

Whitehall District Schools

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

Year ended June 30, 2021



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

        Notes to Financial Statements ..... 23

Required Supplementary Information

    Budgetary Comparison Schedule—General Fund..... 48

    Budgetary Comparison Schedule—Community Education Fund ..... 49

    Schedule of the School District’s Proportionate Share of the Net Pension Liability ..... 50

    Schedule of the School District’s Pension Contributions ..... 51

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

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

    Notes to Required Supplementary Information. .... 54

Other Supplemental Information

    Other Governmental Funds

        Combining Balance Sheet ..... 56

        Combining Statement of Revenues, Expenditures and Changes

            in Fund Balances ..... 57

**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, 2021, 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, 2021, 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.

***Emphasis of Matter – Change in Accounting Principle***

As described in Note M to the financial statements, Whitehall District Schools implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, and pension and OPEB information on pages 4 through 16 and 48 through 54 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 15, 2021, 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.

A handwritten signature in black ink that reads "Brickley DeLong, P.C." The signature is written in a cursive style with a large, looped initial 'B'.

Muskegon, Michigan  
October 15, 2021

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2021

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, 2021. 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, community services, 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, 2021

**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, and Activity accounts. Other funds include a common Debt Service Fund and Capital Project 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 and Debt Retirement Fund as major funds. The Community Education fund represents the operations of White Lake Area Community Education, a five-district consortium for which the District serves as the fiscal agent. The Debt Service fund is operating as a common debt fund since 2013-15 as allowed by Michigan law.

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2021

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

The net position of the District at June 30, 2021 is approximately \$(35) million. The net position increased by \$2,209,913 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>2021</u></b>	<b><u>2020</u></b>
<b>Assets</b>		
Current assets	\$ 13,073,521	\$ 8,840,178
Capital assets (net of depreciation)	41,702,968	43,010,921
Deferred outflows of resources	15,410,698	18,158,679
Total assets and deferred outflows of resources	70,187,187	70,009,778
<b>Liabilities</b>		
Current liabilities	8,608,154	6,067,777
Long-term debt and post-employment liability	36,292,626	42,855,071
Net pension liability	51,088,095	49,997,400
Deferred inflows of resources	8,865,118	7,966,249
Total liabilities and deferred inflows of resources	104,853,993	106,886,497
<b>Net Position</b>		
Net investment in capital assets	11,599,262	9,304,228
Restricted funds	2,246,439	1,191,333
Unrestricted funds	(48,512,507)	(47,372,280)
Net position	<b>\$ (34,666,806)</b>	<b>\$ (36,876,719)</b>

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, committed for specific projects, or are unrestricted as to how they may be used.

**Comments on Major Changes to Net Position**

- Current assets – Increased as a \$2.25 million State Aid Note was not due until August 20, 2021, cash increased by \$1.6 million, and due from other governmental units increased in the General Fund by \$400,000.
- GASB 68 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 schools' statements. For Whitehall, \$51.1 million is included, an increase of \$1.1 million. The State has begun to fund this system over 25 years beginning with the 2013-14 fiscal year.



Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2021

The Statement of Activities provides greater detail on the District's activity. The cost of the District's governmental activities for the year was approximately \$33.85 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. In compliance with GASB 84, a new line for student/school activities is added.

**Statement of Activities**

	<b>For the Year Ended June 30,</b>	
	<b><u>2021</u></b>	<b><u>2020</u></b>
<b>District Wide Revenues</b>		
Program Revenues		
Charges for services	\$ 764,507	\$ 736,858
Operating grants	14,984,090	11,668,354
General Revenues		
Property taxes	6,926,691	6,663,290
Unrestricted grants	12,997,761	13,701,892
Other revenues	83,344	134,211
Total revenues	35,756,393	32,904,605
<b>District Wide Expenses</b>		
Instruction	17,975,240	18,762,041
Support services	9,396,621	12,051,779
Community services	2,377,409	206,161
Food services	2,242,296	907,653
Student/School activities	259,599	-
Athletics	555,866	535,648
Interest on long-term debt	1,040,844	1,565,485
Unallocated amortization	4,383	4,383
Total expenses	33,852,258	34,033,150
<b>Change in net position</b>	1,904,135	(1,128,545)
<b>Net position at beginning of year, as restated</b>	(36,570,941)	(35,748,174)
<b>Net position at end of year</b>	<b>\$ (34,666,806)</b>	<b>\$ (36,876,719)</b>

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2021

**Capital Assets and Debt Administration**

	Net Capital Asset Values			Change in Accumulated Depreciation	June 30, 2021
	July 1, 2020	Additions	Deductions		
Land	\$ 762,882	\$ 55,000	\$ -	\$ -	\$ 817,882
Construction in progress	65,278	138,364	34,020	-	169,622
Buildings & improvements	41,087,088	86,024	-	1,442,725	39,730,387
Furniture & equipment	519,518	26,151	9,340	134,377	401,952
Buses and vehicles	576,155	143,554	117,290	19,294	583,125
Total	<b>\$ 43,010,921</b>	<b>\$ 449,093</b>	<b>\$ 160,650</b>	<b>\$ 1,596,396</b>	<b>\$ 41,702,968</b>

As indicated above, capital assets, net of depreciation, increased in value from July 1, 2020, to June 30, 2021 as the result of ongoing construction projects, a land purchase and continuing updating of the fleet.

	Debt Obligations				
	July 1, 2020	Additions	Reductions	June 30, 2021	Current
Bonds for capital financing	\$ 33,812,335	\$ 12,655,952	\$ 15,907,540	\$ 30,560,747	\$ 2,935,000
Compensated absences	217,092	32,583	12,934	236,741	20,500
Retirement obligations	464,614	74,588	19,536	519,666	40,000
Cash flow borrowing	-	2,250,000	-	2,250,000	2,250,000
Total	<b>\$ 34,494,041</b>	<b>\$ 15,013,123</b>	<b>\$ 15,940,010</b>	<b>\$ 33,567,154</b>	<b>\$ 5,245,500</b>

As indicated above, total debt obligations of the District decreased during the year ended June 30, 2021. Principal and interest payments were made according to debt schedules as well as refunding of callable bonds in the 2010-A and 2011 bond series. The prior year State Aid Notes for cash flow borrowing were for 10 months and paid off by year-end. Current year State Aid Notes for cash flow borrowing were issued in the current year and due on August 20, 2021.

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2021

**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.

The 2020-21 fiscal year was impacted greatly by the Coronavirus pandemic. The district was required to have a budget in place by July 1, 2020 but the State of Michigan had not finalized a budget for its fiscal year beginning October 1, 2020. Whitehall District Schools prepared a budget based on available projections at the time.

