WHITE CLOUD PUBLIC SCHOOLS

ANNUAL FINANCIAL REPORT
(with required supplementary and additional information)

JUNE 30, 2022

Baird, Cotter & Bishop, P.C.
SERVING YOUR PAST, PRESENT & FUTURE

CERTIFIED PUBLIC ACCOUNTANTS
134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601 PHONE: (231) 775-9789 FAX: (231) 775-9749
www.bcbcpa.com

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2022

TABLE OF CONTENTS

oo0oo

Baird, Cotter & Bishop, P.C.
SERVING YOUR PAST, PRESENT & FUTURE

CERTIFIED PUBLIC ACCOUNTANTS
134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601 PHONE: (231) 775-9789 FAX: (231) 775-9749
www.bcbcpa.com

October 5, 2022

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
White Cloud Public Schools
White Cloud, Michigan

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of White Cloud Public Schools, White Cloud, Michigan as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of White Cloud Public Schools, as of June 30, 2022, 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.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 4 to the financial statements, in 2022 the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, on pages iv through xi and 36-41 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise White Cloud Public Schools' basic financial statements. The accompanying combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the bond schedules, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2022, on our consideration of White Cloud Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of White Cloud Public Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering White Cloud Public Schools' internal control over financial reporting and compliance.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

This section of White Cloud Public Schools' ("the District") annual report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements consist of the following three components: the government-wide financial statements, fund financial statements, and the notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

A. Government-Wide Financial Statements

The government-wide statements provide short-term and long-term financial information about the District's overall financial status. The district-wide financial statements are compiled using full accrual basis of accounting and more closely represent financial statements presented by business and industry. The Statement of Net Position includes all of the District's assets and liabilities. All of the year's revenue and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

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

Over time, increases and decreases in the District's net position are indicators of whether its financial position is improving or deteriorating, respectively.

To assess the overall health of the District requires consideration of additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are all shown in one category titled "Governmental Activities". These activities, including instruction, supporting services, community services, student activities, food service, and other transactions including interest on long-term debt and depreciation/amortization, are primarily financed with state and federal aids and property taxes.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, rather than the District as a whole. Funds that do not meet the threshold to be classified as major funds are called "non-major" funds. Detailed financial information for non-major funds can be found in the combining and individual fund statements section.

Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District may establish other funds to control and manage money for particular purposes.

The District maintains the following kinds of funds:

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

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in both the government-wide and the fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report further presents Required Supplementary Information (RSI) that explains and supports the information presented in the financial statements.

C. Summary of Net Position

The following schedule summarizes the net position at fiscal year ended June 30. The prior year has not been restated to include the new GASB Statement No, 87 – *Leases*:

	2022	2021
Assets and Deferred Outflows of Resources		
Assets		
Current Assets	$ 7,021,507	$ 5,977,271
Non Current Assets		
Net of Accumulated Depreciation and Amortization	19,025,235	18,518,580
Total Assets	26,046,742	24,495,851
Deferred Outflows of Resources		
Deferred Charges on Refunding	81,520	91,711
Deferred Outflows of Resources Related to Pensions	2,649,563	3,980,698
Deferred Outflows of Resources Related to OPEB	1,044,842	1,378,706
Total Deferred Outflows of Resources	3,775,925	5,451,115
Total Assets and Deferred Outflows of Resources	$ 29,822,667	$ 29,946,966

	2022	2021
Liabilities, Deferred Inflows of Resources, and Net Position		
Liabilities		
Current Liabilities	$ 3,761,958	$ 2,977,289
Long-Term Liabilities	32,062,268	41,536,657
Total Liabilities	35,824,226	44,513,946
Deferred Inflows of Resources		
Deferred Inflows of Resources Related to Pensions	5,224,067	994,044
Deferred Inflows of Resources Related to OPEB	3,157,157	2,306,379
Total Deferred Inflows of Resources	8,381,224	3,300,423
Net Position		
Net Investment in Capital Assets	3,052,236	2,139,682
Unrestricted - (Deficit)	(17,435,019)	(20,007,085)
Total Net Position - (Deficit)	(14,382,783)	(17,867,403)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 29,822,667	$ 29,946,966

D. Analysis of Financial Position

During the fiscal year ended June 30, 2022, the District's net position increased by $3,484,620. A few of the more significant factors affecting net position during the year are discussed below:

1. Depreciation/Amortization Expense

The school district is required to maintain a record of annual depreciation/amortization expense and the accumulation of depreciation/amortization expense over time. The net increase in accumulated depreciation/amortization expense is a reduction in net position.

Depreciation/amortization expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation/amortization expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2022, $1,382,205 was recorded for depreciation/amortization expense.

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2022, $1,543,226 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital/right to use assets will be depreciated over time as explained above.

The net effect of the new capital/right to use assets and the current year's depreciation/amortization, is an increase to capital/right to use assets in the amount of $161,021 for the fiscal year ended June 30, 2022. An increase to net capital/right to use assets is an increase in net position.

3. *Pension and Other Postemployment Benefit Expense*

GASB 68 & 75 now require the District to account for its payments to the Michigan Public School Employees' Retirement System in a manner that has a significant effect on the District's change in net position. Based on various factors, the District may report an increase or decrease in net position depending on whether the District's proportionate share of the net pension and OPEB liabilities increases or decreases in any given year.

4. *Payment of Principal on Long-Term Debt*

During the year ending June 30, 2022, the District reduced the principal on its long-term liabilities by $1,643,380. The payment of principal results in an increase to net position.

E. Change in Net Position

The following schedule summarizes the results of operations, on a district-wide basis, for the year ended June 30. The prior year has not been restated to include the new GASB Statement No. 87 – *Leases*:

	2022	2021
Revenue		
Program Revenue:		
Charges for Services	$ 122,151	$ 197,231
Operating Grants	4,386,439	4,168,618
Capital Grants	627,566	0
General Revenue:		
Property Taxes - Levied for General Purposes	1,787,237	1,624,880
Property Taxes - Levied for Debt Service	2,062,005	1,921,060
Investment Earnings	3,138	3,284
State Sources	6,114,321	5,703,453
Other	120,923	80,658
Total Revenue	15,223,780	13,699,184
Function/Program Expense		
Instruction	4,186,630	8,034,766
Supporting Services	4,859,947	4,083,625
Community Services	3,332	675
Student Activities	60,632	44,746
Facilities Acquisition	17,410	0
Food Services	671,187	361,302
Interest on Long-Term Debt	555,717	599,640
Other Transactions	2,100	55,365
Unallocated Depreciation	1,382,205	1,169,580
Total Expenses	11,739,160	14,349,699
Change in Net Position	$ 3,484,620	$ (650,515)

F. Financial Analysis of the District's Funds

The financial performance of the District as a whole is also reflected in its governmental funds. The following table shows the change in total fund balances of each of the District's governmental funds:

	2022	2021	Increase (Decrease)
Major Fund			
General Fund	$ 3,749,540	$ 2,445,826	$ 1,303,714
Food Service Fund	328,133	214,415	113,718
2020 Debt Retirement Fund	58,071	30,856	27,215
2020 School Building and Site Fund	654,191	1,638,708	(984,517)
Nonmajor Funds			
Student Activities Fund	93,907	71,668	22,239
Debt Retirement Funds	245,089	233,498	11,591
Total Governmental Funds	$ 5,128,931	$ 4,634,971	$ 493,960

As we noted earlier, the District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the District is being accountable for the resources taxpayers and others provide to it and may provide more insight into the District's overall financial health.

As the District completed this year, the governmental funds reported a combined fund balance of $5,128,931, which is an increase of $493,960 from last year.

- The General Fund, our principal operating fund, increased its fund balance by $1,303,714 for an ending balance of $3,749,540. This increase is primarily due to an increase in revenues from the prior year, mostly from pandemic related grant revenue along with an increase in state funding. Of the fund balance of $3,749,540, $19,104 is nonspendable for prepaid expenditures, $27,714 is committed for retirement contracts, and $3,702,722 is unassigned.

- The Food Service Fund increased its fund balance by $113,718 for an ending balance of $328,133. The District operates a "Community Eligibility Provision" program which is highly effective and continues to have high participation. The District is working to spend down it's excess fund balance by purchasing equipment, as well as not taking increased reimbursement rates offered due to the pandemic. Even though the District is trying to spend down its fund balance, it ended the year with an increase in fund balance which is mainly attributable to the purchase of equipment that could not be completed prior to the end of the fiscal year due to supply chain issues as well as increased state and federal funding from the prior year. Of the fund balance of $328,133, $16,141 is nonspendable for inventory and $311,992 is restricted for food service.

