

**WHITE CLOUD PUBLIC SCHOOLS**

**ANNUAL FINANCIAL REPORT**  
**(with required supplementary and additional information)**

**JUNE 30, 2023**



WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

ANNUAL FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2023

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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, 2023, 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, 2023, 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.

***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 4-11 and 47-52 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 nonmajor 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 financial statements of combining nonmajor 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 September 29, 2023, 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.

The logo for UHY LLP, featuring the letters "UHY" in a large, stylized, cursive font, with "LLP" in a smaller, simpler font to the right.

Cadillac, Michigan  
September 29, 2023

# WHITE CLOUD PUBLIC SCHOOLS

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

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, 2023. 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.

### **Financial Highlights Section**

#### **Government-Wide**

- The liabilities of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$11,167,707 creating a deficit net position amount.
- The government's total net deficit decreased by \$3,215,076.

#### **Fund Level**

- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$5,478,945, an increase of \$350,014 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4,197,452.

### **Overview of the 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.



MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

**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.

WHITE CLOUD PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

	2023	2022
<b>Assets and Deferred Outflows of Resources</b>		
<b>Assets</b>		
Current Assets	\$ 7,448,430	\$ 7,021,507
Non Current Assets		
Net of Accumulated Depreciation and Amortization	19,561,084	19,025,235
Total Assets	27,009,514	26,046,742
<b>Deferred Outflows of Resources</b>		
Deferred Charges on Refunding	71,329	81,520
Deferred Outflows of Resources Related to Pensions	5,266,271	2,649,563
Deferred Outflows of Resources Related to OPEB	1,385,887	1,044,842
Total Deferred Outflows of Resources	6,723,487	3,775,925
Total Assets and Deferred Outflows of Resources	\$ 33,733,001	\$ 29,822,667
<b>Liabilities, Deferred Inflows of Resources, and Net Position</b>		
<b>Liabilities</b>		
Current Liabilities	\$ 3,772,482	\$ 3,761,958
Long-Term Liabilities	37,289,481	32,062,268
Total Liabilities	41,061,963	35,824,226
<b>Deferred Inflows of Resources</b>		
Deferred Inflows of Resources Related to Pensions	1,463,206	5,224,067
Deferred Inflows of Resources Related to OPEB	2,375,539	3,157,157
Total Deferred Inflows of Resources	3,838,745	8,381,224
<b>Net Position</b>		
Net Investment in Capital/Right to Use Assets	4,760,602	3,052,236
Unrestricted - (Deficit)	(15,928,309)	(17,435,019)
Total Net Position - (Deficit)	(11,167,707)	(14,382,783)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 33,733,001	\$ 29,822,667

**D. Analysis of Financial Position**

During the fiscal year ended June 30, 2023, the District's net position increased by \$3,215,076. A few of the more significant factors affecting net position during the year are discussed below:

WHITE CLOUD PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

**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, 2023, \$1,420,531 was recorded for depreciation/amortization expense.

**2. *Capital Outlay Acquisitions***

For the fiscal year ended June 30, 2023, \$1,956,380 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 \$535,849 for the fiscal year ended June 30, 2023. 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 Bonded Debt and Direct Borrowings/Placements***

During the year ending June 30, 2023, the District made the principal payments on its long-term liabilities of \$1,742,254. 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.

WHITE CLOUD PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

	2023	2022
<b>Revenue</b>		
Program Revenue:		
Charges for Services	\$ 92,757	\$ 122,151
Operating Grants	5,099,506	4,386,439
Capital Grants	667,879	627,566
General Revenue:		
Property Taxes - Levied for General Purposes	1,893,127	1,787,237
Property Taxes - Levied for Debt Service	2,200,876	2,062,005
Investment Earnings	53,637	3,138
State Sources	6,549,273	6,114,321
Other	98,842	120,923
Total Revenue	16,655,897	15,223,780
<b>Function/Program Expense</b>		
Instruction	7,772,613	4,186,630
Supporting Services	2,844,323	4,859,947
Community Services	4,959	3,332
Student Activities	95,734	60,632
Facilities Acquisition	237,647	17,410
Food Services	560,252	671,187
Interest on Long-Term Debt	503,632	555,717
Other Transactions	1,130	2,100
Unallocated Depreciation	1,420,531	1,382,205
Total Expenses	13,440,821	11,739,160
<b>Change in Net Position</b>	<u>\$ 3,215,076</u>	<u>\$ 3,484,620</u>

**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:

	2023	2022	Increase (Decrease)
<b>Major Fund</b>			
General Fund	\$ 4,537,278	\$ 3,749,540	\$ 787,738
Food Service Fund	405,284	328,133	77,151
2020 Debt Retirement Fund	62,154	58,071	4,083
2020 School Building and Site Fund	5,774	654,191	(648,417)
<b>Nonmajor Funds</b>			
Student Activities Fund	97,744	93,907	3,837
Debt Retirement Funds	370,711	245,089	125,622
Total Governmental Funds	<u>\$ 5,478,945</u>	<u>\$ 5,128,931</u>	<u>\$ 350,014</u>

WHITE CLOUD PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

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 \$5,478,945, which is an increase of \$350,014 from last year.