The initial budget for 2020-21 assumed a \$700 cut in the foundation grant from \$8,111 to \$7,411 which decreased revenue by \$1.4 million. Enrollment was projected to decline by 50 students for a further reduction of \$333,000 in revenue. The ESSERS federal grant offset these revenue reductions by \$209,000. Expenses increased \$333,000 for wages and benefits. Staffing changes included retirements that were either unfilled or replaced with less experienced staff saving \$609,000. Reductions in capital and curriculum materials budgets saved \$506,000. The resulting budget planned for a deficit of \$561,000 to be taken from fund balance leaving an ending fund balance of \$2.5 million or 11.4% of expenditures.

The economic picture for the State of Michigan improved as the economy re-opened and federal money flowed into the state. In January, the district amended its budget for the first time to reflect the new state budget and educational program in place. The foundation grant was restored to the original amount of \$8,111 and increased by an additional \$66 per student which increased revenue by \$1.5 million. Enrollment changes resulted in a \$44,000 reduction. Grant revenue increased by \$260,000 as well as an additional \$862,000 in Coronavirus relief funds. Staffing was adjusted to have smaller class sizes which increased expenses by \$381,000. Additional staffing and updated compensation increased expenses by \$242,000. Coronavirus related expenses were included at a cost of \$419,000 and capital items were restored at a cost of \$308,000. The resulting budget projected a surplus of \$66,000 with an ending fund balance of \$3.4 million or 14.4% of expenditures.

A final budget amendment was approved in May 2021 to capture changes throughout the fiscal year and as a base for the upcoming year's budget. State revenue increased by \$250,000 due to a change in enrollment calculations and \$111,000 in categorical grants. Expenses were adjusted based on year-to-date spending. The final budget projected a surplus of \$202,000 resulting in an ending fund balance of \$3.6 million or 14.8% of expenditures.

The actual results reflect an operating surplus of approximately \$1.53 million; \$1.33 million 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, 2021

**2020-21 General Fund**

	<u>Initial Budget</u>	<u>Final Budget</u>	<u>Actual</u>
<b>Revenues</b>			
Local revenue			
Local sources	\$ 3,467,052	\$ 3,360,908	\$ 3,450,165
Received from other districts	677,000	683,000	707,319
State revenue	16,130,626	18,079,708	18,484,333
Federal revenue	1,195,153	1,984,481	1,921,503
Transfers and other	59,998	78,180	59,023
Total revenues	<u>21,529,829</u>	<u>24,186,277</u>	<u>24,622,343</u>
Variance of actual from budget	\$ 3,092,514	\$ 436,066	
	14.36%	1.80%	
<b>Expenditures</b>			
Instruction	\$ 14,000,226	\$ 14,707,970	\$14,253,028
Instructional support	2,419,277	2,558,877	2,457,166
Administration	2,468,427	2,850,083	2,673,855
Maintenance and operations	1,506,637	1,686,392	1,755,585
Transportation	980,444	1,150,179	1,027,752
Athletics	492,126	518,220	511,659
Community Services	100,166	97,894	39,339
Transfers and other	123,900	415,000	373,918
Total expenditures	<u>22,091,203</u>	<u>23,984,615</u>	<u>23,092,302</u>
Variance of actual from budget	(1,001,099)	892,313	
	-4.53%	3.72%	
<b>Change in Fund Balance</b>	\$ (561,374)	\$ 201,662	\$ 1,530,041
Variance of actual from budget	\$ 2,091,415	\$ 1,328,379	
Percentage of expenditures	9.47%	5.54%	

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2021

The significant budget variances are attributed to the following items:

Revenue Sources

- State Revenue was more than budgeted as deferred revenue for a grant was completely spent in the year and categorical grants for the state retirement system were allocated and paid after the last budget in May.

Expenditures:

- Instruction was less than budgeted due to less than expected severance payments, payments to the state for unfunded retirement obligations, and unfilled aide positions as certain students chose virtual education.
- Operations expenditures increased and exceeded the budget due to higher custodial costs to address Coronavirus pandemic sanitization procedures.

Budget variances in expenditures by object category are below.

<b>General Fund</b>	<b>2020-21</b>	<b>Percent</b>	<b>2020-21</b>	<b>Percent</b>		<b>Percent</b>
<b><u>Expenditures by Object</u></b>	<b><u>Budget</u></b>	<b><u>of total</u></b>	<b><u>Actual</u></b>	<b><u>of total</u></b>	<b><u>Variance</u></b>	<b><u>Budget</u></b>
Wages	\$ 11,267,826	46.98%	\$ 11,071,476	47.94%	\$ 196,350	1.74%
Benefits	8,250,698	34.40%	7,912,718	34.27%	337,980	4.10%
Purchased services	1,654,088	6.90%	1,586,586	6.87%	67,502	4.08%
Supplies	1,557,642	6.49%	1,375,618	5.96%	182,024	11.69%
Capital	510,376	2.13%	482,097	2.09%	28,279	5.54%
Other	743,985	3.10%	663,807	2.87%	80,178	10.78%
Total	<b><u>\$23,984,615</u></b>	<b><u>100.00%</u></b>	<b><u>\$23,092,302</u></b>	<b><u>100.00%</u></b>	<b><u>\$ 892,313</u></b>	

- Operational costs in services and supplies were less than budgeted due to the lower utility costs and supply budgets that were underspent in part due to supply chain issues.
- Other costs were lower than budgeted due to lower tax judgements and capital costs budgeted but not incurred such as copier replacement.

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2021

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

In comparing results for the year ended June 30, 2021 to results for the year ended June 30, 2020, there was a significant one-time payment from the Muskegon ISD in the amount of \$335,563 in the prior year. State revenue increased with the foundation grant and categorical grants. Federal revenue increased significantly due to funding to address the Coronavirus pandemic.

Administration increased with the addition of assistant principals at the secondary schools. Maintenance and operations increased with funding to mitigate the pandemic with increased custodial costs, supplies, and HVAC improvements.

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

	<u>2021</u>	<u>2020</u>	<u>Difference</u>
<b>Revenues</b>			
Local revenue			
Local sources	\$ 3,450,165	\$ 3,398,661	\$ 51,504
Received from other districts	707,319	964,581	(257,262)
State revenue	18,484,333	17,648,186	836,147
Federal revenue	1,921,503	949,583	971,920
Transfers and other	59,023	47,114	11,909
Totals revenues	\$24,622,343	\$23,008,125	\$ 1,614,218
 <b>Expenditures</b>			
Instruction	\$14,253,028	\$14,163,690	\$ 89,338
Instructional support	2,457,166	2,402,937	54,229
Administration	2,673,855	2,553,192	120,663
Maintenance and operations	1,755,585	1,450,360	305,225
Transportation	1,027,752	1,048,302	(20,550)
Athletics	511,659	476,510	35,149
Community Services	39,339	31,732	7,607
Transfers and other	373,918	554,170	(180,252)
Total expenditures	\$23,092,302	\$22,680,893	\$ 411,409

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2021

As indicated below, funding from the State of Michigan is the District's largest source of revenue at 75.08% which is similar in amount and percentage to last year. The financial stability of the District depends significantly on the economic health of the State of Michigan.