- 2020 Debt Retirement Fund increased its fund balance by $27,215. The increase is due to property taxes collected exceeding the debt payments. The entire fund balance is restricted for debt service.

- 2020 School Building and Site Fund decreased its fund balance by $984,517 for an ending balance of $654,191. This decrease is due to the District spending funds on various bond projects throughout the year. The entire fund balance is restricted for capital projects.

- The Student Activities Fund increased its fund balance by $22,239 for an ending balance of $93,907. The increase in fund balance is due to increased fundraising taking place during the year. The entire fund balance of $93,907 is assigned for student activities.

- The non-major Debt Retirement Funds increased their fund balance by $11,591 for an ending balance of $245,089. The increase in the Debt Retirement Funds can be attributed to tax revenues exceeding planned debt payments. The entire fund balance of $245,089 is restricted for debt service.

G. General Fund Budgetary Highlights

The Uniform Budget Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

For the 2021-2022 fiscal year, the District amended the general fund budget various times throughout the year. The following schedule shows a comparison of the original general fund budget to actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
TOTAL REVENUES	$ 11,383,284	$ 12,023,654	$ 12,427,189
EXPENDITURES			
Instruction	$ 6,808,385	$ 5,957,397	$ 6,426,176
Supporting Services	4,564,416	4,406,209	4,392,311
Community Services	1,500	2,395	3,332
Facilities Acquisition		0	156,353
Debt Services	0	185,293	185,293
Total Expenditures	$ 11,374,301	$ 10,551,294	$ 11,163,465

The revenue budget was amended as it became clearer on the amounts the District would receive for state and federal funding. The revenue variance between budget and actual was due to the District budgeting for the total amount of potential federal funding but only spending a portion of this, resulting in less recognized revenue and less expenditures related to those grants.

The expenditures were amended as it became clearer on the amounts that the District was going to be expending during the fiscal year. The expenditure variance between final budgeted to actual was due to the District's expenditures being over budget on various functions, as well as in total. The largest variance was related to Added Needs (within Instruction) that was under budget by $311,743.

H. Capital/Right to Use Asset and Debt Administration

1. Capital/Right to Use Assets

At June 30, 2022, the District has $32,843,447 in a broad range of capital/right to use assets, including school buildings and facilities, school buses, and various types of equipment. Depreciation/amortization expense for the year amounted to $1,382,205, bringing the accumulated depreciation/amortization to $13,818,212 as of June 30, 2022.

Major additions of capital/right to use assets consisted of the following items:

- District HVAC Improvements in the amount of $339,793.
- Flooring in the amount of $241,498.
- High School gym bleachers in the amount of $101,412.
- Paving of the bus garage in the amount of $146,450.

The District has committed to the following capital/right to use asset items prior to the end of the fiscal year:

- Boilers and pumps for the Elementary School in the amount of $412,000.
- Ventilators for the High School in the amount of $206,500.
- Stadium entrance renovation in the amount of $105,698.

Additional information on the District's capital/right to use assets can be found in the notes to this report.

2. Long-Term Obligations

At the end of this year, the District had $32,831,772 in long-term obligations outstanding versus $41,934,627 in the previous year. This represents a decrease of $9,102,855 from the prior year. The majority of this debt consists of bonds payable of $18,455,000. Other obligations include amounts for direct borrowings and direct placements of $597,535, employee compensated absences and retirement contracts estimated at $519,907, net pension liability of $12,467,285, and net other postemployment benefits liability of $792,045.

Additional information on the District's long-term obligations can be found in the notes to this report.

I. Factors Bearing on the District's Future

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

- The District, like many in the State, has seen declining enrollment over recent years, and understands the potential loss in State funding for the 2022-2023 fiscal year.

- As with other employers, the District continues to face increases in rates paid for employee benefits, particularly health insurance and retirement.

- The District will concentrate the bond funds on new technology, infrastructure needs, and other possible building and grounds improvements.

J. Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Department, 555 Wilcox Street, White Cloud, Michigan 49349.

THIS PAGE INTENTIONALLY LEFT BLANK

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2022

		GOVERNMENTAL ACTIVITIES
ASSETS		
CURRENT ASSETS		
Cash	$	4,508,437
Restricted Cash		17,290
Accounts Receivable		19,594
Due from Other Governmental Units		2,438,954
Prepaid Expenses		21,091
Inventory		16,141
Total Current Assets		7,021,507
NON CURRENT ASSETS		
Capital/Right to Use Assets		32,843,447
Less Accumulated Depreciation/Amortization		(13,818,212)
Total Non Current Assets		19,025,235
TOTAL ASSETS		26,046,742
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding		81,520
Deferred Outflows of Resources Related to Pensions		2,649,563
Deferred Outflows of Resources Related to Other Postemployment Benefits		1,044,842
TOTAL DEFERRED OUTFLOWS OF RESOURCES		3,775,925
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable		341,954
Accrued Expenses		81,934
Accrued Interest Payable		103,195
Due to Other Governmental Units		311,956
Unearned Revenue		117,661
Salaries & Benefits Payable		1,039,071
Current Portion of Non Current Liabilities		1,766,187
Total Current Liabilities		3,761,958

The notes to the financial statements are an integral part of this statement.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2022

	GOVERNMENTAL ACTIVITIES
NON CURRENT LIABILITIES	
Bonds Payable - Net	19,432,213
Direct Borrowings and Direct Placements	597,535
Compensated Absences and Retirement Contracts	519,907
Net Pension Liability	12,467,285
Net Other Postemployment Benefits	792,045
Accrued Interest on School Loan Revolving Fund	19,470
Less Current Portion of Non Current Liabilities	(1,766,187)
Total Non Current Liabilities	32,062,268
TOTAL LIABILITIES	35,824,226
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources Related to Pensions	5,224,067
Deferred Inflows of Resources Related to Other Postemployment Benefits	3,157,157
TOTAL DEFERRED INFLOWS OF RESOURCES	8,381,224
NET POSITION	
Net Investment in Capital/Right to Use Assets	3,052,236
Unrestricted - (Deficit)	(17,435,019)
TOTAL NET POSITION - (DEFICIT)	$ (14,382,783)

The notes to the financial statements are an integral part of this statement.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS	PROGRAM REVENUES: CAPITAL GRANTS	GOVERNMENTAL ACTIVITIES: NET (EXPENSES) REVENUES AND CHANGE IN NET POSITION
GOVERNMENTAL ACTIVITIES					
Instruction	$ 4,186,630	$ 0	$ 2,087,170	$ 0	$ (2,099,460)
Supporting Services	4,859,947	78,231	1,467,893	488,623	(2,825,200)
Community Services	3,332	0	3,332	0	0
Student Activities	60,632	0	82,871	0	22,239
Facilities Acquisition	17,410	0	17,410	138,943	138,943
Food Service	671,187	43,920	727,763	0	100,496
Interest on Long-Term Debt	555,717	0	0	0	(555,717)
Other Transactions	2,100	0	0	0	(2,100)
Unallocated Depreciation	1,382,205	0	0	0	(1,382,205)
TOTAL GOVERNMENTAL ACTIVITIES	$ 11,739,160	$ 122,151	$ 4,386,439	$ 627,566	(6,603,004)
GENERAL REVENUES					
Property Taxes - Levied for General Purposes					1,787,237
Property Taxes - Levied for Debt Service					2,062,005
Investment Earnings					3,138
State Sources					6,114,321
Other					120,923
Total General Revenues					10,087,624
Change in Net Position					3,484,620
NET POSITION - Beginning of Year - (Deficit)					(17,867,403)
NET POSITION - End of Year - (Deficit)					$ (14,382,783)