- The General Fund, our principal operating fund, increased its fund balance by \$787,738 for an ending balance of \$4,537,278. This increase is primarily due to an increase in revenues from the prior year, mostly due to an increase in state funding. Of the fund balance of \$4,537,278, \$32,112 is nonspendable for prepaid expenditures, \$31,857 is committed for retirement contracts, \$275,857 is assigned for subsequent year budget shortfall and \$4,197,452 is unassigned.
- The Food Service Fund increased its fund balance by \$77,151 for an ending balance of \$405,284. 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 its excess fund balance by purchasing equipment. Even though the District is trying to spend down its fund balance, it ended the year with an increase in fund balance. Of the fund balance of \$405,284, \$10,775 is nonspendable for inventory and prepaid expenditures and \$394,509 is restricted for food service.
- 2020 Debt Retirement Fund increased its fund balance by \$4,083. 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 \$648,417 for an ending balance of \$5,774. 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 \$3,837 for an ending balance of \$97,744. The increase in fund balance is due to increased fundraising taking place during the year. The entire fund balance of \$97,744 is assigned for student activities.
- The non-major Debt Retirement Funds increased their fund balance by \$125,622 for an ending balance of \$370,711. The increase in the Debt Retirement Funds can be attributed to tax revenues exceeding planned debt payments. The entire fund balance of \$370,711 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 2022-2023 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:

WHITE CLOUD PUBLIC SCHOOLS

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>TOTAL REVENUES</u>	<u>\$ 12,140,754</u>	<u>\$ 13,758,500</u>	<u>\$ 13,411,711</u>
<u>EXPENDITURES</u>			
Instruction	\$ 6,650,533	\$ 7,255,437	\$ 7,140,348
Supporting Services	4,490,896	5,278,415	5,178,202
Community Services	0	5,850	4,959
Facilities Acquisition	0	169,858	169,858
Debt Services	0	0	170,599
Total Expenditures	<u>\$ 11,141,429</u>	<u>\$ 12,709,560</u>	<u>\$ 12,663,966</u>

The 2022-2023 revenue variances from the original budget to the final budget were primarily due to two factors. First, when the budget was prepared, the state per pupil funding had not yet been determined, and as a district, we budgeted conservatively at a \$300 per pupil funding increase. The actual per pupil funding from the State was a \$450 per pupil increase. Secondly, the State provided the district with a one-time MPSERS funding deposit of \$489,000. Additionally, the District spent more for federal grants that increased the federal revenue budget.

The 2022-2023 revenue variances from the final budget and actual amounts for Federal sources are due to the ESSER funding, timing of expenditures, and cash draws because of the reimbursement nature of the grant. Other transactions were reclassified to local revenue.

The variance between original expenditure budget and final expenditure budget was due to increased grant revenue, allowing for increased expenditures across all primary areas of the budget.

The only substantial variance from final budgeted expenditures to actual figures is related to the final payment on the bus lease not being budgeted for properly.

## **H. Capital/Right to Use Asset and Debt Administration**

### **1. Capital/Right to Use Assets**

At June 30, 2023, the District has \$34,785,421 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 \$1,420,531, bringing the accumulated depreciation/amortization to \$15,224,337 as of June 30, 2023.

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

- High School ventilator replacements in the amount of \$226,985.
- Elementary boiler and pump replacements in the amount of \$412,000.
- Flooring projects in the amount of \$528,143.
- District locker replacements in the amount of \$212,809.
- Food Service equipment in the amount of \$126,105.
- Stadium entrance renovations in the amount of \$109,119.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR FISCAL YEAR ENDED JUNE 30, 2023

The District has not committed to any capital/right to use asset items prior to the end of the fiscal year.

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 \$38,121,676 in long-term obligations outstanding versus \$32,831,772 in the previous year. This represents an increase of \$5,289,904 from the prior year. The majority of this debt consists of bonds payable of \$16,880,000. Other obligations include amounts for direct borrowings and direct placements of \$548,130, employee compensated absences and retirement contracts estimated at \$530,607, net pension liability of \$19,130,194, and net other postemployment benefits liability of \$1,032,745.

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 2023-2024 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 continue to look and work towards the future with possible debt extension bonds to focus on safety and security, new technology, infrastructure needs, and other possible building and grounds improvements.
- The District will also continue to limit the impact of the impending ESSER funding cliff, with removal of one-time federal monies.

**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.

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

STATEMENT OF NET POSITION

JUNE 30, 2023

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 5,760,804
Restricted Cash	5,774
Due from Other Governmental Units	1,638,965
Prepaid Expenses	34,073
Inventory	8,814
	<hr/>
Total Current Assets	7,448,430
	<hr/>
<u>NON CURRENT ASSETS</u>	
Capital/Right to Use Assets (Net of Accumulated Depreciation/Amortization)	
Assets Not Being Depreciated	177,656
Assets Being Depreciated	19,383,428
	<hr/>
Total Non Current Assets	19,561,084
	<hr/>
TOTAL ASSETS	27,009,514
	<hr/>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Charges on Refunding	71,329
Deferred Outflows of Resources Related to Pensions	5,266,271
Deferred Outflows of Resources Related to Other Postemployment Benefits	1,385,887
	<hr/>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	6,723,487
	<hr/>
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	59,714
Accrued Expenses	104,271
Accrued Interest Payable	93,140
Due to Other Governmental Units	349,268
Unearned Revenue	703,708
Salaries & Benefits Payable	752,524
Current Portion of Non Current Liabilities	1,709,857
	<hr/>
Total Current Liabilities	3,772,482
	<hr/>

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, 2023

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>NON CURRENT LIABILITIES</u>	
Bonds Payable - Net	17,719,376
Direct Borrowings and Direct Placements	548,130
Compensated Absences and Retirement Contracts	530,607
Net Pension Liability	19,130,194
Net Other Postemployment Benefits	1,032,745
Accrued Interest on School Loan Revolving Fund	38,286
Less Current Portion of Non Current Liabilities	<u>(1,709,857)</u>
 Total Non Current Liabilities	 <u>37,289,481</u>
 TOTAL LIABILITIES	 <u>41,061,963</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows of Resources Related to Pensions	1,463,206
Deferred Inflows of Resources Related to Other Postemployment Benefits	<u>2,375,539</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>3,838,745</u>
<u>NET POSITION</u>	
Net Investment in Capital/Right to Use Assets	4,760,602
Unrestricted - (Deficit)	<u>(15,928,309)</u>
 TOTAL NET POSITION - (DEFICIT)	 <u><u>\$ (11,167,707)</u></u>