**General Fund Revenue and Other Financing Sources**

<b>Revenues</b>	<b><u>2020-21</u></b>	<b><u>Percent</u></b>	<b><u>2019-20</u></b>	<b><u>Percent</u></b>
State revenue	\$ 18,484,333	75.08%	\$ 17,648,186	76.71%
Federal revenue	1,921,503	7.80%	949,583	4.13%
Local sources	3,450,165	14.01%	3,398,661	14.77%
Local from other districts	707,319	2.87%	964,581	4.19%
Transfers and other	59,023	0.24%	47,114	0.20%
Total revenues	<b>\$ 24,622,343</b>	<b>100.00%</b>	<b>\$ 23,008,125</b>	<b>100.00%</b>

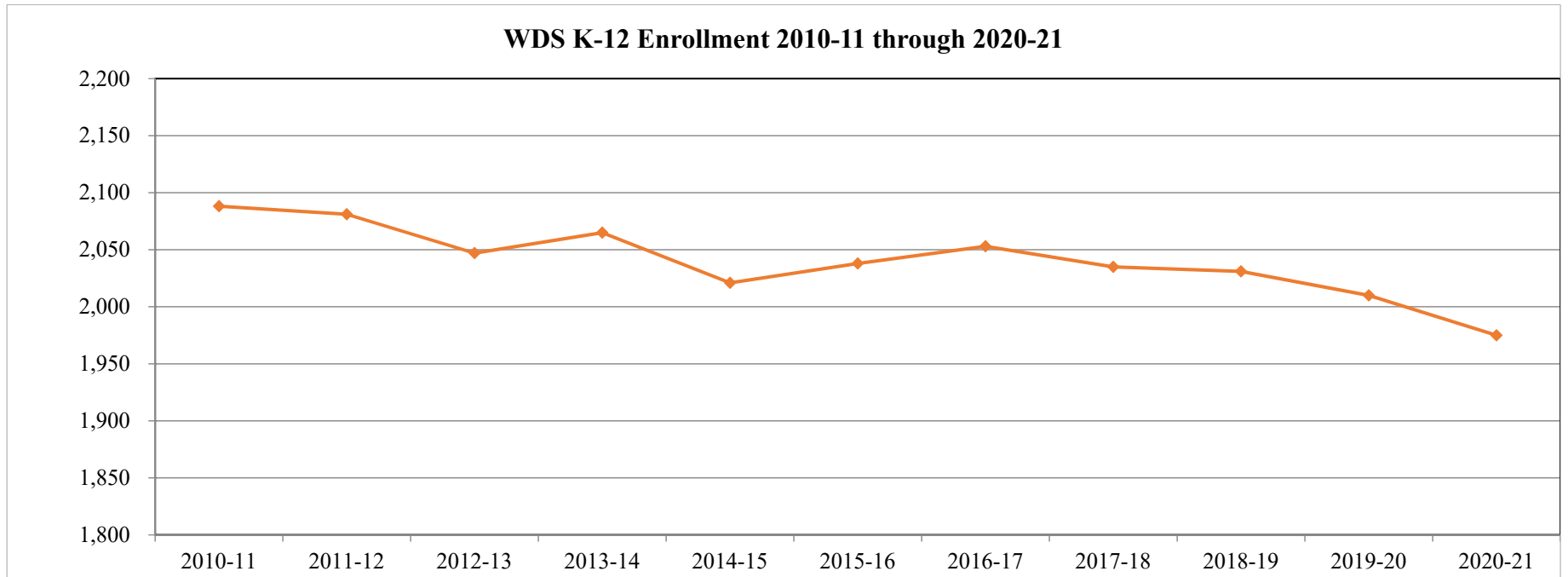
**General Fund Expenditures by Function**

<b>Expenditures</b>	<b><u>2020-21</u></b>	<b><u>Percent</u></b>	<b><u>2019-20</u></b>	<b><u>Percent</u></b>
Instruction and support	\$ 16,710,194	72.36%	\$ 16,566,627	73.05%
Business and administration	2,673,855	11.58%	2,553,192	11.26%
Maintenance and operations	1,755,585	7.60%	1,450,360	6.40%
Transportation	1,027,752	4.45%	1,048,302	4.62%
Athletics	511,659	2.22%	476,510	2.10%
Community Services	39,339	0.17%	31,732	0.14%
Transfers and other	373,918	1.62%	550,433	2.43%
Total expenditures	<b>\$ 23,092,302</b>	<b>100.00%</b>	<b>\$ 22,677,156</b>	<b>100.00%</b>

As the chart above indicates, 72.36% 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 7.60% of its budget on maintenance and operations and 4.45% of its budget on transportation of its students.

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2021

The District's pupil enrollment for state aid funding purposes decreased by 35 full-time equivalent students in the traditional K-12 program in 2020-21. The chart below depicts the enrollment changes experienced by the District over the past ten years. For the time period presented, the peak K-12 enrollment for the District was 2,088 students in 2010-11.





Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2021

**White Lake Area Community Education Budgetary Highlights**

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 & adult education, and other community service programs to the five member districts – Whitehall District Schools, Holton Public Schools, Montague Area Public Schools, North Muskegon Public Schools, and Reeths-Puffer Schools.

**2020-21 Community Education Fund**

	<b><u>Initial Budget</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>
<b>Revenues</b>			
Local revenue	\$ 582,600	\$ 577,000	\$ 598,012
State revenue	1,887,191	1,906,668	1,810,495
Federal revenue	1,081,515	1,280,011	1,318,864
Total revenues	3,551,306	3,763,679	3,727,371
Variance of actual from budget	\$ 176,065	\$ (36,308)	
	5.0%	-1.0%	
 <b>Expenditures</b>			
Instruction	1,529,878	1,490,050	1,450,638
Support services	402,942	441,548	390,401
Community enrichment	71,412	24,312	20,019
Early childhood	1,473,716	1,864,497	1,819,432
Transfers and other	49,283	32,579	-
Total expenditures	3,527,231	3,852,986	3,680,490
Variance of actual from budget	153,259	(172,496)	
	4.3%	-4.5%	
<b>Change in Fund balance</b>	<b>\$ 24,075</b>	<b>\$ (89,307)</b>	<b>\$ 46,881</b>
Variance of actual from budget	\$ 22,806	\$ 136,188	
Percentage of budgeted expenditures	0.6%	3.5%	

The significant budget variances are attributed to the following items:

**Revenue Variances**

- The State preschool program is paid on a reimbursement basis and with less expenses, less revenue is received.

**Expenditure Variances**

- A transfer was budgeted but never made due to the uncertainty of funding due to the state economy's condition as a result of the pandemic. Services were budgeted for full year and full capacity but were actually provided with fewer staff and some daycare sites for school year only.

