



Walled Lake Consolidated School District

Comprehensive Annual
Financial Report

FISCAL YEAR

July 1, 2019 -
June 30, 2020



Walled Lake
Consolidated
School District

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WALLED LAKE NORTHERN
HIGH SCHOOL
HOMECOMING 2019

Every Child, Every Day!

Walled Lake Consolidated School District

(a School District in the State of Michigan)

Comprehensive Annual Financial Report with Supplemental Information June 30, 2020

Report Prepared by the Business Office

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Issued Under
Separate
Cover



Walled Lake Consolidated Schools

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September 17, 2020

Dear Citizens and Board Members:

The Comprehensive Annual Financial Report of Walled Lake Consolidated School District (the "School District") for the fiscal year ended June 30, 2020 is hereby submitted. This report was prepared by the business department and contains all activities under the control of the Board of Education. Responsibility for both the accuracy of the information and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the School District as measured by the School District's government-wide financial activity and the activity of its various funds, with all disclosures necessary to enable the reader to gain an understanding of the School District's financial activities.

Reporting Entity and Services

Walled Lake Consolidated School District is an independent reporting entity fully meeting the criteria established by the Governmental Accounting Standards Board. All funds of the School District are included in this report. The School District does not have component units.

The financial section reports separately the government-wide activities, the governmental fund types, and the fiduciary fund type administered by the board.

Report Organization

This Comprehensive Annual Financial Report was prepared to meet the needs of a broad spectrum of financial statement readers and is divided into the following major sections:

Introductory Section

This section introduces the reader to Walled Lake Consolidated School District and to this report. Included are facts about the School District, this transmittal letter, and the School District's organizational chart. This letter of transmittal is designed to complement the management's discussion and analysis and should be read in conjunction with it. The management's discussion and analysis can be found in the financial section of this document.

Financial Section

The independent auditor's report, management's discussion and analysis, government-wide financial statements, fund financial statements, and notes to the financial statements are included in this section. These are the School District's basic financial statements and provide an overview for readers who require less detailed information than is contained in the balance of the report. In addition to the basic financial statements, this section includes required and other supplemental information.

The management of the board is responsible for the financial information and representations contained in the financial statements and other sections of the annual report. In preparing the financial statements, it is necessary that management make informed estimates and judgments based on currently available information of the effects of certain events and transactions.

The basic financial statements and supplemental information presented in the financial section of this report present fairly and with full disclosure the financial position and results of the financial operation of the funds in conformity with accounting principles generally accepted in the United States of America and demonstrate compliance with finance-related legal and contractual provisions.

The basis of accounting for each fund is consistent with the activities and objectives of the fund as a fiscal and accounting entity.

The required and other supplemental information contain a more detailed analysis of revenue and expenditures that are compared to the 2019-2020 budgets for the General, Special Revenue, Debt Service, and Capital Projects Funds. In addition, there are combining schedules shown by fund type with totals that agree with those reflected in the basic financial statements section.

Statistical Section

Although this section contains substantial financial information, these tables differ from financial statements in that they present some nonaccounting data, compare 10 years of data, and are intended to reflect economic data, financial trends, and the fiscal capabilities of the School District.

About Walled Lake Consolidated School District

The Community

The School District, located in southwestern Oakland County, encompasses more than 55 square miles and includes all or part of nine governmental units: the Cities of Farmington Hills, Novi, Orchard Lake, Walled Lake, and Wixom, the Townships of Commerce, West Bloomfield, and White Lake, and the Village of Wolverine Lake.

Residents may take advantage of many recreational and cultural opportunities. In 45 minutes or less, one can visit the city of Detroit with its fine museums, restaurants, and entertainment. Cranbrook Institute, Greenfield Village, the University of Michigan, Oakland University, Eastern Michigan University, Michigan State University, Wayne State University, and the University of

Detroit Mercy are within approximately an hour's drive. More than 40 lakes and several riding stables, golf courses, tennis clubs, and ski areas serve the immediate area.

The Educational Program

The School District has 12 elementary schools (K-5), four middle schools (6-8), three high schools (9-12), an educational services center, a maintenance/transportation building, and an outdoor education center.