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

BALANCE SHEET
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2022

	GENERAL FUND	FOOD SERVICE FUND	2020 DEBT RETIREMENT FUND	2020 SCHOOL BUILDING AND SITE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash	$3,493,347	$147,242	$ 200,661	$ 0	$ 667,187	$ 4,508,437
Restricted Cash	0	0	0	17,290	0	17,290
Accounts Receivable	19,594	0	0	0	0	19,594
Due from Other Funds	0	168,409	337,011	641,385	9,982	1,156,787
Due from Other Governmental Units	2,438,954	0	0	0	0	2,438,954
Prepaid Expenditures	19,104	1,987	0	0	0	21,091
Inventory	0	16,141	0	0	0	16,141
TOTAL ASSETS	$5,970,999	$333,779	$ 537,672	$ 658,675	$ 677,169	$ 8,178,294
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts Payable	$ 333,536	$ 2,426	$ 0	$ 4,484	$ 1,508	$ 341,954
Accrued Expenses	79,730	2,204	0	0	0	81,934
Due to Other Funds	340,521	0	479,601	0	336,665	1,156,787
Due to Other Governmental Units	311,956	0	0	0	0	311,956
Unearned Revenue	116,645	1,016	0	0	0	117,661
Salaries & Benefits Payable	1,039,071	0	0	0	0	1,039,071
Total Liabilities	2,221,459	5,646	479,601	4,484	338,173	3,049,363
FUND BALANCES						
Nonspendable for:						
Inventory	0	16,141	0	0	0	16,141
Prepaid Expenditures	19,104	0	0	0	0	19,104
Restricted for:						
Debt Service	0	0	58,071	0	245,089	303,160
Food Service	0	311,992	0	0	0	311,992
Capital Projects	0	0	0	654,191	0	654,191
Committed for:						
Retirement Contracts	27,714	0	0	0	0	27,714
Assigned for:						
Student Activities	0	0	0	0	93,907	93,907
Unassigned	3,702,722	0	0	0	0	3,702,722
Total Fund Balances	3,749,540	328,133	58,071	654,191	338,996	5,128,931
TOTAL LIABILITIES AND FUND BALANCES	$5,970,999	$333,779	$ 537,672	$ 658,675	$ 677,169	$ 8,178,294

The notes to the financial statements are an integral part of this statement.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

JUNE 30, 2022

Total Governmental Fund Balances		$ 5,128,931
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds.		
The cost of the capital/right to use assets is	$ 32,843,447	
Accumulated depreciation/amortization is	(13,818,212)	19,025,235
Long-term liabilities are not due and payable in the current period and are not reported in the funds.		
Bonds Payable		(18,455,000)
Direct Borrowings and Direct Placements		(597,535)
Compensated Absences and Retirement Contracts		(519,907)
Accrued interest is not included as a liability in governmental funds, it is recorded when paid.		(122,665)
Bond discounts for bonds issued after June 30, 2002, are expenditures at the modified accrual fund level, but are capitalized and written off over the life of the bonds payable at the district-wide full accrual level.		
Deferred Loss on Refunding		81,520
Bond Discount (Premium)		(977,213)
Some liabilities, including net pension and OPEB obligations, are not due payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability		(12,467,285)
Net OPEB Liability		(792,045)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred Outflows of Resources Related to Pensions and OPEB		3,694,405
Deferred Inflow of Resources Related to Pensions and OPEB		(8,381,224)
NET POSITION OF GOVERNMENTAL ACTIVITIES - (DEFICIT)		$ (14,382,783)

The notes to the financial statements are an integral part of this statement.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2022

	GENERAL FUND	FOOD SERVICE FUND	2020 DEBT RETIREMENT FUND	2020 SCHOOL BUILDING AND SITE FUND FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Local Sources	$ 1,944,695	$ 44,094	$ 494,443	$ 370	$ 1,651,229	$ 4,134,831
State Sources	7,981,893	43,001	346	0	2,941	8,028,181
Federal Sources	2,296,861	691,411	0	0	0	2,988,272
Other Transactions	203,740	0	0	0	0	203,740
Total Revenues	12,427,189	778,506	494,789	370	1,654,170	15,355,024
EXPENDITURES						
Instruction						
Basic Programs	4,354,529	0	0	0	0	4,354,529
Added Needs	2,071,647	0	0	0	0	2,071,647
Supporting Services						
Pupil	545,009	0	0	0	0	545,009
Instructional Staff	13,165	0	0	0	0	13,165
General Administration	263,821	0	0	0	0	263,821
School Administration	575,870	0	0	0	0	575,870
Business	167,872	0	0	0	0	167,872
Operation and Maintenance of Plant	1,514,965	0	0	965,274	0	2,480,239
Pupil Transportation Services	643,872	0	0	4,926	0	648,798
Support Service Technology	485,031	0	0	14,687	0	499,718
Athletic Activities	182,706	0	0	0	0	182,706
Student Activities	0	0	0	0	60,632	60,632
Food Service	0	624,798	0	0	0	624,798
Community Services						
Community Activities	2,952	0	0	0	0	2,952
Welfare Activities	380	0	0	0	0	380
Facilities Acquisition						
Building Improvement Services	156,353	0	0	0	0	156,353
Debt Service						
Principal	178,380	0	440,000	0	1,025,000	1,643,380
Interest and Fiscal Charges	6,913	0	83,200	0	592,554	682,667
Other Transactions	0	0	0	0	2,100	2,100
Total Expenditures	11,163,465	624,798	523,200	984,887	1,680,286	14,976,636
Excess (Deficiency) of Revenues Over Expenditures	1,263,724	153,708	(28,411)	(984,517)	(26,116)	378,388
OTHER FINANCING SOURCES (USES)						
Proceeds from School Loan Revolving Fund	0	0	55,626	0	59,946	115,572
Transfers In (Out)	39,990	(39,990)	0	0	0	0
Total Other Financing Sources (Uses)	39,990	(39,990)	55,626	0	59,946	115,572
Net Change in Fund Balance	1,303,714	113,718	27,215	(984,517)	33,830	493,960
FUND BALANCE - Beginning of Year	2,445,826	214,415	30,856	1,638,708	305,166	4,634,971
FUND BALANCE - End of Year	$ 3,749,540	$ 328,133	$ 58,071	$ 654,191	$ 338,996	$ 5,128,931

The notes to the financial statements are an integral part of this statement.

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances Total Governmental Funds	$	493,960
Amounts reported for governmental activities are different because:		
Governmental funds report capital outlay as expenditures. In the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation. Additionally, the gain or loss on sale or disposal of capital assets is recorded in the statement of activities.		
Depreciation/Amortization Expense		(1,382,205)
Capital Outlay		1,543,226
Accrued interest on bonds is recorded in the Statement of Activities when incurred; it is not recorded in governmental funds until it is paid:		
Accrued Interest Payable - Beginning of Year		121,969
Accrued Interest Payable - End of Year		(122,665)
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, which is presented on the accrual basis of accounting, expenses and liabilities are reported regardless of when financial resources are available.		
Repayment of Bond Principal		1,465,000
Repayment of Notes from Direct Borrowings and Direct Placements		178,380
Proceeds from School Loan Revolving Fund		(115,572)
Amortization of Deferred Charges and Bond Issuance Premium		127,646
Accumulated Sick Pay and Retirement Buyout are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:		
Accumulated Sick Pay and Other Vested Benefits- Beginning of Year		375,466
Accumulated Sick Pay and Other Vested Benefits- End of Year		(468,260)
Retirement Buyout - Beginning of Year		108,093
Retirement Buyout - End of Year		(51,647)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Changes in Pension Related Items		472,808
Changes in OPEB Related Items		869,665
Restricted revenue reported in the governmental funds that is deferred to offset the deferred outflows related to Section 147 C pension contributions subsequent to the measurement date		
Change in State Aid Funding for Pension		(131,244)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	3,484,620

The notes to the financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the White Cloud Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government 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 District's accounting policies are described below.

A. Reporting Entity

The School District ("the District") is located in Newaygo County with its administrative offices located in White Cloud, Michigan. The District operates under an elected 7-member board of education and provides services to its 935 students in elementary, middle school, high school, special education instruction, guidance, health, transportation, food service, and athletics. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

B. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report the information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The District does not have any business-type activities or component units.

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

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

The *special revenue (Food Service) fund* accounts for revenue sources that are assigned to expenditures for specific purposes. The District accounts for its food service activities in a special revenue fund.

The debt retirement *(2020 Debt Retirement) fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of government funds.

The *capital projects (2020 School Building and Site) fund* accounts for expenditures related to the 2020 bond issue.

Other non-major Funds:

The *debt retirement funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of government funds.

The *special revenue (Student Activities) fund* accounts for revenue sources that are assigned to expenditures for specific purposes. The District accounts for its student activities in a special revenue fund.

During the course of operations the government 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, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

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, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

E. 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 timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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, 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 obligations 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue resource (within 60 days of year-end). 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). All other revenue items are considered to be measurable and available only when cash is received by the government.