**Summary**

- The ending fund balance for WLACE is \$247,162 or 6.72% of 2020-21 expenditures.

Whitehall District Schools  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Fiscal Year Ended June 30, 2021

**Currently Known Facts and Conditions Affecting the 2021-22 School Year**

The adopted general fund budget for the 2021-22 fiscal year projects a surplus of approximately \$33,000. This budget will be amended in the winter of 2021-22 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, 2021 when a new district budget was required to be in place. Therefore, estimates were used based on various legislative and executive proposals. Significant positive changes have been enacted by the State legislature and governor which will be reflected in the next budget amendment.

The main assumptions in this budget are:

- The District has budgeted for the per pupil foundation grant to be \$8,411, the same as the prior year without the \$66 additional amount per pupil. Coronavirus Relief Funds (CRF) were budgeted at \$650,000. The most recent passed appropriations includes a foundation grant of \$8,711, an increase of \$300 per student. At approximately 2,000 students this increase is similar to the unfunded CRF.
- Enrollment was projected to be down 36 students as a result of the pandemic for a budgeted enrollment of 2,052 in all general fund programs.
- The White Lake Area Community Education budget projects a surplus of \$24,000. 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 2021. The current contract with the transportation employees group was ratified in November of 2020 and expires June 30, 2023.

**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:

Dr. Jerry McDowell, Superintendent  
Whitehall District Schools  
541 E. Slocum Street  
Whitehall, MI 49461  
Telephone number (231) 893-1005.

Whitehall District Schools  
**STATEMENT OF NET POSITION**  
June 30, 2021

	<b>Governmental activities</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 8,695,190
Receivables	19,317
Due from other governmental units	4,323,758
Inventories	31,548
Prepaid items	3,708
Total current assets	13,073,521
Noncurrent assets	
Capital assets, net	
Nondepreciable	987,504
Depreciable	40,715,464
Total noncurrent assets	41,702,968
Total assets	54,776,489
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charges on refunding	457,041
Related to other postemployment benefits	3,821,286
Related to pensions	11,132,371
Total deferred outflows of resources	15,410,698
Total assets and deferred outflows of resources	70,187,187
<b>LIABILITIES</b>	
Current liabilities	
State aid loan	2,250,000
Accounts payable and accrued liabilities	2,955,604
Due to other governmental units	380,774
Unearned revenue	26,276
Bonds and other obligations, due within one year	2,995,500
Total current liabilities	8,608,154
Noncurrent liabilities	
Bonds and other obligations, less amounts due within one year	28,321,654
Net other postemployment benefits liability	7,970,972
Net pension liability	51,088,095
Total noncurrent liabilities	87,380,721
Total liabilities	95,988,875
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to other postemployment benefits	6,184,960
Related to pensions	2,680,158
Total deferred inflows of resources	8,865,118
Total liabilities and deferred inflows of resources	104,853,993
<b>NET POSITION</b>	
Net investment in capital assets	11,599,262
Restricted	
Debt service	777,737
Food services	1,034,645
Community education	247,162
Technology	186,895
Unrestricted	(48,512,507)
Total net position	<b>\$ (34,666,806)</b>

The accompanying notes are an integral part of this statement.

Whitehall District Schools  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2021

<i>Functions/Programs</i>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Governmental activities</u>
Governmental activities				
Instruction	\$ 17,975,240	\$ -	\$ 6,784,286	\$ (11,190,954)
Support services	9,396,621	7,126	3,358,103	(6,031,392)
Community services	2,377,409	504,631	1,632,452	(240,326)
Food services	2,242,296	2,238	2,835,773	595,715
Student/school activities	259,599	199,190	-	(60,409)
Athletics	555,866	51,322	-	(504,544)
Interest on long-term debt	1,040,844	-	373,476	(667,368)
Unallocated depreciation and amortization	4,383	-	-	(4,383)
Total governmental activities	<b><u>\$ 33,852,258</u></b>	<b><u>\$ 764,507</u></b>	<b><u>\$ 14,984,090</u></b>	(18,103,661)
General revenues				
Property taxes				6,926,691
Grants and contributions not restricted to specific programs				12,997,761
Investment earnings				1,512
Miscellaneous				81,832
Total general revenues				<u>20,007,796</u>
Change in net position				1,904,135
Net position at beginning of year, as restated				<u>(36,570,941)</u>
Net position at end of year				<b><u>\$ (34,666,806)</u></b>

The accompanying notes are an integral part of this statement.

Whitehall District Schools  
**BALANCE SHEET**  
 Governmental Funds  
 June 30, 2021

	General Fund	Community Education Fund	Debt Service Fund	Other governmental funds	Total governmental funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 6,115,658	\$ 14,463	\$ 995,437	\$ 1,569,632	\$ 8,695,190
Receivables	6,935	2,037	-	10,345	19,317
Due from other governmental units	3,551,092	646,187	-	126,479	4,323,758
Due from other funds	250,183	70	-	3,000	253,253
Inventories	10,576	-	-	20,972	31,548
Prepaid items	3,708	-	-	-	3,708
Total assets	<b>\$ 9,938,152</b>	<b>\$ 662,757</b>	<b>\$ 995,437</b>	<b>\$ 1,730,428</b>	<b>\$ 13,326,774</b>
<b>LIABILITIES</b>					
State aid loan	\$ 2,250,000	\$ -	\$ -	\$ -	\$ 2,250,000
Accounts payable	119,764	4,701	-	13,455	137,920
Accrued liabilities	2,302,215	286,709	-	11,060	2,599,984
Due to other governmental units	380,680	94	-	-	380,774
Due to other funds	3,070	116,586	-	133,597	253,253
Unearned revenue	-	7,505	-	18,771	26,276
Total liabilities	5,055,729	415,595	-	176,883	5,648,207
<b>FUND BALANCES</b>					
Nonspendable					
Inventories	10,576	-	-	20,972	31,548
Prepaid items	3,708	-	-	-	3,708
Restricted					
Community education	-	247,162	-	-	247,162
Debt service	-	-	995,437	-	995,437
Food services	-	-	-	1,034,645	1,034,645
Technology	-	-	-	186,895	186,895
Committed					
Student/school activities	-	-	-	245,369	245,369
Capital projects	-	-	-	65,664	65,664
Assigned to White Lake Area					
Community Education	30,957	-	-	-	30,957
Unassigned	4,837,182	-	-	-	4,837,182
Total fund balances	4,882,423	247,162	995,437	1,553,545	7,678,567
Total liabilities and fund balances	<b>\$ 9,938,152</b>	<b>\$ 662,757</b>	<b>\$ 995,437</b>	<b>\$ 1,730,428</b>	<b>\$ 13,326,774</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, 2021