The School District has a comprehensive educational program for students of all ages. This includes both an early intervention preschool program and a reading recovery program in our Title One buildings. In addition to a solid, basic core academic curriculum of language arts, math, science, and social studies, students also have a variety of extended programs such as K-12 fine arts, physical education, and advanced technology programs. World languages and technical education begin at the middle school, as well as extracurricular offerings, including athletics and various clubs. A fee-based before-and-after-school activities program, After School Adventures, provided enrichment for over 1,000 elementary students who participated in a variety of classes including Spanish, music, arts, crafts, Suzuki strings, science, and engineering. A full range of courses is also available to high school students, including advanced placement curriculum and International Baccalaureate Programme.

Business partnerships, job placement, enrichment classes, and assistance to non-English-speaking students are areas of emphasis throughout our K-12 program, as well as our continuing adult education program. The School District's division of continuing education consists of an adult education and recreation/enrichment department directed at meeting the comprehensive needs of the community. Some programs and services offered include the following: basic skills (reading/math) improvement, E.L.L. (English language learners) classes, classes for pre-schoolers in grant-funded and tuition-funded programs, GED testing/preparation, sports leagues/tournaments (youth and adult), leisure/hobby programs, informational seminars/classes, swimming (instructional and recreational), trips and tours/special events, summer and winter day camps, youth sports camps, and senior citizen resource referral. These community programs and services start with preschool-age children and continue to senior citizen participation with nearly 20,000 registrations processed each year.

The School District's educational program is built upon a foundation of sound practices designed to promote continuous improvement. The core curriculum of Walled Lake Consolidated School District provides learning experiences in all areas of language arts (reading, writing, speaking, listening, and literature), mathematics, social studies, science, health, physical education, art, vocal and instrumental music, computer instruction (including preparation for Novel and Cisco certification at the high school level), technology education, family life education, business, and world language instruction. The goal of education is to provide all learners with a solid foundation of skills and knowledge, which is necessary for continued growth and success as students within the school setting and as adults in society. As a result of a sound K-12 education based on well-defined benchmarks and related assessments, a Walled Lake Consolidated School District graduate will be "...a caring, knowledgeable, responsible citizen" as defined in the School District's mission statement. Walled Lake Consolidated School District's parents value and

support education. Walled Lake Consolidated School District enjoys the active support and participation of parents in PTA groups, booster clubs, and building- and district-level committees. Parent attendance at parent/teacher conferences is high, as is the level of parent volunteerism for activities and programs. The high level of parent involvement contributes greatly to the overall quality of the School District's programs.

The 2020/2021 school year will present many new challenges as we seek to navigate the pandemic and provide the safest learning environment for our staff and students. Many hours of planning have gone into developing a Return to Learn plan, which includes plans for both in-person instruction as well as remote learning. The Board of Education approved beginning the school year with 100% remote learning while we continue to watch trends related to COVID-19 cases. Teachers and Administrators worked tirelessly to transform the first weeks of curriculum to a format suitable for remote learning. Hundreds of Chromebooks were distributed to families who needed them and information sessions were held to train and communicate with parents.

In the meantime, our buildings are being prepared and personal protective equipment has been ordered and received.

The plan will be revisited on a regular basis with a goal of returning to in-person learning.

Accomplishments

Initiatives

In November 2013, the Walled Lake Consolidated School District community approved a \$67.5 million Safety, Security, and Technology Bond. The sale of the bond took place in January 2014 and project plans began. Projects are now nearly complete and have included:

- Comprehensive video surveillance systems
- Entrance and office modifications in all School District school buildings
- Keyless entry throughout the School District
- Upgraded fire alarms and mass notification systems
- Emergency backup generators and emergency lighting upgrades
- Emergency responder signage
- Replacement of the School District's phone system and master clock systems
- Essential technology upgrades in all of the schools and classrooms
- Buses
- Other much-needed specific repair and renovation projects

This bond enabled the School District to significantly enhance the safety and security of every building and ensure that every classroom is well equipped technologically.

The next step was to update a facility study performed prior to the November 2013 election, to fully understand the current state of district buildings. There are a myriad of infrastructure needs as buildings age, needs that far exceed available operating funds. The oldest elementary building is now 90 years old. Several others are 70 or more years old.

The results of the facility study were presented to the public to gain feedback and information from parents and the community. Subsequent to those sessions the Board of Education approved moving forward with a ballot initiative.