F. Budgetary Information

1. Budgetary Basis of 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 and special revenue funds.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. While all appropriations and encumbrances lapse at year-end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

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

a) Prior to July 1, the business office submits to the School Board a proposed operating budget for the fiscal year commencing on July 1.

b) A public hearing is conducted during June to obtain taxpayer comments.

c) Prior to June 30, the budget is legally adopted by the School Board resolution pursuant to the Uniform Budgeting and Accounting Act. 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 financial 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.

d) The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.

e) For purposes of meeting emergency needs of the school district, transfer of appropriations may be made by the authorization of the superintendent. Such transfers of appropriations must be approved by the Board of Education at its next regularly scheduled meeting.

f) During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.

g) Budgeted amounts are as originally adopted on June 28, 2021, or as amended by the School Board of Education throughout the year.

2. Excess of Expenditures over Appropriations

General Fund

Instruction
a) Basic Programs expenditures of $4,354,529 exceeded appropriations by $157,036.
b) Added Needs expenditures of $2,071,647 exceeded appropriations by $311,743.

Supporting Services
a) Instructional Staff expenditures of $13,165 exceeded appropriations by $660.
b) School Administration expenditures of $575,870 exceeded appropriations by $1,024.
c) Pupil Transportation Services expenditures of $643,872 exceeded appropriations by $14,683.
d) Support Service Technology expenditures of $485,031 exceeded appropriations by $39,340.

Community Services
a) Community Activities expenditures of $2,952 exceeded appropriations by $557.
b) Welfare Activities expenditures of $380 exceeded appropriations by $380.

Facilities Acquisition
a) Building Improvement Services expenditures of $156,353 exceeded appropriations by $156,353.

Food Service expenditures of $624,798 exceeded appropriations by $10,773.

These overages were covered by available fund balance and greater than anticipated revenues.

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

1. Cash and Cash Equivalents

The District’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments. The District considers all highly liquid investments (including certificates of deposit) to be cash equivalents.

2. *Investments*

Investments are carried at amortized cost which approximates fair value. The District complies with State statutes regarding investment of funds.

The Board policy on investment of funds authorizes the School District to invest as follows:

a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States.

b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state.

c) Commercial paper rated prime at the time of purchase and maturing not more than 270 days after the date of purchase.

d) Securities issued or guaranteed by agencies or instrumentalities of the United States.

e) United States government or federal agency obligation repurchase agreements.

f) Bankers' acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation (FDIC).

g) Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.

h) Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No. 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district.

The District's deposits and investments are held separately by several of the School District's funds.

3. *Inventory and Prepaid Items*

Inventory is valued at cost using the first-in/first-out method. Inventory consists of expendable supplies held for consumption, which are recorded as expenditures when consumed rather than when purchased.

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

The nonspendable fund balance at the governmental fund level is equal to the amount of inventories and prepaid items at year-end to indicate the portion of the governmental fund balances that are nonspendable.

4. *Capital Assets*

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated capital assets are valued at their acquisition value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. Land is not depreciated and construction in progress is not depreciated until the underlying assets are placed in service upon completion of the project. At that time, the asset costs are reclassified out of construction in progress and into the appropriate depreciable category. Right-to-use assets of the District are amortized using the straight-line method over the shorter of the lease period or the estimated useful lives.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings, Additions and Improvements	20-50 years
Furniture, Vehicles and Equipment	5-15 years

The District's capitalization policy is to capitalize individual amounts exceeding $5,000.

5. 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/expenditure) until then. The District has three items that qualify for reporting in this category. One is the deferred charge on refunding reported in the government-wide *Statement of Net Position*. A deferred charge on refunding results from the difference in the carrying value of refunded obligation and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding obligation. The other deferred outflows relate to the pension plan and other postemployment benefits for its employees. Details can be found in footnotes 3.E and 3.F.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. They are future resources yet to be recognized in relation to the pension and other postemployment benefit actuarial calculation. These future resources arise from differences in the estimates used by the actuary to calculate the pension and other postemployment benefit liability and the actual results. Details can be found in footnotes 3.E and 3.F.

6. Defined Benefit Plans

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

7. Unearned and Unavailable Revenue

Unearned revenue arises when resources are received by the District before it has a legal claim to them. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, revenue is recognized. The District has unearned revenue related to state and local grants received and unspent due to restrictions on how they can be spent.

Unavailable revenue arises when resources that the government has a legal claim to are received or expected to be received after 60 days from the current fiscal year end. At the modified accrual level, unavailable resources do not meet both the revenue recognition criteria since they are not considered available. There is no unavailable revenue at the end of the fiscal year.

8. Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight line method which approximates the effective interest method over the term of the related obligation.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

9. Net Position Flow Assumption

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

10. Fund Balance Flow Assumption

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

11. Fund Balance Policies

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

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

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The governing board has authorized the superintendent or business manager to assign fund balance. The board 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.

12. Leases

Lessee: The District is a lessee for a noncancelable lease of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements.

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term obligations on the statement of net position.

13. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

14. Restricted Assets

Certain resources of the 2020 School Building and Site Fund which are set aside for capital projects are classified as restricted cash on the balance sheet because their use is limited by applicable bond covenants.

H. Revenues and Expenditures/Expenses

1. State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2022, the foundation allowance was based on a three-year blended count. For fiscal year ended June 30, 2022, the per pupil foundation allowance was $8,700 for White Cloud Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead 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 2021 to August 2022. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

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

2. Federal Revenue

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

3. Program Revenues

Amounts reported as program revenue 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, state foundation aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenue but instead as *general revenues*.

4. ***Property Taxes***

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are billed as of December 1. The due date is February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2022, the District levied the following amounts per $1,000 of taxable valuation:

Fund	Mills
General Fund - Non-Principal Residence Exemption (PRE)	18.0000
General Fund - Commercial Personal Property	6.0000
Debt Service Funds - PRE, Non-PRE, Commercial Personal Property	9.5000

5. ***Compensated Absences***

It is the District's policy to permit employees to accumulate earned but unused sick pay, vacation time and other benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability is recorded in the statement of net position for such amounts. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Violations of Legal or Contractual Provisions

Note 1.F.2, on the Excess of Expenditures over Appropriations, describes a budgetary violation that occurred for the year ended June 30, 2022.

NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS

A. Deposits

As of June 30, 2022, the District had deposits subject to the following risk:

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2022, $3,916 of the District's bank balance of $4,359,433 was exposed to custodial credit risk because it was uninsured and uncollateralized. As of June 30, 2022, deposits of $4,525,727 are reported on the financial statements as cash and restricted cash.

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

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSOs).

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk; therefore, it is not addressed in the investment policy.

B. Receivables

The Districts receivables as of year-end are as follows:

	General
Receivables	
Accounts	$ 19,594
Due from Other Governmental Units	2,438,954
	$ 2,458,548

Amounts due from other governments include amounts due from federal, state, and local sources for various projects and programs. As a result, its uncollectible accounts are virtually nil.

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

C. Capital and Right to Use Assets

Capital and right to use assets activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Assets Not Being Depreciated				
Construction in Progress	$ 519,471	$ 0	$ 519,471	$ 0
Land	177,656	0	0	177,656
Subtotal	697,127	0	519,471	177,656
Other Capital and Right to Use Assets:				
Land Improvements	1,154,435	336,975	0	1,491,410
Buildings and Additions	23,665,983	1,358,067	0	25,024,050
Furniture and Equipment	4,976,380	318,655	0	5,295,035
Other Vehicles	112,556	0	0	112,556
Buses	348,106	49,000	0	397,106
Right to Use - Buses	345,634	0	0	345,634
Subtotal	30,603,094	2,062,697	0	32,665,791

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Less Accumulated Depreciation/Amortization for:				
Land Improvements	731,395	56,929	0	788,324
Buildings and Additions	8,178,692	573,494	0	8,752,186
Furniture and Equipment	3,124,650	548,736	0	3,673,386
Other Vehicles	68,971	11,803	0	80,774
Buses	332,299	11,223	0	343,522
Right to Use - Buses	0	180,020	0	180,020
Accumulated Depreciation/Amortization	12,436,007	1,382,205	0	13,818,212
Net Other Capital and Right to Use Assets	18,167,087	680,492	0	18,847,579
Net Capital and Right to Use Assets	$ 18,864,214	$ 680,492	$ 519,471	$ 19,025,235

Depreciation and amortization for the fiscal year ended June 30, 2022, amounted to $1,382,205. The District determined that it was impractical to allocate depreciation and amortization to the various governmental activities as the assets serve multiple functions.