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, 2023

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			GOVERNMENTAL
		CHARGES FOR	OPERATING	CAPITAL	ACTIVITIES
					SERVICES
					REVENUES AND
					CHANGE IN
					NET POSITION
<u>GOVERNMENTAL ACTIVITIES</u>					
Instruction	\$ 7,772,613	\$ 0	\$ 2,512,512	\$ 0	\$ (5,260,101)
Supporting Services	2,844,323	37,204	1,577,564	667,879	(561,676)
Community Services	4,959	0	4,959	0	0
Student Activities	95,734	0	99,571	0	3,837
Facilities Acquisition	237,647	0	0	0	(237,647)
Food Service	560,252	55,553	904,900	0	400,201
Interest on Long-Term Debt	503,632	0	0	0	(503,632)
Other Transactions	1,130	0	0	0	(1,130)
Unallocated Depreciation	1,420,531	0	0	0	(1,420,531)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 13,440,821</u>	<u>\$ 92,757</u>	<u>\$ 5,099,506</u>	<u>\$ 667,879</u>	<u>(7,580,679)</u>
<u>GENERAL REVENUES</u>					
Property Taxes - Levied for General Purposes					1,893,127
Property Taxes - Levied for Debt Service					2,200,876
Investment Earnings					53,637
State Sources					6,549,273
Other					98,842
Total General Revenues					<u>10,795,755</u>
Change in Net Position					3,215,076
<u>NET POSITION</u> - Beginning of Year - (Deficit)					<u>(14,382,783)</u>
<u>NET POSITION</u> - End of Year - (Deficit)					\$ (11,167,707)

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

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

BALANCE SHEET  
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2023

	GENERAL FUND	FOOD SERVICE FUND	2020 DEBT RETIREMENT FUND	2020 SCHOOL BUILDING AND SITE FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>						
Cash	\$ 5,006,559	\$ 219,685	\$ 62,154	\$ 0	\$ 472,406	\$ 5,760,804
Restricted Cash	0	0	0	5,774	0	5,774
Due from Other Funds	3,951	178,815	0	0	0	182,766
Due from Other Governmental Units	1,638,965	0	0	0	0	1,638,965
Prepaid Expenditures	32,112	1,961	0	0	0	34,073
Inventory	0	8,814	0	0	0	8,814
TOTAL ASSETS	<u>\$ 6,681,587</u>	<u>\$ 409,275</u>	<u>\$ 62,154</u>	<u>\$ 5,774</u>	<u>\$ 472,406</u>	<u>\$ 7,631,196</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES</u>						
Accounts Payable	\$ 59,107	\$ 607	\$ 0	\$ 0	\$ 0	\$ 59,714
Accrued Expenses	101,506	2,765	0	0	0	104,271
Due to Other Funds	178,815	0	0	0	3,951	182,766
Due to Other Governmental Units	349,268	0	0	0	0	349,268
Unearned Revenue	703,089	619	0	0	0	703,708
Salaries & Benefits Payable	752,524	0	0	0	0	752,524
Total Liabilities	<u>2,144,309</u>	<u>3,991</u>	<u>0</u>	<u>0</u>	<u>3,951</u>	<u>2,152,251</u>
<u>FUND BALANCES</u>						
Nonspendable for:						
Inventory	0	8,814	0	0	0	8,814
Prepaid Expenditures	32,112	1,961	0	0	0	34,073
Restricted for:						
Debt Service	0	0	62,154	0	370,711	432,865
Food Service	0	394,509	0	0	0	394,509
Capital Projects	0	0	0	5,774	0	5,774
Committed for:						
Retirement Contracts	31,857	0	0	0	0	31,857
Assigned for:						
Student Activities	0	0	0	0	97,744	97,744
Subsequent Year Budget Shortfall	275,857	0	0	0	0	275,857
Unassigned	4,197,452	0	0	0	0	4,197,452
Total Fund Balances	<u>4,537,278</u>	<u>405,284</u>	<u>62,154</u>	<u>5,774</u>	<u>468,455</u>	<u>5,478,945</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,681,587</u>	<u>\$ 409,275</u>	<u>\$ 62,154</u>	<u>\$ 5,774</u>	<u>\$ 472,406</u>	<u>\$ 7,631,196</u>

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, 2023

Total Governmental Fund Balances \$ 5,478,945

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	\$ 34,785,421	
Accumulated depreciation/amortization is	<u>(15,224,337)</u>	19,561,084

Long-term liabilities are not due and payable in the current period and are not reported in the funds.

Bonds Payable	(16,880,000)
Direct Borrowings and Direct Placements	(548,130)
Compensated Absences and Retirement Contracts	(530,607)

Accrued interest is not included as a liability in governmental funds, it is recorded when paid. (131,426)

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	71,329
Bond Discount (Premium)	(839,376)

Some liabilities, including net pension and OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds.

Net Pension Liability	(19,130,194)
Net OPEB Liability	(1,032,745)

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	6,652,158
Deferred Inflow of Resources Related to Pensions and OPEB	<u>(3,838,745)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES - (DEFICIT)	<u><u>\$ (11,167,707)</u></u>
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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, 2023