In May 2019, the Walled Lake Consolidated School District community approved a \$316 million Buildings, Infrastructure and Equity Bond. The sale of the bonds will take place in three series, the first two having in occurred in June 2019 and August 2020 for \$54,420,000 and \$143,665,000, respectively. Projects planned will help to address the many infrastructure needs and include:

- Renovation of Walled Lake Western High School
- Rebuild Dublin Elementary
- Construct an Early Childhood Center
- Upgrade the infrastructure, building systems, and technology at all 23 of the Walled Lake School's buildings – 19 schools and 4 ancillary facilities
- Attend to building renovations including roofs, windows, boilers, parking lots, paving and more at all 23 Walled Lake Schools and District buildings
- Improve safety
- Purchase buses

This bond will enable the School District to expand Preschool offerings, perform much needed renovations and provide equity among buildings.

BOARD GOALS

The Board of Education has adopted the following goals:

Student Success: Ensure that every student is able to reach his/her potential by focusing on:

- ✓ Academic and personal success
- ✓ Ensuring instructional strategies and practices are research-based and meet the needs of all learners
- ✓ Collaboration and innovation among all members of our school community
- ✓ The needs of all learners, and developing action plans to help support those needs
- ✓ Using data as a means to help drive instruction and planning
- ✓ Supporting best practices, proven interventions, and the professional development of our teachers and administrators

Fiscal Responsibility: Ensure long-term fiscal health of the School District while maximizing dollars available for the classroom and encouraging innovation and the implementation of proven strategies and programs by:

- ✓ Developing budgets that are focused and centered on student achievement goals
- ✓ Continuing efficiency and collaboration efforts

Community Outreach: In partnership with parents and the community, students and staff continually demonstrate they are caring, responsible, and knowledgeable citizens by:

- ✓ Including the community in school and School District events, activities, and efforts
- ✓ Involving parents and the community in decisions that affect and benefit the Walled Lake Consolidated School District
- ✓ Communicating information to the community to build awareness of Walled Lake Consolidated School District
- ✓ Providing opportunities for our community to be involved in the School District
- ✓ Building partnerships with diverse organizations to mutually strengthen the School District and the communities we serve

Positive District Culture: Ensure that students are able to thrive in a culture that is safe and positive for them, for staff, for parents, and for our community by:

- ✓ Creating a culture of safety and social well-being
- ✓ Promoting “no tolerance” standards for bullying, harassment, and other unacceptable behaviors
- ✓ Ensuring that schools and facilities are maintained to the highest degree
- ✓ Expecting students, staff, and the entire school community to demonstrate respect for one another
- ✓ Expecting students, staff, and the entire school community to communicate, model, and reinforce standards of ethical conduct and responsible global citizenship
- ✓ Continuing to ensure our schools are safe learning environments by annually reviewing Safety Plans, collaborating with local law enforcement officials, and cultivating an overall culture of “safety first”

Professional Development

The ongoing educational needs of the staff of the Walled Lake Consolidated School District are an important focus throughout the School District. Most of these needs are addressed now in a “job-embedded” fashion in which workshops, seminars, and training sessions include topics of immediate interest to teachers, administrators, and support staff.

Such sessions are conducted throughout the year and most often provide participants multiple opportunities to return to important topics to build their skills over time. Topics include Business and Human Resource office initiatives and current technology topics, as well as safety issues, cultural awareness, and numerous instructional ideas.

Professional development in the School District may be organized by teacher leaders, by administrators, by members of the curriculum department, or by colleagues within departments for whom the activities are designed. Topics are current and relevant to procedures and practices and are scheduled with an eye to “on-time delivery.” Planning is collaborative between planners and participants. Responsibilities for content, format, and schedules are now widely assumed by many staff members.

The purpose of all professional development, however, remains constant:

- To support teachers and administrators in the implementation of the School District’s curricular and assessment programs
- To support the analysis of student achievement data

- To promote excellent instruction in every classroom
- To ensure that all employees are sufficiently literate in technology
- To provide specialized training for employees, especially in areas such as special education assignments, transportation, food service, etc.

Economic Outlook

Since the passage of Proposal A in 1994, it has become apparent that School District revenue will not keep pace with inflation, nor with School District expenditures as we know them. Proposal A substantially shifted funding responsibility from the local level to the state level and from property taxes as the major revenue source. Now, the School District is dependent upon the state legislature for not only the majority of its funds, but also its funding level.