D. Retirement and Post-Employment Benefits

Plan Description – The Michigan Public School Employees' Retirement System (System or MPSERS) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. MPSERS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www://michigan.gov/orsschools.

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

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

Benefits Provided- Overall

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

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

Benefits Provided – Pension

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

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

Pension Reform 2010

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

Pension Reform 2012

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

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

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

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

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

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

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

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

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

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

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

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closes the current hybrid plan (Pension Plus) to newly hired employees as of February 1, 2018 and creates a new optional revised hybrid plan with similar plan benefit calculations but containing a 50/50 cost share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the new hybrid plan is 6%. 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% for two consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Benefits Provided – Other postemployment benefit (OPEB)

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree 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% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

Retiree Healthcare Reform of 2012

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

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

Regular Retirement (no reduction factor for age)

Eligibility – A basic plan member may retire at age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, age 46 with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60^{th} birthday and has credited service in each of the last 5 years. For Pension Plus Plan (PPP) members, age 60 with 10 years of credited service.

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

Member Contributions

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

Employer Contributions

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

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The 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.

Pension and OPEB contributions made in the fiscal year ending September 30, 2021 were determined as of the September 30, 2018 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2018 are amortized over a 18-year period beginning October 1, 2020 and ending September 30, 2038.

School districts' contributions are determined based on employee elections. There are several different benefit options included in the plan available to employees based on date of hire. Contribution rates are adjusted annually by the ORS. The range of rates is as follows:

	Pension	Other Postemployment Benefit
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.45%
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%

The District's pension contributions for the year ended June 30, 2022 were equal to the required contribution total. Pension contributions were approximately $1,747,000, with $1,720,000 specifically for the Defined Benefit Plan and approximately $27,000 was contributed to the Defined Contribution Fund.

The District's OPEB contributions for the year ended June 30, 2022 were equal to the required contribution total. OPEB benefits were approximately $385,000, with $357,000 specifically for the Defined Benefit Plan and approximately $28,000 was contributed to the Defined Contribution Fund.

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

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

Pension Liabilities

At June 30, 2022, the District reported a liability of $12,467,285 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2020 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021 and 2020, the District's proportion was 0.05265921% and 0.05347722%.

MPSERS (Plan) Non-University Employers Net Pension Liability

	September 30, 2021	September 30, 2020
Total Pension Liability	$ 86,392,473,395	$ 85,290,583,799
Plan Fiduciary Net Position	(62,717,060,920)	(50,939,496,006)
Net Pension Liability	$ 23,675,412,475	$ 34,351,087,793
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.60%	59.72%
Net Pension Liability as a Percentage of Covered Payroll	261.68%	387.25%

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

For the year ended June 30, 2022, the District recognized total pension expense of $1,255,273.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 193,124	$ 73,417
Section 147c revenue related to District Pension contributions subsequent to measurement date	0	820,961
Changes of assumptions	785,893	0
Net difference between projected and actual earnings on pension plan investments	0	4,008,192
Changes in proportion and differences between District contributions and proportionate share of contributions	35,142	321,497
District contributions subsequent to the measurement date	1,635,404	0
Total	$ 2,649,563	$ 5,224,067

$1,635,404 reported as deferred outflows of resources and $820,961 reported as deferred inflows or resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources (+) and deferred inflows of resources (-) related to pensions will be recognized in pension expense as follows:

Year Ended September 30,		Amount
2022	$	(486,926)
2023		(767,963)
2024		(1,026,168)
2025		(1,107,890)
	$	(3,388,947)

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

OPEB Liabilities

At June 30, 2022, the District reported a liability of $792,045 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2020 and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2021 and 2020, the District's proportion was 0.05189048% and 0.05313068%.

MPSERS (Plan) Non-University Employers Net OPEB Liability

		September 30, 2021		September 30, 2020
Total OPEB Liability	$	12,046,393,511	$	13,206,903,534
Plan Fiduciary Net Position		(10,520,015,621)		(7,849,636,555)
OPEB Liability	$	1,526,377,890	$	5,357,266,979
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability		87.33%		59.44%
OPEB Liability as a Percentage of Covered Payroll		16.87%		60.39%

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

For the year ended June 30, 2022, the District recognized total OPEB benefit of $497,658.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ 2,260,835
Changes of assumptions	662,110	99,076
Net difference between projected and actual earnings on OPEB plan investments	0	596,978
Changes in proportion and differences between District contributions and proportionate share of contributions	64,072	200,268
District contributions subsequent to the measurement date	318,660	0
Total	$ 1,044,842	$ 3,157,157

$318,660 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources (+) and deferred inflows of resources (-) related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30,	Amount
2022	$ (652,172)
2023	(580,524)
2024	(508,861)
2025	(489,916)
2026	(176,364)
Thereafter	(23,138)
	$ (2,430,975)

G. Actuarial Assumptions

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

Investment rate of return for OPEB – 6.95% a year, compounded annually net of investment and administrative expenses.

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

Inflation – 3.0%.

Mortality assumptions –

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

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

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

Experience study - The annual actuarial valuation report of the System used for these statements is dated September 30, 2020. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 valuation.

The long-term expected rate of return on pension and other postemployment benefit plan investments - The pension rate was 6.80% (MIP, Basic, and Pension Plus Plan) and 6.00% for Pension Plus 2 Plan, and the other postemployment benefit rate was 6.95%, net of investment and administrative expenses was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension and OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Healthcare cost trend rate for other postemployment benefit – Pre 65, 7.75% for year one and graded to 3.5% in year fifteen. Post 65, 5.25% for year one and graded to 3.5% in year fifteen.

Additional assumptions for other postemployment benefit only – Applies to individuals hired before September 4, 2012:

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

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

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

The target asset allocation at September 30, 2021 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Category	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity Pools	25.00%	5.40%
Alternative Investment Pools	16.00%	9.10%
International Equity	15.00%	7.50%
Fixed Income Pools	10.50%	-0.07%
Real Estate & Infrastructure Pools	10.00%	5.40%
Absolute Return Pools	9.00%	2.60%
Real Return/Opportunistic Pools	12.50%	6.10%
Short-Term Investment Pools	2.00%	-1.30%
	100%	

*Long-term rate of return is net of administrative expenses and 2.0% inflation.

Rate of return

For fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension and OPEB plan investments, net of pension and OPEB plan investment expense, was 27.3% and 27.14% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Pension Discount Rate

A single discount rate of 6.80% was used to measure the total pension liability (6.00% for the Pension Plus 2 Plan). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.00% for the Pension Plus 2 Plan). The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from school districts will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

OPEB Discount Rate

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using a single discount rate of 6.80% (6.00% for the Pension Plus 2 Plan), as well as what the 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 than the current rate:

1% Decrease	Pension Discount Rate	1% Increase
$ 17,824,837	$ 12,467,285	$ 8,025,524

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the 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 than the current rate:

1% Decrease	OPEB Discount Rate	1% Increase
$ 1,471,762	$ 792,045	$ 215,208

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's proportionate share of the net other postemployment benefit liability calculated using the healthcare cost trend rate as well as what the District's proportionate share of the net other postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

1% Decrease	OPEB Healthcare Cost Trend Rates	1% Increase
$ 192,777	$ 792,045	$ 1,466,293

H. Pension and OPEB Plan Fiduciary Net Position

Detailed information about the pension and OPEB plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System 2021 Annual Comprehensive Financial Report.

I. Payables to the Pension and OPEB Plan

As of June 30, 2022, the District is current on all required pension and OPEB plan payments. As of June 30, 2022, the District reported payables in the amount of $312,365 to the pension and OPEB plan. These amounts represent current payments for June wages paid in July, accruals for summer pay primarily for teachers and also the contributions due funded from state revenue Section 147c restricted to fund the MPSERS Unfunded Actuarial Accrued Liability (UAAL).

J. Risk Management

White Cloud Public Schools is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) as well as medical benefits provided to employees.

The District participates in a distinct pool of education institutions within the State of Michigan for various risks of loss, including general liability, property and casualty, employee health and accident insurance, and workers' disability compensation. The pool is considered a public entity risk pools. The District pays annual premiums to each pool 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 District has not been informed of any special assessments being required.