Total fund balances—governmental funds		\$ 7,678,567
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	\$ 64,899,606	
Accumulated depreciation	<u>(23,196,638)</u>	41,702,968
Deferred charges on refunding are not capitalized and amortized in the governmental funds.		
Deferred charges on refunding	677,982	
Accumulated amortization	<u>(220,941)</u>	457,041
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	3,821,286	
Deferred inflows of resources - related to other postemployment benefits	(6,184,960)	
Deferred outflows of resources - related to pensions	11,132,371	
Deferred inflows of resources - related to pensions	<u>(2,680,158)</u>	6,088,539
Accrued interest in governmental activities is not reported in the governmental funds.		
		(217,700)
Long-term obligations in governmental activities are not due and payable in the current period and are not reported in the governmental funds.		
		(90,376,221)
Net position of governmental activities		<u><b>\$ (34,666,806)</b></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, 2021

	General Fund	Community Education Fund	Debt Service Fund	Other governmental funds	Total governmental funds
<b>REVENUES</b>					
Local sources					
Property taxes	\$ 3,257,044	\$ -	\$ 3,671,735	\$ -	\$ 6,928,779
Investment earnings	1,177	8	315	12	1,512
Fees and charges	68,647	448,461	-	2,238	519,346
Student/school activities	-	-	-	199,190	199,190
Other	830,616	149,543	-	458,729	1,438,888
Total local sources	4,157,484	598,012	3,672,050	660,169	9,087,715
State sources	18,484,333	1,810,495	241,249	54,548	20,590,625
Federal sources	1,921,503	1,318,864	373,476	2,742,902	6,356,745
Total revenues	24,563,320	3,727,371	4,286,775	3,457,619	36,035,085
<b>EXPENDITURES</b>					
Current					
Instruction	14,253,028	1,450,638	-	190,760	15,894,426
Support services	8,426,017	390,401	-	92,259	8,908,677
Community services	39,339	1,839,451	-	-	1,878,790
Food services	-	-	-	2,192,464	2,192,464
Student/school activities	-	-	-	259,599	259,599
Debt service					
Principal repayment	-	-	2,400,000	-	2,400,000
Interest and other charges	-	-	1,227,419	-	1,227,419
Bond issuance costs	-	-	142,934	-	142,934
Capital projects	333,022	-	-	-	333,022
Total expenditures	23,051,406	3,680,490	3,770,353	2,735,082	33,237,331
Excess (deficiency) of revenues over (under) expenditures	1,511,914	46,881	516,422	722,537	2,797,754
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	59,023	-	-	40,896	99,919
Transfers out	(40,896)	-	-	(59,023)	(99,919)
Proceeds of refunding bonds	-	-	12,655,952	-	12,655,952
Payment to refunding bond escrow agent	-	-	(13,576,518)	-	(13,576,518)
Total other financing sources (uses)	18,127	-	(920,566)	(18,127)	(920,566)
Net change in fund balances	1,530,041	46,881	(404,144)	704,410	1,877,188
Fund balances at beginning of year, as restated	3,352,382	200,281	1,399,581	849,135	5,801,379
Fund balances at end of year	<b>\$ 4,882,423</b>	<b>\$ 247,162</b>	<b>\$ 995,437</b>	<b>\$ 1,553,545</b>	<b>\$ 7,678,567</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, 2021

Net change in fund balances—total governmental funds \$ 1,877,188

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	\$ (1,714,518)	
Capital outlay	<u>415,073</u>	(1,299,445)

Governmental funds report the entire proceeds from the sale of capital assets but the Statement of Activities reports only the gain or loss on the sale of capital assets.

(8,508)

Governmental funds report outflows for deferred charges on refunding as expenditures; in the Statement of Activities these costs are amortized over the bond period.

351,399

Debt proceeds are other financing sources in the governmental funds, but the proceeds increase long-term debt in the Statement of Net Position.

(12,655,952)

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.

15,907,540

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

45,000

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.

(74,701)

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.

1,346,421

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.

(3,584,807)

Change in net position of governmental activities

\$ 1,904,135

The accompanying notes are an integral part of this statement.



Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**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, if any, 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.

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. 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, 2021

**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.

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 services, technology, and student/school activities in the school service special revenue funds.

The capital project funds account for the financial resources to be used for the acquisition of fixed assets or construction of major capital projects.

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, 2021

**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 6 mills on Principal Residence Exemption (PRE) property and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-PRE property taxes, which may be levied at a rate of up to 18 mills. 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.

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**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 acquisition 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	5-10

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

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

***Deferred Outflows/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, 2021

**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, 2021

**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, 2021.

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE C—DEPOSITS AND INVESTMENTS**

As of June 30, 2021, the School District had no investments.

**Interest rate risk**

The School District has 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, 2021, \$9,547,275 of the School District's bank balance of \$10,245,692 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.



Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE D—CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2021</u>
<b>Capital assets, not being depreciated:</b>				
Land	\$ 762,882	\$ 55,000	\$ -	\$ 817,882
Construction in progress	65,278	138,364	34,020	169,622
Total capital assets, not being depreciated	828,160	193,364	34,020	987,504
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	59,129,499	86,024	-	59,215,523
Furniture and equipment	2,879,239	26,151	9,340	2,896,050
Buses and other vehicles	1,774,265	143,554	117,290	1,800,529
Total capital assets, being depreciated	63,783,003	255,729	126,630	63,912,102
<b>Less accumulated depreciation:</b>				
Buildings and improvements	18,042,411	1,442,725	-	19,485,136
Furniture and equipment	2,359,721	142,717	8,340	2,494,098
Buses and other vehicles	1,198,110	129,076	109,782	1,217,404
Total accumulated depreciation	21,600,242	1,714,518	118,122	23,196,638
Total capital assets, being depreciated, net	42,182,761	(1,458,789)	8,508	40,715,464
Capital assets, net	<b>\$43,010,921</b>	<b>\$ (1,265,425)</b>	<b>\$ 42,528</b>	<b>\$ 41,702,968</b>

**Depreciation**

Depreciation expense has been charged to functions as follows:

Instruction	\$ 908,560
Support services	594,086
Community services	196,346
Athletics	7,442
Food services	3,701
Unallocated	4,383
	<u><b>\$ 1,714,518</b></u>

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

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

The composition of interfund balances as of June 30, 2021 is as follows:

**Due to/from other funds:**

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Community Education Fund	\$ 116,586
General Fund	Other governmental funds	133,597
Community Education Fund	General Fund	70
Other governmental funds	General Fund	3,000
		<u>\$ 253,253</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 \$39,814 to the Capital Improvements Fund to cover the cost of future capital improvements. The General Fund transferred \$1,082 to the Food Service Fund as required by the State's At-Risk funding rules for the breakfast program. The Food Service Fund transferred \$59,023 to the General Fund to cover allowable indirect costs.