	GENERAL FUND	FOOD SERVICE FUND	2020 DEBT RETIREMENT FUND	2020 SCHOOL BUILDING AND SITE FUND FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>						
Local Sources	\$ 2,179,149	\$ 58,170	\$ 528,013	\$ 1,138	\$ 1,778,716	\$ 4,545,186
State Sources	8,916,298	28,172	0	0	0	8,944,470
Federal Sources	2,172,872	870,300	0	0	0	3,043,172
Other Transactions	143,392	0	0	0	0	143,392
Total Revenues	13,411,711	956,642	528,013	1,138	1,778,716	16,676,220
<u>EXPENDITURES</u>						
Instruction						
Basic Programs	4,970,390	0	0	0	0	4,970,390
Added Needs	2,169,958	0	0	0	0	2,169,958
Supporting Services						
Pupil	634,690	0	0	0	0	634,690
Instructional Staff	11,317	0	0	0	0	11,317
General Administration	291,981	0	0	0	0	291,981
School Administration	671,142	0	0	0	0	671,142
Business	222,897	0	0	0	0	222,897
Operation and Maintenance of Plant	2,054,212	0	0	223,221	0	2,277,433
Pupil Transportation Services	703,962	0	0	0	0	703,962
Support Services Central	304,463	0	0	0	0	304,463
Athletic Activities	283,538	0	0	0	0	283,538
Student Activities	0	0	0	0	95,734	95,734
Food Service	0	839,498	0	0	0	839,498
Community Services						
Community Activities	4,685	0	0	0	0	4,685
Welfare Activities	274	0	0	0	0	274
Facilities Acquisition						
Building Improvement Services	169,858	0	0	426,334	0	596,192
Debt Service						
Principal	167,254	0	485,000	0	1,090,000	1,742,254
Interest and Fiscal Charges	3,345	0	65,600	0	553,572	622,517
Other Transactions	0	0	330	0	800	1,130
Total Expenditures	12,663,966	839,498	550,930	649,555	1,740,106	16,444,055
Excess (Deficiency) of Revenues Over Expenditures	747,745	117,144	(22,917)	(648,417)	38,610	232,165
<u>OTHER FINANCING SOURCES (USES)</u>						
Proceeds from School Loan Revolving Fund	0	0	0	0	117,849	117,849
Transfers In (Out)	39,993	(39,993)	27,000	0	(27,000)	0
Total Other Financing Sources (Uses)	39,993	(39,993)	27,000	0	90,849	117,849
Net Change in Fund Balance	787,738	77,151	4,083	(648,417)	129,459	350,014
<u>FUND BALANCE</u> - Beginning of Year	3,749,540	328,133	58,071	654,191	338,996	5,128,931
<u>FUND BALANCE</u> - End of Year	\$ 4,537,278	\$ 405,284	\$ 62,154	\$ 5,774	\$ 468,455	\$ 5,478,945

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

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

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

YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances Total Governmental Funds \$ 350,014

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	(1,420,531)
Capital Outlay	1,956,380

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	122,665
Accrued Interest Payable - End of Year	(131,426)

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	1,575,000
Repayment of Notes from Direct Borrowings and Direct Placements	167,254
Proceeds from School Loan Revolving Fund	(117,849)
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	468,260
Accumulated Sick Pay and Other Vested Benefits- End of Year	(478,893)
Retirement Buyout - Beginning of Year	51,647
Retirement Buyout - End of Year	(51,714)

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	(265,017)
Changes in OPEB Related Items	881,963

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	(20,323)
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 3,215,076
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The notes to the financial statements are an integral part of this statement.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**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 927 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.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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



WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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***

The District's approved budgets were adopted at the function level for the General and Special Revenue Funds. These are the legal enacted levels under the State Uniform Budgeting and Accounting Act and the level of budgetary control adopted by the Board (the level at which expenditures may not legally exceed appropriations).

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.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

- 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 27, 2022, or as amended by the School Board of Education throughout the year.

**2. *Excess of Expenditures over Appropriations***

General Fund

Supporting Services

- a) Pupil expenditures of \$634,690 exceeded appropriations by \$30,219.
- b) Instructional Staff expenditures of \$11,317 exceeded appropriations by \$499.

Community Services

- a) Welfare Activities expenditures of \$274 exceeded appropriations by \$274.

Debt Service

- a) Principal expenditures of \$167,254 exceeded appropriations by \$167,254.
- b) Interest and Fiscal Charges expenditures of \$3,345 exceeded appropriations by \$3,345.

Food Service expenditures of \$839,498 exceeded appropriations by \$46,745.

Student Activities expenditures of \$95,734 exceeded appropriations by \$5,734.

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***

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

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation (FDIC) or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation (FSLIC) or a credit union which is insured by the National Credit Union Administration (NCUA), but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, being Section 21.145 and 21.146 of the Michigan Compiled Laws.
- c. Commercial paper rated at the time of purchase within the three (3) highest classifications established by not less than two (2) standard rating services and which matures not more than 270 days after the date of purchase.
- d. The United States government or federal agency obligations repurchase agreements.
- e. Bankers acceptances of United States banks.
- f. Mutual funds composed of investment vehicles, which are legal for direct investment by local units of government in Michigan.

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

### **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, which include property and equipment, are reported in the governmental activities' column in the District-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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.

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

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023

**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.

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**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.

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**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, 2023, the foundation allowance was based on a three-year blended count. For fiscal year ended June 30, 2023, the per pupil foundation allowance was \$9,150 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 2022 to August 2023. 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

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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, 2023, the District levied the following amounts per \$1,000 of taxable valuation:

<u>Fund</u>	<u>Mills</u>
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, 2023.

**NOTE 3 – DETAILED NOTES ON ALL ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

As of June 30, 2023, 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, 2023, \$2,084 of the District's bank balance of \$5,827,314 was exposed to custodial credit risk because it was uninsured and uncollateralized. As of June 30, 2023, deposits of \$5,766,578 are reported on the financial statements as cash and restricted cash.

The cash and cash equivalents and investments referred to above have been reported in either the cash and cash equivalents or investments captions on the financial statements, based upon criteria disclosed in Note 1.



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The following summarizes the categorization of these amounts as of June 30, 2023:

	<u>Governmental Activities</u>
Cash	\$ 5,760,804
Restricted Cash and Cash Equivalents	<u>5,774</u>
	<u><u>\$ 5,766,578</u></u>

*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). Obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

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

*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.