K. Long-Term Obligations

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of the governmental long-term obligations transactions for the District for the year ended June 30, 2022:

	NOTES FROM DIRECT BORROWINGS & DIRECT PLACEMENTS	GENERAL OBLIGATION BONDS	ACCUMULATED UNPAID COMPENSATED ABSENCES AND RETIREMENT CONTRACTS	NET PENSION LIABILITY	NET OPEB LIABILITY	TOTAL
Balance at July 1, 2021	$ 660,343	$ 19,920,000	$ 483,559	$ 18,370,007	$ 2,846,352	$ 42,280,261
Additions	115,572	0	117,453	1,581,157	385,206	2,199,388
Deletions	(178,380)	(1,465,000)	(81,105)	(7,483,879)	(2,439,513)	(11,647,877)
Balance at June 30, 2022	597,535	18,455,000	519,907	12,467,285	792,045	32,831,772
Less Current Portion	167,254	1,575,000	23,933	Unknown	Unknown	1,766,187
Net Long-Term Obligations	$ 430,281	$ 16,880,000	$ 495,974	$ 12,467,285	$ 792,045	$ 31,065,585

At June 30, 2022, the District's debt obligations consisted of the following issues:

Notes from Direct Borrowings & Direct Placements	
School Loan Revolving Fund Loan beginning April 26, 2002. This is a loan from the State of Michigan pursuant to P.A. 108 of 1961. The District's debt retirement millage is limited to 9.50 mills. As long as the tax revenue from this millage is insufficient to make current debt service payments on the District's bonds, additional loans can be obtained in amounts sufficient to make bond and interest payments. No payments are due on the School Loan Revolving Fund loan or accrued interest until such time as tax revenues exceed bond debt service requirements. Interest rates on these loans are variable, the rate at June 30, 2022, was 1.19184%, and the accrued interest was $19,470 which is not included in the total.	$ 430,281
Buses - Right to Use Lease - Due in annual installments of $170,599 through August 2022. Interest at 2%.	167,254
General Obligation Bonds	
$7,620,000 2015 Refunding Bonds due in annual installments of $500,000 through May 1, 2031; Interest at 4.000%.	4,500,000
$6,310,000 2016 School Building and Site Bonds due in annual installments of $425,000 to $450,000 through May 1, 2031; Interest at 4.000%	4,050,000
$8,365,000 2020 Refunding Bonds due in annual installments of $100,000 to $1,610,000 through May 1, 2031; Interest at 1.982% to 2.740%	8,265,000
$2,470,000 2020 School Building and Site Bonds due in annual installments of $440,000 to $600,000 through May 1, 2025; Interest at 4.000%	1,640,000
Accumulated Unpaid Compensated Absences and Retirement Contracts	519,907
Net Pension Liability	12,467,285
Net Other Postemployment Benefit Liability	792,045
	$ 32,831,772

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of $597,535 contains provisions that in the event of default , either by (1) unable to make principal or interest payments (2) false or misrepresentations is made to the lender (3) become insolvent or make an assignment for the benefit of its creditors (4) if the lender at any time in good faith believes that the prospect of payment of any indebtedness is impaired. Upon the occurrence of any default event, the outstanding amounts, including accrued interest become immediately due and payable.

The annual requirements to amortize all long-term obligations outstanding except compensated absences, net pension and OPEB liabilities, and the School Loan Revolving Fund loan as of June 30, 2022, are as follows:

YEAR ENDING	Retirement Payable		Notes from Direct Borrowings and Direct Placements		Bonds Payable		
JUNE 30,	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	TOTAL
2023	$ 23,933	$ 0	$ 167,254	$ 3,345	$ 1,575,000	$ 617,172	$ 2,386,704
2024	13,857	0	0	0	1,690,000	558,836	2,262,693
2025	13,857	0	0	0	1,785,000	494,569	2,293,426
2026	0	0	0	0	1,925,000	427,084	2,352,084
2027	0	0	0	0	2,045,000	365,352	2,410,352
2028-2031	0	0	0	0	9,435,000	772,349	10,207,349
	$ 51,647	$ 0	$ 167,254	$ 3,345	$ 18,455,000	$ 3,235,362	$ 21,912,608

Interest expense for the year ended June 30, 2022 was approximately $555,717.

The annual requirements to amortize the accumulated compensated absences, net pension liability, OPEB liability, and the School Loan Revolving Fund loan are not included above because it is unknown when they will actually be paid.

Compensated absences, retirement contracts, net pension liability, and OPEB liability will be paid by the fund in which the employee worked, including the general fund and other governmental funds. Accrued interest on School Loan Revolving Fund of $19,470 is treated as a long-term liability because it is not known when it will actually be paid.

L. Interfund Receivables and Payables

Interfund Receivables and Payables as shown in the individual fund financial statements at June 30, 2022, were:

Receivable Fund	Payable Fund	Amount
2020 Debt Retirement	General Fund	$ 346
2020 Refunding Debt Retirement	General Fund	789
2015 Debt Retirement	General Fund	156
2016 Debt Retirement	General Fund	996
Food Service Fund	General Fund	168,409
Student Activities Fund	General Fund	8,041
2020 School Building and Site Fund	General Fund	161,784
2020 Debt Retirement	2016 Debt Retirement	84,000
2020 Debt Retirement	2020 Refunding Debt Retirement	252,665
2020 School Building and Site Fund	2020 Debt Retirement	479,601
		$ 1,156,787

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. All interfund balances outstanding at June 30, 2022, are expected to be repaid within one year.

M. Interfund Transfers

Interfund transfers are as shown in the individual fund financial statements at June 30, 2022, were:

Fund Transferred To	Funds Transferred From	Amount
General Fund	Food Service Fund	$ 39,990

Transfers are used to (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

N. Other Information

1. Commitments and Contingencies

Under the terms of various federal and state grants and regulatory requirements, periodic audits are required and certain cost may be questioned as not being appropriate expenditures under the terms of the grants and requirements. Such audits could lead to reimbursement of the grantor or regulatory agencies. However, management does not believe such disallowances, if any, would be material to the financial position of the District.

In addition, the District has committed to the following items prior to the end of the fiscal year:

- Boilers and pumps for the Elementary School in the amount of $412,000.
- Ventilators for the High School in the amount of $206,500.
- Stadium entrance renovation in the amount of $105,698.

2. Single Audit

Current federal guidelines require entities with federal expenditures exceeding $750,000 to have a “single audit” of federally funded programs. This audit is being performed and the reports based thereon will be issued under a separate cover.

3. Building and Site Fund

The 2020 School Building and Site Fund includes capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of §1351a of the Revised School Code.

O. Statement No. 77 – Tax Abatement Disclosures

The District received reduced property tax revenue as a result of Industrial Facilities Tax (IFT) exemptions granted by governmental entities within the District. The City of White Cloud and Everett Township are the only governmental entities within the District with IFT abatements. Industrial facility exemptions are intended to promote construction of new industrial facilities, acquisition of personal property or to rehabilitate historical facilities.

For the fiscal year ended June 30, 2022, (tax year 2021) the District's property tax revenues were reduced by approximately $105,858 under this program.

The District is considered to be an "in-formula" district. The taxes abated for the General Fund operating millage are considered by the State of Michigan when determining the District's section 22 funding of the State School Aid Act. The District received approximately $81,144 from the State of Michigan's determination.

NOTE 4 – NEW ACCOUNTING STANDARD

For the year ended June 30, 2022, the District implemented the following new pronouncement: GASB Statement No. 87, *Leases*.

Summary:

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

The restatement of the beginning of year had no impact on net position. The change capital assets and long-term obligations is as follows:

	Capital Asset	Long-Term Obligations
Balances as of July 1, 2021, as previously stated	$ 18,518,580	$ 41,536,657
Adoption of GASB Statement 87	345,634	345,634
Balances as of July 1, 2021, as restated	$ 18,864,214	$ 41,882,291

NOTE 5 – UPCOMING ACCOUNTING PRONOUNCEMENTS

The District is currently evaluating the impact these standards will have on the financial statements when adopted.