**NOTE F—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 State of Michigan can withhold future state aid payments. The short-term debt activity for the year ended June 30, 2021 follows:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>
State aid anticipation note				
2020/2021 1.09% due August 2021	\$ -	\$ 2,250,000	\$ -	\$ 2,250,000
				<u>\$ 2,250,000</u>

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**NOTE G—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.

On March 25, 2021, the School District issued \$11,045,000 of 2021 Refunding General Obligation Bonds to advance refund the 2010 School Building and Site Bond Series A and the 2011 Refunding Bond. The proceeds from the refunding bonds were deposited in an irrevocable trust with an escrow agent to provide for principal redemption and interest on the refunded bonds through May 2029. As a result, the refunded bonds are considered defeased and the liability for those bonds has been removed from the long-term obligations.

The School District advance refunded the 2010 School Building and Site Bond Series A and the 2011 Refunding Bonds to reduce its total debt service payment over the next 8 years by approximately \$3,400,000 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately \$1,890,000.

The following is a summary of long-term obligations activity for the School District for the year ended June 30, 2021:

	<b>Balance</b>			<b>Balance</b>	<b>Due within</b>
	<b>July 1, 2020</b>	<b>Additions</b>	<b>Reductions</b>	<b>June 30, 2021</b>	<b>one year</b>
<b>Governmental activities</b>					
Bonds	\$ 31,990,000	\$ 11,045,000	\$ 15,635,000	\$ 27,400,000	\$ 2,935,000
Premium	1,879,553	1,610,952	279,513	3,210,992	-
Discount	(57,218)	-	(6,973)	(50,245)	-
Compensated absences	217,092	32,583	12,934	236,741	20,500
Retirement obligations	464,614	74,588	19,536	519,666	40,000
	<b>\$ 34,494,041</b>	<b>\$ 12,763,123</b>	<b>\$ 15,940,010</b>	<b>\$ 31,317,154</b>	<b>\$ 2,995,500</b>

The governmental activities general obligation 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:

	<b>Interest</b>	<b>Date of</b>	<b>Balance</b>
	<b>Rate</b>	<b>Maturity</b>	
<b>Governmental activities:</b>			
General obligation bonds			
2015 Refunding Bonds	4%	May 2024	\$ 4,935,000
2017 School Building and Site Bonds	4-5%	May 2035	11,420,000
2021 Refunding Bonds	4%	May 2029	11,045,000
			<b>\$ 27,400,000</b>

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

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

The annual requirements of principal and interest to amortize the bonds and retirement obligations outstanding as of June 30, 2021 follow:

Year ending June 30,	Governmental Activities			
	Bonds		Other	
	Principal	Interest	Principal	Interest
2022	\$ 2,935,000	\$ 1,250,930	\$ 40,000	\$ -
2023	2,160,000	1,089,350	35,000	-
2024	2,250,000	1,002,950	35,000	-
2025	2,340,000	912,950	35,000	-
2026	2,425,000	819,350	35,000	-
2027-2031	9,315,000	2,676,350	175,000	-
2032-2035	5,975,000	757,500	164,666	-
	<b>\$ 27,400,000</b>	<b>\$ 8,509,380</b>	<b>\$ 519,666</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, 2021, \$18.83 million of bonds outstanding are considered defeased.

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

**Plan Description**

The Michigan Public School Employees’ Retirement System (System or MPERS) 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 board consists of twelve members—eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

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).

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

The System’s financial statements are available on the ORS website at [Michigan.gov/ORSSchools](http://Michigan.gov/ORSSchools).

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

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

**Benefits Provided – Pension**

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. 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.

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 if applicable. 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, 2021

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

**Benefits Provided – Pension—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 MPSERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member, who became a member of MPSERS 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, 2021

**NOTE H—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, 2019 valuation will be amortized over a 19-year period beginning October 1, 2019, and ending September 30, 2038.

The schedules below summarize the contribution rates in effect for the System’s fiscal year ended September 30, 2020.

**Pension Contribution Rates**

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Basic	0.0 - 4.0 %	19.41 %
Member Investment Plan	3.0 - 7.0	19.41
Pension Plus Plan	3.0 - 6.4	16.46
Pension Plus 2 Plan	6.2	19.59
Defined Contribution	0.0	13.39

**OPEB Contribution Rates**

<u>Benefit Structure</u>	<u>Member</u>	<u>Employer</u>
Premium Subsidy	3.0 %	8.09 %
Personal Healthcare Fund	0.0	7.57

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

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

**Contributions – Pension and OPEB—Continued**

The School District's pension contributions for the year ended June 30, 2021 were equal to the required contribution total. Pension contributions were approximately \$4,576,000, including Section 147c contributions.

For the year ended June 30, 2021, the School District and employee defined contribution plan contributions were approximately \$197,000 and \$295,000, respectively.

The School District's OPEB contributions for the year ended June 30, 2021 were equal to the required contribution total. OPEB contributions were approximately \$1,179,000.

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

At June 30, 2021, the School District reported a liability of \$51,088,095 for its proportionate share of the net pension liability and a liability of \$7,970,972 for its proportionate share of the net OPEB liability.

The net pension and OPEB liabilities were measured as of September 30, 2020, 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, 2019. 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 from all applicable employers during the measurement period. At September 30, 2020 and 2019, the School District's pension proportion was 0.14872 and 0.15097 percent, respectively. At September 30, 2020 and 2019, the School District's OPEB proportion was 0.14879 and 0.15076 percent, respectively.

For the year ended June 30, 2021, the School District recognized pension expense (benefit) of \$7,731,761 and OPEB expense (benefit) of \$(253,532).



Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

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

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

At June 30, 2021, 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	\$ 780,584	\$ 109,040	\$ -	\$ 5,939,119
Changes of assumptions	5,661,054	-	2,628,188	-
Net difference between projected and actual earnings on plan investments	214,649	-	66,527	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	171,383	630,542	67,261	245,841
State of Michigan Section 147c UAAL rate stabilization state aid payments subsequent to the measurement date	-	1,940,576	-	-
School District contributions subsequent to the measurement date	4,304,701	-	1,059,310	-
<b>Total</b>	<b>\$11,132,371</b>	<b>\$2,680,158</b>	<b>\$3,821,286</b>	<b>\$6,184,960</b>

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**NOTE H—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, 2022. 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, 2022. 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:

<b>Year ending June 30,</b>	<b>Pension</b>	<b>OPEB</b>
2022	\$ 2,945,644	\$ (914,182)
2023	1,924,669	(821,645)
2024	942,078	(685,797)
2025	275,697	(560,123)
2026	-	(441,237)

**Actuarial assumptions**

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.

**Summary of Actuarial Assumptions**

Valuation date –	September 30, 2019
Actuarial cost method –	Entry age, Normal
Investment rate of return –	6.8% a year for the MIP and Basic plans 6.8% a year for the Pension Plus plan 6% a year for the Pension Plus 2 plan 6.95% 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% Year 1 graded to 3.5% Year 15; 3% Year 120

**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, scaled by 82 percent for males and 78 percent for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.