*Custodial Credit Risk –Investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

**B. Receivables**

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

	<u>General</u>
Receivables	
Due from Other Governmental Units	<u><u>\$ 1,638,965</u></u>

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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, 2023, was as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Assets Not Being Depreciated				
Land	\$ 177,656	\$ 0	\$ 0	\$ 177,656
Other Capital and Right to Use Assets:				
Land Improvements	1,491,410	237,687	0	1,729,097
Buildings and Additions	25,024,050	1,202,174	0	26,226,224
Furniture and Equipment	5,295,035	419,555	0	5,714,590
Other Vehicles	112,556	53,199	0	165,755
Buses	397,106	43,765	0	440,871
Right to Use - Buses	345,634	0	14,406	331,228
Subtotal	32,665,791	1,956,380	14,406	34,607,765
Less Accumulated Depreciation/Amortization for:				
Land Improvements	788,324	72,511	0	860,835
Buildings and Additions	8,752,186	636,396	0	9,388,582
Furniture and Equipment	3,673,386	516,515	0	4,189,901
Other Vehicles	80,774	12,692	0	93,466
Buses	343,522	16,803	0	360,325
Right to Use - Buses	180,020	165,614	14,406	331,228
Accumulated Depreciation/Amortization	13,818,212	1,420,531	14,406	15,224,337
Net Other Capital and Right to Use Assets	18,847,579	535,849	0	19,383,428
Net Capital and Right to Use Assets	\$ 19,025,235	\$ 535,849	\$ 0	\$ 19,561,084

Depreciation and amortization for the fiscal year ended June 30, 2023, amounted to \$1,420,531. The District determined that it was impractical to allocate depreciation and amortization to the various governmental activities as the assets serve multiple functions.

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**D. Retirement and Post-Employment Benefits**

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

<b><u>Plan Name</u></b>	<b><u>Plan Type</u></b>	<b><u>Plan Status</u></b>
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 (MPERS) who became a member of MPERS after June 30, 2010, is a Pension

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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).

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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.

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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<sup>th</sup> 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, 2022, were determined as of the September 30, 2019 actuarial valuations. The pension and OPEB benefits, the unfunded (overfunded) actuarial accrued liabilities as of September 30, 2019, are amortized over a 17-year period beginning October 1, 2021 and ending September 30, 2038.

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

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	<u>Pension</u>	<u>Other Postemployment Benefit</u>
October 1, 2021 - September 30, 2022	13.73% - 20.14%	7.23% - 8.09%
October 1, 2022 - September 30, 2023	13.75% - 20.16%	7.21% - 8.07%

The District's pension contributions for the year ended June 30, 2023, were equal to the required contribution total. Pension contributions were approximately \$1,878,000 of the total pension contributions approximately \$1,844,000 was contributed to fund the Defined Benefit Plan and approximately \$34,000 was contributed to fund the Defined Contribution Fund.

The District's OPEB contributions for the year ended June 30, 2023, were equal to the required contribution total. OPEB benefits were approximately \$427,000. Of the total OPEB contributions, approximately \$391,000 was contributed to fund the Defined Benefit Plan and approximately \$36,000 was contributed to fund 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, 2023, the District reported a liability of \$19,130,194 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of September 30, 2021, and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the District's proportion was 0.05086638% and 0.05265921%.

**MPSERS (Plan) Non-University Employers Net Pension Liability**

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Total Pension Liability	\$ 95,876,795,620	\$ 86,392,473,395
Plan Fiduciary Net Position	(58,268,076,344)	(62,717,060,920)
Net Pension Liability	<u>\$ 37,608,719,276</u>	<u>\$ 23,675,412,475</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	60.77%	72.60%
Net Pension Liability as a Percentage of Covered Payroll	386.25%	261.68%

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

For the year ended June 30, 2023, the District recognized total pension expense of \$2,080,255.

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

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 191,369	\$ 42,773
Section 147c revenue related to District Pension contributions subsequent to measurement date	0	841,284
Changes of assumptions	3,287,253	0
Net difference between projected and actual earnings on pension plan investments	44,860	0
Changes in proportion and differences between District contributions and proportionate share of contributions	22,617	579,149
District contributions subsequent to the measurement date	<u>1,720,172</u>	<u>0</u>
<b>Total</b>	<b><u>\$ 5,266,271</u></b>	<b><u>\$ 1,463,206</u></b>

\$1,720,172 reported as deferred outflows of resources and \$841,284 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:

<b><u>Year Ended September 30,</u></b>	<b><u>Amount</u></b>
2023	\$ 816,242
2024	567,244
2025	489,336
2026	<u>1,051,355</u>
	<b><u>\$ 2,924,177</u></b>



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

**OPEB Liabilities**

At June 30, 2023, the District reported a liability of \$1,032,745 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of September 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation date of September 30, 2021, and rolled-forward using generally accepted actuarial procedures. The District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2022 and 2021, the District's proportion was 0.04875894% and 0.05189048%.

**MPSERS (Plan) Non-University Employers Net OPEB Liability**

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
Total OPEB Liability	\$ 12,522,713,324	\$ 12,046,393,511
Plan Fiduciary Net Position	(10,404,650,683)	(10,520,015,621)
OPEB Liability	<u>\$ 2,118,062,641</u>	<u>\$ 1,526,377,890</u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	83.09%	87.33%
OPEB Liability as a Percentage of Covered Payroll	21.75%	16.87%

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

For the year ended June 30, 2023, the District recognized total OPEB benefit of \$486,826.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 0	\$ 2,022,752
Changes of assumptions	920,519	74,954
Net difference between projected and actual earnings on OPEB plan investments	80,717	0

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in proportion and differences between District contributions and proportionate share of contributions	41,853	277,833
District contributions subsequent to the measurement date	342,798	0
<b>Total</b>	<u>\$ 1,385,887</u>	<u>\$ 2,375,539</u>

\$342,798 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:

<u>Year Ended September 30,</u>	<u>Amount</u>
2023	\$ (452,637)
2024	(383,696)
2025	(366,818)
2026	(71,708)
2027	(51,027)
Thereafter	(6,564)
	<u>\$ (1,332,450)</u>

#### G. Actuarial Assumptions

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

**Investment rate of return for OPEB** – 6.00% a year, compounded annually net of investment and administrative expenses.

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

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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, 2021. Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in the determination of the total pension and OPEB liability beginning with the September 30, 2018 valuation.