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

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE

YEAR ENDED JUNE 30, 2022

	GENERAL FUND			FOOD SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
REVENUES						
Local Sources	$ 2,061,614	$ 2,083,299	$ 1,944,695	$ 44,000	$ 33,506	$ 44,094
State Sources	7,658,951	7,902,171	7,981,893	28,010	0	43,001
Federal Sources	1,406,219	1,831,481	2,296,861	585,000	579,582	691,411
Other Transactions	256,500	206,703	203,740	0	0	0
Total Revenues	11,383,284	12,023,654	12,427,189	657,010	613,088	778,506
EXPENDITURES						
Instruction						
Basic Programs	4,511,701	4,197,493	4,354,529	0	0	0
Added Needs	2,296,684	1,759,904	2,071,647	0	0	0
Supporting Services						
Pupil	451,363	556,048	545,009	0	0	0
Instructional Staff	136,742	12,505	13,165	0	0	0
General Administration	248,923	271,773	263,821	0	0	0
School Administration	579,771	574,846	575,870	0	0	0
Business	203,057	171,185	167,872	0	0	0
Operation and Maintenance of Plant	1,525,511	1,543,491	1,514,965	0	0	0
Pupil Transportation Services	988,097	629,189	643,872	0	0	0
Support Service Technology	200,733	445,691	485,031	0	0	0
Athletic Activities	230,219	201,481	182,706	0	0	0
Community Services						
Community Activities	1,500	2,395	2,952	0	0	0
Welfare Activities	0	0	380	0	0	0
Food Service	0	0	0	630,145	614,025	624,798
Facilities Acquisition						
Building Improvement Services	0	0	156,353	0	0	0
Debt Service						
Principal	0	178,380	178,380	0	0	0
Interest and Fiscal Charges	0	6,913	6,913	0	0	0
Total Expenditures	11,374,301	10,551,294	11,163,465	630,145	614,025	624,798
Excess (Deficiency) of Revenues Over Expenditures	8,983	1,472,360	1,263,724	26,865	(937)	153,708
OTHER FINANCING SOURCES (USES)						
Transfers In (Out)	(111,200)	(131,961)	39,990	(30,000)	(30,000)	(39,990)
Net Change in Fund Balance	(102,217)	1,340,399	1,303,714	(3,135)	(30,937)	113,718
FUND BALANCE - Beginning of Year	1,865,287	2,445,826	2,445,826	273,694	273,694	214,415
FUND BALANCE - End of Year	$ 1,763,070	$ 3,786,225	$ 3,749,540	$ 270,559	$ 242,757	$ 328,133

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2022

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)			0.05266%	0.05348%	0.05325%	0.05370%	0.05540%	0.05357%	0.05011%	0.05203%
District's proportionate share of net pension liability			$ 12,467,285	$ 18,370,007	$ 17,634,043	$ 16,141,951	$ 14,356,153	$ 13,365,953	$ 12,240,382	$ 11,461,180
District's covered payroll			4,703,350	4,706,510	4,681,618	4,443,142	4,629,790	4,637,657	4,147,750	4,412,038
District's proportionate share of net pension liability as a percentage of its covered payroll			265.07%	390.31%	376.67%	363.30%	310.08%	288.20%	295.11%	259.77%
Plan fiduciary net position as a percentage of total pension liability			72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2022

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions			$ 1,719,830	$ 1,600,080	$ 1,480,025	$ 1,402,780	$ 1,349,836	$ 1,296,202	$ 1,183,046	$ 980,571
Contributions in relation to statutorily required contributions *			1,719,830	1,600,080	1,480,025	1,402,780	1,349,836	1,296,202	1,183,046	980,571
Contribution deficiency (excess)			$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll			$ 4,656,784	$ 4,725,148	$ 4,759,886	$ 4,603,564	$ 4,342,621	$ 4,628,926	$ 4,340,947	$ 4,196,793
Contributions as a percentage of covered payroll			36.93%	33.86%	31.09%	30.47%	31.08%	28.00%	27.25%	23.36%

* Contributions in relation to statutorily contributions are the contributions a reporting unit actually made to the System, as distinct from the statutorily required contributions.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 9/30 OF EACH PLAN YEAR)
JUNE 30, 2022

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (%)						0.05189%	0.05313%	0.05359%	0.05214%	0.05524%
District's proportionate share of net OPEB liability						$ 792,045	$ 2,846,352	$ 3,846,541	$ 4,144,523	$ 4,891,908
District's covered payroll						4,703,350	4,706,510	4,681,618	4,443,142	4,629,790
District's proportionate share of net OPEB liability as a percentage of its covered payroll						16.84%	60.48%	82.16%	93.28%	105.66%
Plan fiduciary net position as a percentage of total OPEB liability						87.33%	59.44%	48.46%	42.95%	36.39%

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS (AMOUNTS WERE DETERMINED AS OF 6/30 OF EACH FISCAL YEAR)
JUNE 30, 2022

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions						$ 356,594	$ 377,164	$ 368,234	$ 352,661	$ 311,465
Contributions in relation to statutorily required contributions *						356,594	377,164	368,234	352,661	311,465
Contribution deficiency (excess)						$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll						$ 4,656,784	$ 4,725,148	$ 4,759,886	$ 4,603,564	$ 4,342,621
Contributions as a percentage of covered payroll						7.66%	7.98%	7.74%	7.66%	7.17%

* Contributions in relation to statutorily contributions are the contributions a reporting unit actually made to the System, as distinct from the statutorily required contributions.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR YEAR ENDED JUNE 30, 2022

Pension Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2021.

Changes of Assumptions – There were no changes of assumptions for the plan year ended September 30, 2021.

OPEB Information

Changes of Benefit Terms - There were no changes of benefit terms for the plan year ended September 30, 2021.

Changes of Assumptions – The assumption changes for the plan year ended September 30, 2021 were:

> Healthcare cost trend rate was broken into two groups, Pre 65 and Post 65. The Pre 65 rate is 7.75% Year 1 graded to 3.50% Year 15. The Post 65 rate is 5.25% Year 1 graded to 3.50% Year 15. The prior healthcare cost trend rate was reported as one group with a rate of 7.00% Year 1 graded to 3.50% Year 15.

THIS PAGE INTENTIONALLY LEFT BLANK

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2022

	STUDENT ACTIVITIES FUND	DEBT RETIREMENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS			
Cash	$ 87,374	$ 579,813	$ 667,187
Due from Other Funds	8,041	1,941	9,982
TOTAL ASSETS	$ 95,415	$ 581,754	$ 677,169
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 1,508	$ 0	$ 1,508
Due to Other Funds	0	336,665	336,665
Total Liabilities	1,508	336,665	338,173
FUND BALANCES			
Restricted for Debt Service	0	245,089	245,089
Assigned for Student Activities	93,907	0	93,907
Total Fund Balances	93,907	245,089	338,996
TOTAL LIABILITIES AND FUND BALANCES	$ 95,415	$ 581,754	$ 677,169

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2022

	STUDENT ACTIVITIES FUND	DEBT RETIREMENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES			
Local Sources	$ 82,871	$ 1,568,358	$ 1,651,229
State Sources	0	2,941	2,941
Total Revenues	82,871	1,571,299	1,654,170
EXPENDITURES			
Student Activities	60,632	0	60,632
Debt Service			
Principal	0	1,025,000	1,025,000
Interest and Fiscal Charges	0	592,554	592,554
Other Transactions	0	2,100	2,100
Total Expenditures	60,632	1,619,654	1,680,286
Excess (Deficiency) of Revenues Over Expenditures	22,239	(48,355)	(26,116)
OTHER FINANCING SOURCES (USES)			
Proceeds from School Loan Revolving Fund	0	59,946	59,946
Net Change in Fund Balance	22,239	11,591	33,830
FUND BALANCE - Beginning of Year	71,668	233,498	305,166
FUND BALANCE - End of Year	$ 93,907	$ 245,089	$ 338,996

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

DEBT RETIREMENT FUNDS
COMBINED BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2022

	2015 REFUNDING DEBT RETIREMENT FUND	2016 DEBT RETIREMENT FUND	2020 REFUNDING DEBT RETIREMENT FUND	TOTAL NONMAJOR FUND
ASSETS				
Cash	$ 233,721	$ 147,878	$ 198,214	$ 579,813
Due from Other Funds	156	996	789	1,941
TOTAL ASSETS	$ 233,877	$ 148,874	$ 199,003	$ 581,754
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Due to Other Funds	$ 0	$ 84,000	$ 252,665	$ 336,665
FUND BALANCE				
Restricted for Debt Retirement (Deficit)	233,877	64,874	(53,662)	245,089
TOTAL LIABILITIES AND FUND BALANCE	$ 233,877	$ 148,874	$ 199,003	$ 581,754