Enrollment declines have added to the challenge. In 2007/2008, for the first time since 1986, enrollment declined for Walled Lake Consolidated Schools and has continued on a downward trend with a minor recovery in only two of the last twelve years.

Michigan's economy suffered for many years with unemployment rates in the double digits. As a result, many families left Michigan in search of jobs. The current downward trend no longer relates to outmigration but instead is a result of lower birth rates. The graduating classes have been larger than the incoming Kindergarten classes and this shift is expected to continue. Many districts in the State are experiencing similar declines.

Funding increases over the last several years have been limited by the State, but had begun to improve. In February, the Governor presented a budget that would have provided the largest increase in education funding that many of us have seen in our careers. The State budget process along with the economy, came to a sudden halt however, when the State shut down in an effort to mitigate the spread of the Coronavirus. Unemployment soared and many of the primary sources of State funding were significantly impacted.

The most recent Consensus Revenue Estimating Conference (CREC) took place in May and reported expected deficits for the School Aid Fund in each of the three fiscal years under review. CREC's are held at various times though the year and involve the Senate and House Fiscal Agencies and the Executive Branch. The three bodies review and agree on financial projections for a three-year rolling period which currently includes 2019/2020 through 2021/2022.

The School Aid Fund was expected to have a \$1.1 billion deficit for 2019/2020 and a deficit of nearly \$1 billion for 2020/2021. As a result, the State balanced the 2019/2020 budget in part with a proration to the Foundation Allowance, providing Federal funding as a way to make that up.

The State held an additional CREC in August where revenue estimates showed much improvement compared to the May conference. It is now expected that the Legislature can finalize the State budget. Additional unknowns continue to include the full costs related to bringing students back to school safely and if parents will feel comfortable sending kids back.

All of these present challenges as we plan for next year and attempt to budget with so many unknowns.

Financial Information

Budget Process

The development of the District's budget is under the supervision and direction of the Superintendent. The budget process begins in November of each year. The Assistant Superintendent of Business Services develops a timeline and prepares a preliminary financial forecast as well as detailed budget documents for the Board of Education.

The information is also presented as a budget package to the Superintendent's administrative team, who are asked to provide feedback and suggestions. During the months of March and April, the budget is presented and discussed with departments, buildings and union leadership. Comments and ideas are submitted to the Board of Education for consideration. The Community can also address the Board of Education at any of the Board of Education meetings until the budget is adopted.

Once this process is complete, a preliminary budget is prepared and presented in a study session to the Board of Education for discussion. This study session is typically held in March or April. Information is shared on the District's website and through individual school building newsletters.

District staff is kept informed through updates included in the weekly employee newsletter as well as at building staff meetings. The Public Hearing on the budget is typically held in June. As required by State law, the budget for the following fiscal year must be adopted by June 30 of the prior year.

Accounting Controls

Management is responsible for establishing and maintaining an internal control structure. This structure is designed to ensure that the assets of the School District are protected from loss, theft, or misuse and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Controls

The School District maintains budgetary controls to ensure that budgets are in compliance with legal provisions of the State of Michigan Uniform Budgeting and Accounting Act and with the annual appropriation budget adopted by the Board of Education. Formal budgetary integration is employed as a management control device throughout the year for the General Fund, special revenue funds, debt service funds, and capital projects funds. Under the guidelines of the State

of Michigan's School Accounting Manual (Bulletin 1022), detailed line-item budget information is provided and appropriate administrators are delegated the responsibility for monitoring and controlling their respective budget allocations. The controls are integrated into the School District's computerized accounting system, which prohibits expenditures exceeding appropriations. An encumbrance system is utilized to measure the uncommitted budget amount available at any given point in time during the year. The budget is amended at least twice during the year to appropriately address variances that occur in enrollment, revenue, and expenditures.

Management believes that the existing system of budgetary and accounting controls provides a reasonable level of assurance that errors or irregularities that could be material to the financial statements are prevented or that they would be detected within a timely manner. As demonstrated by the statements and schedules included in the financial section of this report, the School District continues to meet its responsibility for sound financial management.

Financial Condition at June 30, 2020

Please refer to the management's discussion and analysis section for a summary of the financial condition of the School District at June 30, 2020.

Capital Projects Funding

The capital projects funds are used to account for the financial resources to be used for the acquisition, construction, or major renovation of facilities. These funds are financed by bond issues or the support of the General Fund. Three funds are currently active, the 2014 Bond Fund, the 2019 Bond Fund, and the Sinking Fund.