**The long-term expected rate of return on pension and other postemployment benefit plan investments** - The pension rate was 6.00% (MIP, Basic, Pension Plus Plan, and Pension Plus 2 Plan), and the other postemployment benefit rate was 6.00%, net of investment and administrative expenses 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, 2022 and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Investment Category</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic Equity Pools	25.00%	5.10%
Alternative Investment Pools	16.00%	8.70%
International Equity	15.00%	6.70%
Fixed Income Pools	13.00%	-0.20%
Real Estate & Infrastructure Pools	10.00%	5.30%
Absolute Return Pools	9.00%	2.70%
Real Return/Opportunistic Pools	10.00%	5.80%
Short-Term Investment Pools	2.00%	-0.50%
	<u>100%</u>	

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\*Long-term rate of return is net of administrative expenses and 2.2% inflation.

***Rate of return***

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

***Pension Discount Rate***

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

***OPEB Discount Rate***

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

***Sensitivity of the 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 6.00%, 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:

<b>Pension</b>					
<b>1% Decrease</b>		<b>Discount Rate</b>		<b>1% Increase</b>	
\$	25,244,749	\$	19,130,194	\$	14,091,525

***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 6.00%, 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:

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OPEB					
1% Decrease		Discount Rate		1% Increase	
\$	1,732,330	\$	1,032,745	\$	443,607

***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:

OPEB					
1% Decrease		Healthcare Cost Trend Rates		1% Increase	
\$	432,464	\$	1,032,745	\$	1,706,572

**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 2022 Annual Comprehensive Financial Report.

**I. Payables to the Pension and OPEB Plan**

As of June 30, 2023, the District is current on all required pension and OPEB plan payments. As of June 30, 2023, the District reported payables in the amount of \$291,200 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 pool. 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.

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The following is a summary of the governmental long-term obligations transactions for the District for the year ended June 30, 2023:

	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, 2022	\$ 597,535	\$ 18,455,000	\$ 519,907	\$ 12,467,285	\$ 792,045	\$ 32,831,772
Additions	117,849	0	68,626	8,394,190	612,113	9,192,778
Deletions	(167,254)	(1,575,000)	(57,926)	(1,731,281)	(371,413)	(3,902,874)
Balance at June 30, 2023	548,130	16,880,000	530,607	19,130,194	1,032,745	38,121,676
Less Current Portion	0	1,690,000	19,857	Unknown	Unknown	1,709,857
Net Long-Term Obligations	\$ 548,130	\$ 15,190,000	\$ 510,750	\$ 19,130,194	\$ 1,032,745	\$ 36,411,819

At June 30, 2023, 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, 2023, was 4.11441%, and the accrued interest was \$38,286 which is not included in the total.

\$ 548,130

General Obligation Bonds

\$7,620,000 2015 Refunding Bonds due in annual installments of \$500,000 through May 1, 2031; Interest at 4.000%.

4,000,000

\$6,310,000 2016 School Building and Site Bonds due in annual installments of \$450,000 through May 1, 2031; Interest at 4.000%

3,600,000

\$8,365,000 2020 Refunding Bonds due in annual installments of \$185,000 to \$1,610,000 through May 1, 2031; Interest at 2.198% to 2.740%

8,125,000

\$2,470,000 2020 School Building and Site Bonds due in annual installments of \$555,000 to \$600,000 through May 1, 2025; Interest at 4.000%

1,155,000

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Accumulated Unpaid Compensated Absences and Retirement Contracts	530,607
Net Pension Liability	19,130,194
Net Other Postemployment Benefit Liability	1,032,745
	<u>\$ 38,121,676</u>

The District's outstanding notes from direct borrowings and direct placements related to governmental activities of \$548,130 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, 2023, are as follows:

YEAR ENDING JUNE 30,	Retirement Payable		Bonds Payable		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2024	\$ 19,857	\$ 0	\$ 1,690,000	\$ 558,836	\$ 2,268,693
2025	19,857	0	1,785,000	494,569	2,299,426
2026	6,000	0	1,925,000	427,084	2,358,084
2027	6,000	0	2,045,000	365,352	2,416,352
2028	0	0	2,165,000	300,087	2,465,087
2029-2032	0	0	7,270,000	472,262	7,742,262
	<u>\$ 51,714</u>	<u>\$ 0</u>	<u>\$ 16,880,000</u>	<u>\$ 2,618,190</u>	<u>\$ 19,549,904</u>

Interest expense for the year ended June 30, 2023, was approximately \$622,517.

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 \$38,286 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, 2023, were:

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<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Food Service Fund	General Fund	\$ 178,815
General Fund	Student Activities Fund	3,951
		<u>\$ 182,766</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund balances outstanding at June 30, 2023, 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, 2023, were:

<u>Fund Transferred To</u>	<u>Funds Transferred From</u>	<u>Amount</u>
General Fund	Food Service Fund	\$ 39,993
2020 Debt Retirement Fund	2015 Refunding Debt Retirement Fund	27,000
2016 Debt Retirement Fund	2015 Refunding Debt Retirement Fund	40,000
2020 Refunding Debt Retirement Fund	2015 Refunding Debt Retirement Fund	101,000

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. GASB Statement No. 96 – Subscription-based Information Technology**

It has been determined that the District has subscription-based information technology arrangements as defined by GASB Statement No. 96. However, the total of these subscription-based information technology arrangements has been determined they are not significant enough to warrant disclosure.

**O. 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.

**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.



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**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.

Beginning with the year of bond issuance, the school district has reported the annual construction activity in the 2020 School Building and Site Fund. The project for which the 2020 bonds were issued was considered complete on June 30, 2023; however, a small residual balance will be paid in the 2023-2024 fiscal year, bringing the cumulative expenditures recognized for the construction period to \$2,696,696.

**P. 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, 2023, (tax year 2022) the District's property tax revenues were reduced by approximately \$102,298 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 \$80,939 from the State of Michigan's determination.