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

DEBT RETIREMENT FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2022

	2015 REFUNDING DEBT RETIREMENT FUND	2016 DEBT RETIREMENT FUND	2020 REFUNDING DEBT RETIREMENT FUND	TOTAL NONMAJOR FUND
REVENUES				
Local Sources	$ 725,373	$ 625,564	$ 217,421	$ 1,568,358
State Sources	1,156	996	789	2,941
Total Revenues	726,529	626,560	218,210	1,571,299
EXPENDITURES				
Debt Service				
Redemption of Principal	500,000	425,000	100,000	1,025,000
Interest	200,000	179,000	213,554	592,554
Other Transactions	1,500	0	600	2,100
Total Expenditures	701,500	604,000	314,154	1,619,654
Excess (Deficiency) of Revenues Over Expenditures	25,029	22,560	(95,944)	(48,355)
OTHER FINANCING SOURCES (USES)				
Proceeds from School Loan Revolving Fund	18,346	0	41,600	59,946
Net Change in Fund Balance	43,375	22,560	(54,344)	11,591
FUND BALANCE - Beginning of Year	190,502	42,314	682	233,498
FUND BALANCE - End of Year (Deficit)	$ 233,877	$ 64,874	$ (53,662)	$ 245,089

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2015 REFUNDING BONDS
JUNE 30, 2022

TITLE OF ISSUE	2015 Refunding Bonds		
PURPOSE	To refund a portion of two prior bond issues of the School District and the costs of issuing the bonds.		
DATE OF ISSUE	March 19, 2015		
INTEREST PAYABLE	May 1, and November 1, of each year		
AMOUNT OF ISSUE			$ 7,620,000
AMOUNT REDEEMED			
Current Year		$ 500,000	
Prior Years		2,620,000	3,120,000
BALANCE OUTSTANDING - June 30, 2022			$ 4,500,000

DUE DATES		INTEREST RATES	REQUIREMENTS PRINCIPAL	INTEREST	TOTAL
November 1	2022			$ 90,000	$ 90,000
May 1	2023	4.000%	$ 500,000	90,000	590,000
November 1	2023			80,000	80,000
May 1	2024	4.000%	500,000	80,000	580,000
November 1	2024			70,000	70,000
May 1	2025	4.000%	500,000	70,000	570,000
November 1	2025			60,000	60,000
May 1	2026	4.000%	500,000	60,000	560,000
November 1	2026			50,000	50,000
May 1	2027	4.000%	500,000	50,000	550,000
November 1	2027			40,000	40,000
May 1	2028	4.000%	500,000	40,000	540,000
November 1	2028			30,000	30,000
May 1	2029	4.000%	500,000	30,000	530,000
November 1	2029			20,000	20,000
May 1	2030	4.000%	500,000	20,000	520,000
November 1	2030			10,000	10,000
May 1	2031	4.000%	500,000	10,000	510,000
			$ 4,500,000	$ 900,000	$ 5,400,000

DENOMINATION	$5,000 each, or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.
REDEMPTION PRIOR TO MATURITY	Bonds, or portions of bonds maturing on or after May 1, 2026, are subject to redemption at the option of the issuer in multiples of $5,000 in such order as the issuer may determine, by lot within any maturity, on any interest payment date occurring on or after May 1, 2025, at par and accrued interest to the date fixed for redemption.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2016 BUILDING AND SITE BONDS, SERIES I
JUNE 30, 2022

TITLE OF ISSUE — 2016 Building and Site Bonds, Series I

PURPOSE — Remodeling, installing security measures for, equipping and re-equipping and furnishing and refurnishing school buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; and developing and improving parking areas, an athletic track and facility and sites

DATE OF ISSUE — August 2, 2016

INTEREST PAYABLE — May 1, and November 1, of each year

AMOUNT OF ISSUE		$ 6,310,000
AMOUNT REEDEMED		
Current Year	$ 425,000	
Prior Years	1,835,000	2,260,000
BALANCE OUTSTANDING - June 30, 2022		$ 4,050,000

DUE DATES		INTEREST RATES	REQUIREMENTS PRINCIPAL	INTEREST	TOTAL
May 1	2023	4.000%	$ 450,000	$ 81,000	$ 531,000
November 1	2023			72,000	72,000
May 1	2024	4.000%	450,000	72,000	522,000
November 1	2024			63,000	63,000
May 1	2025	4.000%	450,000	63,000	513,000
November 1	2025			54,000	54,000
May 1	2026	4.000%	450,000	54,000	504,000
November 1	2026			45,000	45,000
May 1	2027	4.000%	450,000	45,000	495,000
November 1	2027			36,000	36,000
May 1	2028	4.000%	450,000	36,000	486,000
November 1	2028			27,000	27,000
May 1	2029	4.000%	450,000	27,000	477,000
November 1	2029			18,000	18,000
May 1	2030	4.000%	450,000	18,000	468,000
November 1	2030			9,000	9,000
May 1	2031	4.000%	450,000	9,000	459,000
			$ 4,050,000	$ 729,000	$ 4,779,000

DENOMINATION — $5,000 each, or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.

REDEMPTION PRIOR TO MATURITY — Bonds or portions of bonds in multiples of $5,000 maturing on or after May 1, 2027, are subject to redemption at the option of the School District in such order as the School District may determine by lot within any maturity, on any interest payment date occurring on or after May 1, 2026, at par and accrued interest to the date fixed for redemption.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2020 SCHOOL BUILDING AND SITE BONDS, SERIES II
JUNE 30, 2022

TITLE OF ISSUE	2020 School Building and Site Bonds, Series II
PURPOSE	Remodeling, installing security measurers for, equipping and re-equipping and furnishing and refurnishing school buildings; acquiring and installing instructional technology and instructional technology equipment for school buildings; and developing and improving parking areas, an athletic track facility and sites.
DATE OF ISSUE	January 9, 2020
INTEREST PAYABLE	May 1, and November 1, of each year

AMOUNT OF ISSUE		$ 2,470,000
AMOUNT REDEEMED		
Current Year	$ 440,000	
Prior Years	390,000	830,000
BALANCE OUTSTANDING - June 30, 2022		$ 1,640,000

		INTEREST	REQUIREMENTS		
DUE DATES		RATES	PRINCIPAL	INTEREST	TOTAL
November 1	2022			$ 32,800	$ 32,800
May 1	2023	4.000%	$ 485,000	32,800	517,800
November 1	2023			23,100	23,100
May 1	2024	4.000%	555,000	23,100	578,100
November 1	2024			12,000	12,000
May 1	2025	4.000%	600,000	12,000	612,000
			$ 1,640,000	$ 135,800	$ 1,775,800

DENOMINATION	$5,000 each, or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.
REDEMPTION PRIOR TO MATURITY	The bonds are not subject to redemption prior to maturity.

WHITE CLOUD PUBLIC SCHOOLS
WHITE CLOUD, MICHIGAN

2020 REFUNDING BONDS
JUNE 30, 2022

TITLE OF ISSUE	2020 Refunding Bonds		
PURPOSE	To refund a portion of a prior bond issue of the School District and the costs of issuing the bond.		
DATE OF ISSUE	January 9, 2020		
INTEREST PAYABLE	May 1, and November 1, of each year		
AMOUNT OF ISSUE			$ 8,365,000
AMOUNT REDEEMED			
Current Year		$ 100,000	
Prior Years		0	100,000
BALANCE OUTSTANDING - June 30, 2022			$ 8,265,000

DUE DATES		INTEREST RATES	REQUIREMENTS PRINCIPAL	INTEREST	TOTAL
November 1	2022			$ 105,786	$ 105,786
May 1	2023	2.098%	$ 140,000	105,786	245,786
November 1	2023			104,318	104,318
May 1	2024	2.198%	185,000	104,318	289,318
November 1	2024			102,285	102,285
May 1	2025	2.334%	235,000	102,284	337,284
November 1	2025			99,542	99,542
May 1	2026	2.434%	975,000	99,542	1,074,542
November 1	2026			87,676	87,676
May 1	2027	2.490%	1,095,000	87,676	1,182,676
November 1	2027			74,044	74,044
May 1	2028	2.540%	1,215,000	74,043	1,289,043
November 1	2028			58,613	58,613
May 1	2029	2.560%	1,340,000	58,613	1,398,613
November 1	2029			41,461	41,461
May 1	2030	2.640%	1,470,000	41,461	1,511,461
November 1	2030			22,057	22,057
May 1	2031	2.740%	1,610,000	22,057	1,632,057
			$ 8,265,000	$ 1,391,562	$ 9,656,562

DENOMINATION	$5,000 each, or any integral multiple thereof not exceeding the aggregate principal amount for each maturity.
REDEMPTION PRIOR TO MATURITY	The Bonds are not subject to redemption prior to maturity.