**Experience Study**

The annual actuarial valuation report of the System used for these statements is dated September 30, 2019. Assumption changes as a result of an experience study for the 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, 2021

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the plan’s target asset allocation as of September 30, 2020 are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return*</u>
Domestic Equity Pools	25.0 %	5.6 %
Private Equity Pools	16.0	9.3
International Equity Pools	15.0	7.4
Fixed Income Pools	10.5	0.5
Real Estate and Infrastructure Pools	10.0	4.9
Absolute Return Pools	9.0	3.2
Real Return/Oppportunistic Pools	12.5	6.6
Short Term Investment Pools	2.0	0.1
<b>Total</b>	<b><u>100.0</u> %</b>	

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

***Rate of return***

For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 5.37 percent and 5.24 percent on pension plan and OPEB plan investments, respectively.

***Discount rate***

In the current year, the discount rates used to measure the total pension and OPEB liabilities were 6.8 percent (6.8 percent for the Pension Plus Plan and 6 percent for the Pension Plus 2 plan), and 6.95 percent, respectively. The discount rates used to measure the total pension and OPEB liability as of June 30, 2020 were 6.8 percent (6.8 percent for the Pension Plus plan and 6 percent for the Pension Plus 2 plan), and 6.95 percent, respectively. 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 these 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, 2021

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

**Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources—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 6.8 percent (6.8 percent for the 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>(5.8% / 5.8% / 5%)</b>	<b>Discount Rate</b> <b>(6.8% / 6.8% / 6%)</b>	<b>1% Higher</b> <b>(7.8% / 7.8% / 7%)</b>
\$ 66,124,873	\$ 51,088,095	\$ 38,625,958

**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 6.95 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>(5.95%)</b>	<b>Discount Rate</b> <b>(6.95%)</b>	<b>1% Higher</b> <b>(7.95%)</b>
\$ 10,239,619	\$ 7,970,972	\$ 6,060,961

**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>
\$ 5,987,830	\$ 7,970,972	\$ 10,226,551

**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, 2021

**NOTE I—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.

**NOTE J—RISKS AND UNCERTAINTIES**

The COVID-19 pandemic that the world is experiencing is unprecedented. It is nearly impossible to fully understand the impact it will have on the economy and on the School District's operations. As of June 30, 2021, the School District is continuing to implement risk mitigation tactics including all aspects of the School District's activities related to public school education, relationships with local, state, and federal government funding sources, compliance with the requirements of these funding sources and with business transactions with customers, vendors and human interaction within and outside of the School District.

**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, 2021 or any of the prior three years.

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**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:

<b>Municipality</b>	<b>Abatement type</b>	<b>Taxes abated</b>
City of Whitehall	IFT	\$ 110,733
Whitehall Township	IFT	1,176
City of Whitehall	BRA	31,374
Fruitland Township	PILOT	16,268
		<b>\$ 159,551</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—CHANGE IN ACCOUNTING PRINCIPLE**

The net position of the governmental activities and other governmental funds were restated effective July 1, 2020 to reflect the implementation of GASB Statement No. 84, *Fiduciary Activities*.

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

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2021

**NOTE M—CHANGE IN ACCOUNTING PRINCIPLE—Continued**

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

	<b>Fund balances</b>	
	<b>Other governmental funds</b>	<b>Total governmental funds</b>
Fund balances at beginning of year, as previously stated	\$ 543,357	\$ 5,495,601
Adoption of GASB Statement 84	305,778	305,778
Fund balances at beginning of year, as restated	<b>\$ 849,135</b>	<b>\$ 5,801,379</b>
		<b>Governmental activities</b>
Net position at beginning of year, as previously stated		\$ (36,876,719)
Adoption of GASB Statement 84		305,778
Net position at beginning of year, as restated		<b>\$ (36,570,941)</b>

**NOTE N—SUBSEQUENT EVENTS**

**State Aid Anticipation Note**

In August 2021, the School District received the proceeds of a \$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 2022 and bears interest at the rate of 0.45 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, 2021, the School District approved approximately \$128,000 of purchases for equipment and capital improvements.

Whitehall District Schools  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2021

**NOTE O—UPCOMING ACCOUNTING PRONOUNCEMENTS**

GASB Statement 87—*Leases* was issued by the GASB in June 2017 and will be effective for the School District's 2022 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.

GASB Statement 96—*Subscription-Based Information Technology Arrangements* was issued by the GASB in May 2020 and will be effective for the School District's 2023 fiscal year. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.



**REQUIRED SUPPLEMENTARY INFORMATION**

Whitehall District Schools  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
 General Fund  
 For the year ended June 30, 2021

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local revenue				
Local sources	\$ 3,467,052	\$ 3,360,908	\$ 3,450,165	\$ 89,257
Received from other districts	677,000	683,000	707,319	24,319
State sources	16,130,626	18,079,708	18,484,333	404,625
Federal sources	1,195,153	1,984,481	1,921,503	(62,978)
Incoming transfers and other transactions	59,998	78,180	59,023	(19,157)
Total revenues	<u>21,529,829</u>	<u>24,186,277</u>	<u>24,622,343</u>	<u>436,066</u>
<b>EXPENDITURES</b>				
Instruction				
Basic programs	10,657,037	11,237,776	10,898,098	339,678
Added needs	3,140,800	3,277,282	3,166,031	111,251
Adult and continuing education	202,389	192,912	188,899	4,013
Support services				
Pupil	1,634,992	1,720,309	1,716,195	4,114
Instructional staff	784,285	838,568	740,971	97,597
General administration	461,169	492,126	484,441	7,685
School administration	1,023,417	1,329,377	1,341,651	(12,274)
Business services	474,728	512,259	448,652	63,607
Operations and maintenance	1,506,637	1,686,392	1,755,585	(69,193)
Pupil transportation services	980,444	1,150,179	1,027,752	122,427
Central support	509,113	516,321	399,111	117,210
Athletics	492,126	518,220	511,659	6,561
Community services	100,166	97,894	39,339	58,555
Outgoing transfers and other transactions	123,900	415,000	373,918	41,082
Total expenditures	<u>22,091,203</u>	<u>23,984,615</u>	<u>23,092,302</u>	<u>892,313</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (561,374)</u>	<u>\$ 201,662</u>	1,530,041	<u>\$ 1,328,379</u>
Fund balance at beginning of year			<u>3,352,382</u>	
Fund balance at end of year			<u>\$ 4,882,423</u>	

Whitehall District Schools  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
Community Education Fund  
For the year ended June 30, 2021