**NOTE 4 – NEW ACCOUNTING STANDARD**

For the year ended June 30, 2023, the District implemented the following new pronouncement: GASB Statement No. 96, *Subscription-based Information Technology Arrangements*.

**Summary:**

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

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

**NOTE 5 – UPCOMING ACCOUNTING PRONOUNCEMENTS**

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by

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adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The District is currently evaluating the impact this standard will have on the financial statements when adopted during the 2023-2024 fiscal year.

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

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REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
YEAR ENDED JUNE 30, 2023

	GENERAL FUND			FOOD SERVICE FUND		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>						
Local Sources	\$ 2,156,592	\$ 2,108,132	\$ 2,179,149	\$ 33,020	\$ 49,400	\$ 58,170
State Sources	7,902,972	8,904,567	8,916,298	0	30,034	28,172
Federal Sources	1,874,487	2,472,002	2,172,872	578,000	795,447	870,300
Other Transactions	206,703	273,799	143,392	0	0	0
Total Revenues	12,140,754	13,758,500	13,411,711	611,020	874,881	956,642
<u>EXPENDITURES</u>						
Instruction						
Basic Programs	4,532,639	5,024,209	4,970,390	0	0	0
Added Needs	2,117,894	2,231,228	2,169,958	0	0	0
Supporting Services						
Pupil	580,039	604,471	634,690	0	0	0
Instructional Staff	6,455	10,818	11,317	0	0	0
General Administration	275,398	304,162	291,981	0	0	0
School Administration	666,188	687,587	671,142	0	0	0
Business	157,029	224,671	222,897	0	0	0
Operation and Maintenance of Plant	1,492,996	2,078,958	2,054,212	0	0	0
Pupil Transportation Services	741,884	750,637	703,962	0	0	0
Support Services Central	260,129	317,280	304,463	0	0	0
Athletic Activities	310,778	299,831	283,538	0	0	0
Food Service	0	0	0	627,321	792,753	839,498
Community Services						
Community Activities	0	5,850	4,685	0	0	0
Welfare Activities	0	0	274	0	0	0
Facilities Acquisition						
Building Improvement Services	0	169,858	169,858	0	0	0
Debt Service						
Principal	0	0	167,254	0	0	0
Interest and Fiscal Charges	0	0	3,345	0	0	0
Total Expenditures	11,141,429	12,709,560	12,663,966	627,321	792,753	839,498
Excess (Deficiency) of Revenues Over Expenditures	999,325	1,048,940	747,745	(16,301)	82,128	117,144
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers In (Out)	0	(182,988)	39,993	(30,000)	(38,000)	(39,993)
Net Change in Fund Balance	999,325	865,952	787,738	(46,301)	44,128	77,151
<u>FUND BALANCE - Beginning of Year</u>	1,865,287	2,445,826	3,749,540	328,133	328,133	328,133
<u>FUND BALANCE - End of Year</u>	\$ 2,864,612	\$ 3,311,778	\$ 4,537,278	\$ 281,832	\$ 372,261	\$ 405,284

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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, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of net pension liability (%)		0.05087%	0.05266%	0.05348%	0.05325%	0.05370%	0.05540%	0.05357%	0.05011%	0.05203%
District's proportionate share of net pension liability	\$ 19,130,194	\$ 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	4,753,457	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	402.45%	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	60.77%	72.60%	59.72%	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%	

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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, 2023

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contributions		\$ 1,844,230	\$ 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 *		1,844,230	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	\$ 0
Covered payroll		\$ 5,164,888	\$ 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		35.71%	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, 2023

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of net OPEB liability (%)					0.04876%	0.05189%	0.05313%	0.05359%	0.05214%	0.05524%
District's proportionate share of net OPEB liability					\$ 1,032,745	\$ 792,045	\$ 2,846,352	\$ 3,846,541	\$ 4,144,523	\$ 4,891,908
District's covered payroll					4,753,457	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					21.73%	16.84%	60.48%	82.16%	93.28%	105.66%
Plan fiduciary net position as a percentage of total OPEB liability					83.09%	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, 2023

	2027	2026	2025	2024	2023	2022	2021	2020	2019	2018
Statutorily required contributions				\$	391,338	\$ 356,594	\$ 377,164	\$ 368,234	\$ 352,661	\$ 311,465
Contributions in relation to statutorily required contributions *					391,338	356,594	377,164	368,234	352,661	311,465
Contribution deficiency (excess)				\$	0	\$ 0	\$ 0	\$ 0	\$ 0	0
Covered payroll				\$	5,164,888	\$ 4,656,784	\$ 4,725,148	\$ 4,759,886	\$ 4,603,564	\$ 4,342,621
Contributions as a percentage of covered payroll					7.58%	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.

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR YEAR ENDED JUNE 30, 2023

Pension Information

**Changes of Benefit Terms** - There were no changes of benefit terms for the plan year ended September 30, 2022.

**Changes of Assumptions** – The assumption changes for the plan year ended September 30, 2022 were:

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

OPEB Information

**Changes of Benefit Terms** - There were no changes of benefit terms for the plan year ended September 30, 2022.

**Changes of Assumptions** – The assumption changes for the plan year ended September 30, 2022 were:

Discount rate decreased to 6.00% from 6.95%.



WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2023

	STUDENT ACTIVITIES FUND	DEBT RETIREMENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash	\$ 101,695	\$ 370,711	\$ 472,406
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES</u>			
Due to Other Funds	\$ 3,951	\$ 0	\$ 3,951
<u>FUND BALANCES</u>			
Restricted for Debt Service	0	370,711	370,711
Assigned for Student Activities	97,744	0	97,744
Total Fund Balances	97,744	370,711	468,455
TOTAL LIABILITIES AND FUND BALANCES	\$ 101,695	\$ 370,711	\$ 472,406

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, 2023

	STUDENT ACTIVITIES FUND	DEBT RETIREMENT FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>REVENUES</u>			
Local Sources	\$ 99,571	\$ 1,679,145	\$ 1,778,716
<u>EXPENDITURES</u>			
Student Activities	95,734	0	95,734
Debt Service			
Principal	0	1,090,000	1,090,000
Interest and Fiscal Charges	0	553,572	553,572
Other Transactions	0	800	800
Total Expenditures	95,734	1,644,372	1,740,106
Excess (Deficiency) of Revenues Over Expenditures	3,837	34,773	38,610
<u>OTHER FINANCING SOURCES (USES)</u>			
Proceeds from School Loan Revolving Fund	0	117,849	117,849
Transfers In (Out)	0	(27,000)	(27,000)
Total Other Financing Sources (Uses)	0	90,849	90,849
Net Change in Fund Balance	3,837	125,622	129,459
<u>FUND BALANCE</u> - Beginning of Year	93,907	245,089	338,996
<u>FUND BALANCE</u> - End of Year	\$ 97,744	\$ 370,711	\$ 468,455

WHITE CLOUD PUBLIC SCHOOLS  
WHITE CLOUD, MICHIGAN  
  
DEBT RETIREMENT FUNDS  
COMBINED BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2023

	2015 REFUNDING DEBT RETIREMENT FUND	2016 DEBT RETIREMENT FUND	2020 REFUNDING DEBT RETIREMENT FUND	TOTAL NONMAJOR FUND
<u>ASSETS</u>				
Cash	\$ 181,362	\$ 160,613	\$ 28,736	\$ 370,711
<u>LIABILITIES AND FUND BALANCE</u>				
<u>LIABILITIES</u>	\$ 0	\$ 0	\$ 0	\$ 0
<u>FUND BALANCE</u>				
Restricted for Debt Retirement	181,362	160,613	28,736	370,711
TOTAL LIABILITIES AND FUND BALANCE	\$ 181,362	\$ 160,613	\$ 28,736	\$ 370,711

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, 2023

	2015 REFUNDING DEBT RETIREMENT FUND	2016 DEBT RETIREMENT FUND	2020 REFUNDING DEBT RETIREMENT FUND	TOTAL NONMAJOR FUND
<u>REVENUES</u>				
Local Sources	\$ 778,136	\$ 667,739	\$ 233,270	\$ 1,679,145
<u>EXPENDITURES</u>				
Debt Service				
Redemption of Principal	500,000	450,000	140,000	1,090,000
Interest	180,000	162,000	211,572	553,572
Other Transactions	500	0	300	800
Total Expenditures	680,500	612,000	351,872	1,644,372
Excess (Deficiency) of Revenues Over Expenditures	97,636	55,739	(118,602)	34,773
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from School Loan Revolving Fund	17,849	0	100,000	117,849
Transfers In (Out)	(168,000)	40,000	101,000	(27,000)
Total Other Financing Sources (Uses)	(150,151)	40,000	201,000	90,849
Net Change in Fund Balance	(52,515)	95,739	82,398	125,622
<u>FUND BALANCE</u> - Beginning of Year (Deficit)	233,877	64,874	(53,662)	245,089
<u>FUND BALANCE</u> - End of Year	\$ 181,362	\$ 160,613	\$ 28,736	\$ 370,711

WHITE CLOUD PUBLIC SCHOOLS

WHITE CLOUD, MICHIGAN

2015 REFUNDING BONDS

JUNE 30, 2023

<u>TITLE OF ISSUE</u>	2015 Refunding Bonds
<u>PURPOSE</u>	To refund a portion of two prior bond issues of the School District and the costs of issuing the bonds.
<u>DATE OF ISSUE</u>	March 19, 2015
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year
<u>AMOUNT OF ISSUE</u>	\$ 7,620,000
<u>AMOUNT REDEEMED</u>	
Current Year	\$ 500,000
Prior Years	3,120,000 3,620,000
<u>BALANCE OUTSTANDING - June 30, 2023</u>	<u>\$ 4,000,000</u>

<u>DUE DATES</u>		<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
			<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
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
			<u>\$ 4,000,000</u>	<u>\$ 720,000</u>	<u>\$ 4,720,000</u>

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, 2023

TITLE OF ISSUE

2016 Building and Site Bonds, Series I

PURPOSE

Remodeling, installing security measures for, equipping and re-equipping and furnishing and refurbishing 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 REDEEMED

Current Year

\$ 450,000

Prior Years

2,260,000

2,710,000

BALANCE OUTSTANDING - June 30, 2023

\$ 3,600,000

<u>DUE DATES</u>		<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
			<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
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
			<u>\$ 3,600,000</u>	<u>\$ 648,000</u>	<u>\$ 4,248,000</u>

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, 2023

TITLE OF ISSUE

2020 School Building and Site Bonds, Series II

PURPOSE

Remodeling, installing security measurers for, equipping and re-equipping and furnishing and refurbishing 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

\$ 485,000

Prior Years

830,000

1,315,000

BALANCE OUTSTANDING - June 30, 2023

\$ 1,155,000

<u>DUE DATES</u>		INTEREST RATES	REQUIREMENTS		
			PRINCIPAL	INTEREST	TOTAL
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
			<u>\$ 1,155,000</u>	<u>\$ 70,200</u>	<u>\$ 1,225,200</u>

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, 2023

<u>TITLE OF ISSUE</u>	2020 Refunding Bonds
<u>PURPOSE</u>	To refund a portion of a prior bond issue of the School District and the costs of issuing the bond.
<u>DATE OF ISSUE</u>	January 9, 2020
<u>INTEREST PAYABLE</u>	May 1, and November 1, of each year
<u>AMOUNT OF ISSUE</u>	\$ 8,365,000
<u>AMOUNT REDEEMED</u>	
Current Year	\$ 140,000
Prior Years	100,000 240,000
<u>BALANCE OUTSTANDING - June 30, 2023</u>	<u>\$ 8,125,000</u>

<u>DUE DATES</u>		<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
			<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
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
			<u>\$ 8,125,000</u>	<u>\$ 1,179,990</u>	<u>\$ 9,304,990</u>

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