851,963</u>	<u>22,776,212</u>	<u>(75,751)</u>
<b>EXPENDITURES</b>				
Instruction				
Basic programs	10,862,094	10,804,950	10,633,559	171,391
Added needs	3,603,003	3,529,708	3,226,892	302,816
Adult and continuing education	228,352	225,888	228,439	(2,551)
Support services				
Pupil	1,536,693	1,555,223	1,597,552	(42,329)
Instructional staff	879,420	900,544	891,459	9,085
General administration	450,813	473,647	450,878	22,769
School administration	1,089,616	1,066,718	1,089,128	(22,410)
Business	455,231	464,450	495,243	(30,793)
Operations and maintenance	1,398,080	1,412,635	1,522,831	(110,196)
Pupil transportation services	909,251	1,028,917	1,119,001	(90,084)
Central	496,480	519,840	489,812	30,028
Athletics	504,697	504,552	512,561	(8,009)
Community services	-	-	498	(498)
Outgoing transfers and other transactions	209,000	304,992	233,326	71,666
Total expenditures	<u>22,622,730</u>	<u>22,792,064</u>	<u>22,491,179</u>	<u>300,885</u>
Excess of revenues over expenditures	<u>\$ 35,836</u>	<u>\$ 59,899</u>	285,033	<u>\$ 225,134</u>
Fund balance at beginning of year			<u>2,740,117</u>	
Fund balance at end of year			<u>\$ 3,025,150</u>	

Whitehall District Schools  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
Community Education Fund  
For the year ended June 30, 2019

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local revenue				
Local sources	\$ 710,127	\$ 750,000	\$ 736,089	\$ (13,911)
State sources	2,125,942	1,867,743	1,891,856	24,113
Federal sources	849,810	880,395	898,154	17,759
Incoming transfers and other transactions	-	95,992	85,000	(10,992)
Total revenues	<u>3,685,879</u>	<u>3,594,130</u>	<u>3,611,099</u>	<u>16,969</u>
<b>EXPENDITURES</b>				
Basic instruction	1,676,068	1,594,270	1,600,656	(6,386)
Support services	477,941	482,216	456,152	26,064
Community services				
Community enrichment	85,331	103,896	94,407	9,489
Early childhood	1,428,272	1,478,419	1,493,667	(15,248)
Outgoing transfers and other transactions	39,023	21,998	-	21,998
Total expenditures	<u>3,706,635</u>	<u>3,680,799</u>	<u>3,644,882</u>	<u>35,917</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (20,756)</u>	<u>\$ (86,669)</u>	(33,783)	<u>\$ 52,886</u>
Fund balance at beginning of year			<u>164,163</u>	
Fund balance at end of year			<u>\$ 130,380</u>	

Whitehall District Schools  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of the School District's Proportionate Share of the Net Pension Liability**  
Michigan Public Schools Employees Retirement System  
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each fiscal year)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
School District's proportion of the net pension liability (%)	0.15182%	0.15112%	0.14696%	0.14052%	0.13925%	-	-	-	-	-
School District's proportionate share of the net pension liability	\$45,639,307	\$39,161,046	\$36,665,038	\$34,321,498	\$30,672,425	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$13,610,807	\$12,761,711	\$12,706,907	\$11,751,837	\$11,877,270	\$ -	\$ -	\$ -	\$ -	\$ -
School District's proportionate share of the net pension liability as a percentage of its covered payroll	335.32%	306.86%	288.54%	292.05%	258.24%	-	-	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	62.36%	64.21%	63.27%	63.17%	66.20%	-	-	-	-	-

Note: For years prior to 2015 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Whitehall District Schools  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of the School District's Pension Contributions**  
Michigan Public School Employees Retirement System  
Last 10 Fiscal Years (Amounts were determined as of 6/30 of each year)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Statutorily required contributions	\$ 2,389,257	\$ 2,352,092	\$ 2,409,905	\$ 2,694,696	\$ 2,886,330	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contributions	2,389,257	2,352,092	2,409,905	2,694,696	2,886,330	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 13,959,002	\$ 13,467,650	\$ 12,692,730	\$ 12,486,944	\$ 12,042,345	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	17.12%	17.46%	18.99%	21.58%	23.97%	-	-	-	-	-

Note: For years prior to 2015 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Whitehall District Schools  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of the School District's Proportionate Share of the Net OPEB Liability**  
Michigan Public School Employees Retirement System  
Last 10 Fiscal Years (Amounts were determined as of 9/30 of each year)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
School District's proportion of the net OPEB liability (%)	0.15246%	0.15121%	-	-	-	-	-	-	-	-
School District's proportionate share of the net OPEB liability	\$12,118,923	\$13,390,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$13,610,807	\$12,761,711	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	89.04%	104.92%	-	-	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	42.95%	36.39%	-	-	-	-	-	-	-	-

Note: For years prior to 2018 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.