	<u>Budgeted amounts</u>		<u>Actual</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local sources	\$ 582,600	\$ 577,000	\$ 598,012	\$ 21,012
State sources	1,887,191	1,906,668	1,810,495	(96,173)
Federal sources	1,081,515	1,280,011	1,318,864	38,853
Total revenues	3,551,306	3,763,679	3,727,371	(36,308)
<b>EXPENDITURES</b>				
Instruction	1,529,878	1,490,050	1,450,638	39,412
Support services	402,942	441,548	390,401	51,147
Community services				
Community enrichment	71,412	24,312	20,019	4,293
Early childhood	1,473,716	1,864,497	1,819,432	45,065
Outgoing transfers and other transactions	49,283	32,579	-	32,579
Total expenditures	3,527,231	3,852,986	3,680,490	172,496
Excess (deficiency) of revenues over (under) expenditures	<b>\$ 24,075</b>	<b>\$ (89,307)</b>	46,881	<b>\$ 136,188</b>
Fund balance at beginning of year			200,281	
Fund balance at end of year			<b>\$ 247,162</b>	

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)

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
School District's proportion of the net pension liability (%)	0.14872%	0.15097%	0.15182%	0.15112%	0.14696%	0.14052%	0.13925%	-	-	-
School District's proportionate share of the net pension liability	\$51,088,095	\$49,997,400	\$45,639,307	\$39,161,046	\$36,665,038	\$34,321,498	\$30,672,425	\$ -	\$ -	\$ -
School District's covered payroll	\$14,367,445	\$14,021,135	\$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	355.58%	356.59%	335.32%	306.86%	288.54%	292.05%	258.24%	-	-	-
Plan fiduciary net position as a percentage of the total pension liability	59.72%	60.31%	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contributions	\$ 2,635,436	\$ 2,568,842	\$ 2,389,257	\$ 2,352,092	\$ 2,409,905	\$ 2,694,696	\$ 2,886,330	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contributions	2,635,436	2,568,842	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	\$ 14,467,934	\$ 14,420,091	\$ 13,959,002	\$ 13,467,650	\$ 12,692,730	\$ 12,486,944	\$ 12,042,345	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	18.22%	17.81%	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
School District's proportion of the net OPEB liability (%)	0.14879%	0.15076%	0.15246%	0.15121%	-	-	-	-	-	-
School District's proportionate share of the net OPEB liability	\$ 7,970,972	\$10,821,530	\$12,118,923	\$13,390,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$14,367,445	\$14,021,135	\$13,610,807	\$12,761,711	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	55.48%	77.18%	89.04%	104.92%	-	-	-	-	-	-
Plan fiduciary net position as a percentage of the total OPEB liability	59.44%	48.46%	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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contributions	\$ 1,179,127	\$ 1,136,996	\$ 1,075,306	\$ 1,003,843	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the statutorily required contributions	1,179,127	1,136,996	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	\$ 14,467,934	\$ 14,420,091	\$ 13,959,002	\$ 13,467,650	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	8.15%	7.88%	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, 2021

Pension Information

**Benefit changes** – there were no changes of benefit terms in 2020.

**Changes of assumptions** – there were no changes of assumptions in 2020.

OPEB Information

**Benefit changes** – there were no changes of benefit terms in 2020.

**Changes of assumptions** – there were no changes of assumptions in 2020.



**OTHER SUPPLEMENTAL INFORMATION**

Whitehall District Schools  
**COMBINING BALANCE SHEET**  
 Other Governmental Funds  
 June 30, 2021

	Total other governmental funds	Special Revenue			Capital Projects	
		Food Service	Technology	Activity	Capital Improvements	2017 School Building and Site
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,569,632	\$ 1,061,071	\$ 168,651	\$ 274,246	\$ 65,664	\$ -
Receivables	10,345	10,345	-	-	-	-
Due from other governmental units	126,479	103,144	18,853	4,482	-	-
Due from other funds	3,000	-	-	-	-	3,000
Inventories	20,972	20,972	-	-	-	-
Total assets	<b>\$ 1,730,428</b>	<b>\$ 1,195,532</b>	<b>\$ 187,504</b>	<b>\$ 278,728</b>	<b>\$ 65,664</b>	<b>\$ 3,000</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 13,455	\$ 9,846	\$ -	\$ 609	\$ -	3,000
Accrued liabilities	11,060	11,060	-	-	-	-
Due to other funds	133,597	100,238	609	32,750	-	-
Unearned revenue	18,771	18,771	-	-	-	-
Total liabilities	176,883	139,915	609	33,359	-	3,000
<b>FUND BALANCES</b>						
Nonspendable for inventories	20,972	20,972	-	-	-	-
Restricted						
Food services	1,034,645	1,034,645	-	-	-	-
Technology	186,895	-	186,895	-	-	-
Committed						
Student/school activities	245,369	-	-	245,369	-	-
Capital projects	65,664	-	-	-	65,664	-
Total fund balances	1,553,545	1,055,617	186,895	245,369	65,664	-
Total liabilities and fund balances	<b>\$ 1,730,428</b>	<b>\$ 1,195,532</b>	<b>\$ 187,504</b>	<b>\$ 278,728</b>	<b>\$ 65,664</b>	<b>\$ 3,000</b>

Whitehall District Schools  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**  
Other Governmental Funds  
For the year ended June 30, 2021

	Total other governmental funds	Special Revenue			Capital Projects	
		Food Service	Technology	Activity	Capital Improvements	2017 School Building and Site
<b>REVENUES</b>						
Local sources						
Investment earnings	\$ 12	\$ 12	\$ -	\$ -	\$ -	\$ -
Fees and charges	2,238	2,238	-	-	-	-
Student/school activities	199,190	-	-	199,190	-	-
Other	458,729	38,323	415,462	-	4,944	-
Total local sources	660,169	40,573	415,462	199,190	4,944	-
State sources	54,548	54,548	-	-	-	-
Federal sources	2,742,902	2,742,902	-	-	-	-
Total revenues	3,457,619	2,838,023	415,462	199,190	4,944	-
<b>EXPENDITURES</b>						
Instruction	190,760	-	190,760	-	-	-
Support services	92,259	-	92,259	-	-	-
Food services	2,192,464	2,192,464	-	-	-	-
Student/school activities	259,599	-	-	259,599	-	-
Total expenditures	2,735,082	2,192,464	283,019	259,599	-	-
Excess (deficiency) of revenues over (under) expenditures	722,537	645,559	132,443	(60,409)	4,944	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	40,896	1,082	-	-	39,814	-
Transfers out	(59,023)	(59,023)	-	-	-	-
Total other financing sources (uses)	(18,127)	(57,941)	-	-	39,814	-
Net change in fund balances	704,410	587,618	132,443	(60,409)	44,758	-
Fund balances at beginning of year, as restated	849,135	467,999	54,452	305,778	20,906	-
Fund balances at end of year	<b>\$ 1,553,545</b>	<b>\$ 1,055,617</b>	<b>\$ 186,895</b>	<b>\$ 245,369</b>	<b>\$ 65,664</b>	<b>\$ -</b>