Whitehall District Schools  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of the School District's OPEB Contributions**  
Michigan Public School Employees Retirement System  
Last 10 Fiscal Years (Amounts were determined as of 6/30 of each year)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Statutorily required contributions	\$ 1,075,306	\$ 1,003,843	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contributions	1,075,306	1,003,843	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 13,959,002	\$ 13,467,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	7.70%	7.45%	-	-	-	-	-	-	-	-

Note: For years prior to 2018 the information is not available. Until a full 10-year trend is compiled, information will only be presented for those years for which information is available.

Whitehall District Schools  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**Notes to Required Supplementary Information**  
For the year ended June 30, 2019

**Changes of benefit terms:** There were no changes of benefit terms in 2019.

**Changes of assumptions:** There were no changes of benefit assumptions in 2019.

**OTHER SUPPLEMENTAL INFORMATION**

Whitehall District Schools  
**COMBINING BALANCE SHEET**  
 Other Governmental Funds  
 June 30, 2019

	<b>Total other governmental funds</b>	<b>Special Revenue</b>		<b>Capital Projects</b>
		<b>Food Service</b>	<b>Technology</b>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 353,729	\$ 191,758	\$ 133,437	\$ 28,534
Receivables	5,239	5,239	-	-
Due from other governmental units	7,079	7,005	74	-
Due from other funds	529	-	529	-
Inventories	19,680	19,680	-	-
Total assets	<b>\$ 386,256</b>	<b>\$ 223,682</b>	<b>\$ 134,040</b>	<b>\$ 28,534</b>
<b>LIABILITIES</b>				
Accounts payable	\$ 10,848	\$ 7,315	\$ 3,533	\$ -
Accrued liabilities	19,751	457	19,294	-
Due to other funds	28,947	28,943	-	4
Unearned revenue	9,224	9,224	-	-
Total liabilities	68,770	45,939	22,827	4
<b>FUND BALANCES</b>				
Nonspendable for inventories	19,680	19,680	-	-
Restricted				
Capital projects	28,530	-	-	28,530
Food service	158,063	158,063	-	-
Technology	111,213	-	111,213	-
Total fund balances	317,486	177,743	111,213	28,530
Total liabilities, deferred inflows of				
Total liabilities and fund balances	<b>\$ 386,256</b>	<b>\$ 223,682</b>	<b>\$ 134,040</b>	<b>\$ 28,534</b>

Whitehall District Schools  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**  
Other Governmental Funds  
For the year ended June 30, 2019

	<b>Total other governmental funds</b>	<b>Special Revenue</b>		<b>Capital Projects</b>
		<b>Food Service</b>	<b>Technology</b>	
<b>REVENUES</b>				
Local sources				
Investment earnings	\$ 4,362	\$ 2,438	\$ 1,650	\$ 274
Fees and charges	241,983	241,983	-	-
Other	419,169	20,669	383,914	14,586
Total local sources	665,514	265,090	385,564	14,860
State sources	62,405	62,405	-	-
Federal sources	632,441	632,441	-	-
Total revenues	1,360,360	959,936	385,564	14,860
<b>EXPENDITURES</b>				
Instruction	236,430	-	236,430	-
Support services	146,142	-	146,142	-
Food service	1,020,178	1,020,178	-	-
Capital projects	363	-	-	363
Total expenditures	1,403,113	1,020,178	382,572	363
Excess (deficiency) of revenues over (under) expenditures	(42,753)	(60,242)	2,992	14,497
<b>OTHER FINANCING USES</b>				
Transfers in	931	931	-	-
Transfers out	(37,348)	(37,348)	-	-
Total other financing sources (uses)	(36,417)	(36,417)	-	-
Net change in fund balances	(79,170)	(96,659)	2,992	14,497
Fund balances at beginning of year	396,656	274,402	108,221	14,033
Fund balances at end of year	<b>\$ 317,486</b>	<b>\$ 177,743</b>	<b>\$ 111,213</b>	<b>\$ 28,530</b>