Federal Funding

As a recipient of federal, state, and county financial assistance, the School District is responsible for ensuring that an adequate internal and administrative control structure is in place to document compliance with applicable laws and regulations related to those programs. Tests are made by the School District's auditors to determine the adequacy of the internal and administrative control structure.

Independent Audit

The State of Michigan statutes require an annual audit by independent certified public accountants. The accounting firm of Plante & Moran, PLLC was appointed by the Walled Lake Consolidated School District Board of Education to perform this service for the 2019-2020 fiscal year. In addition, the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), requires governmental recipients of federal assistance to have organization-wide financial and compliance audits on an annual basis. Both of these requirements have been met, and the auditor's report on the basic financial statements is included herein.

Fund Balance Policy

Annually, the superintendent recommends, and the board approves, as part of the budget process, a desired fund equity level.

Fund equity may be used to supplement possible shortfalls in state, federal, and local revenues, used as a reserve for possible emergency expenditures or for other reasons deemed necessary by the board. Emergency expenditures may not be taken from the fund equity unless possible surpluses in the existing school budget have been appraised. Emergency expenditures may be recommended by the superintendent and approved by the board. Fund equity funds may not be transferred to expenditure accounts without board approval.

Other Information

Enrollment

Five-year projections of enrollment are done annually using data from the county, city, and School District. Such information as live births, building permits, cohort survival ratios, and workforce/economic statistics are used in the enrollment projections. Historically, this method has proven to be accurate, within a reasonable variance, for our planning purposes. Enrollment has declined each year for the last eight years. Current enrollment is 13,427 students, and enrollment is projected to decline by 338 students to 13,089 for 2020/2021. Enrollment has declined by over 2,000 students in the last ten years.

The extended recession certainly had an impact on Michigan residents. Job losses caused many families to leave Michigan. In addition, our incoming kindergarten classes are smaller than our graduating seniors as mentioned earlier. These two factors, supported by enrollment studies performed, lead us to believe that the School District will continue to experience declining enrollment for the next several years.

Certificate of Excellence

This report has been prepared following the guidelines recommended by the Association of School Business Officials International (ASBO). The ASBO awarded a certificate of excellence in financial reporting to the Walled Lake Consolidated School District for its Comprehensive Annual Financial Report for each of the fiscal years ended June 30, 1994 through June 30, 2019. In order to be awarded a certificate of excellence, the School District must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A certificate of excellence is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the certificate of excellence program's requirements, and we are submitting it to ASBO to determine its eligibility for another certificate.

Meritorious Budget Award

The ASBO has awarded a meritorious budget award to Walled Lake Consolidated School District for its budget documents created for each of the fiscal years ended June 30, 2005 through June 30, 2020. We have submitted our budget document for June 30, 2021 and anticipate receiving the certificate. The program was designed to encourage school districts to achieve a very high standard of excellence in budget presentation. In order to be awarded the meritorious budget

award, a school district must meet minimum presentation standards for a school system's annual budget document.

Acknowledgments

The preparation of this report was accomplished through the commitment and dedication of the entire business office staff. We would also like to express our appreciation to other departmental individuals who assisted in the preparation of this report.

The School District is highly committed to a program of excellence. A highly dedicated Board of Education has adopted sound policies that facilitate the continued growth and improvement of the total school program. In addition, there is a wide, all-encompassing array of support provided by parents, students, employees, citizens, civic organizations, and hundreds of volunteers that enables the School District to achieve high goals.

Sincerely,



Teri L. Les
Assistant Superintendent of Business Services



Kenneth Gutman
Superintendent of Schools
Board of Education

Walled Lake Consolidated School District

District Officials

Administration

Kenneth Gutman

Superintendent of Schools

Christopher J. Delgado

Deputy Superintendent of Schools

Teri L. Les

Assistant Supt. of Business Services

Michael Lonze

Assist. Supt. of Human Resources

Cathy Kochanski

Asst. Supt. of Learning Services

William Chatfield

Director of Operations

Judy Evola

Director of Community Relations and Marketing

Board of Education

Greg Janicki

President

Peggy Casagrande

Vice President

Stephanie Kaplan

Secretary

Christopher Titus

Treasurer

Denise Dunn

Trustee

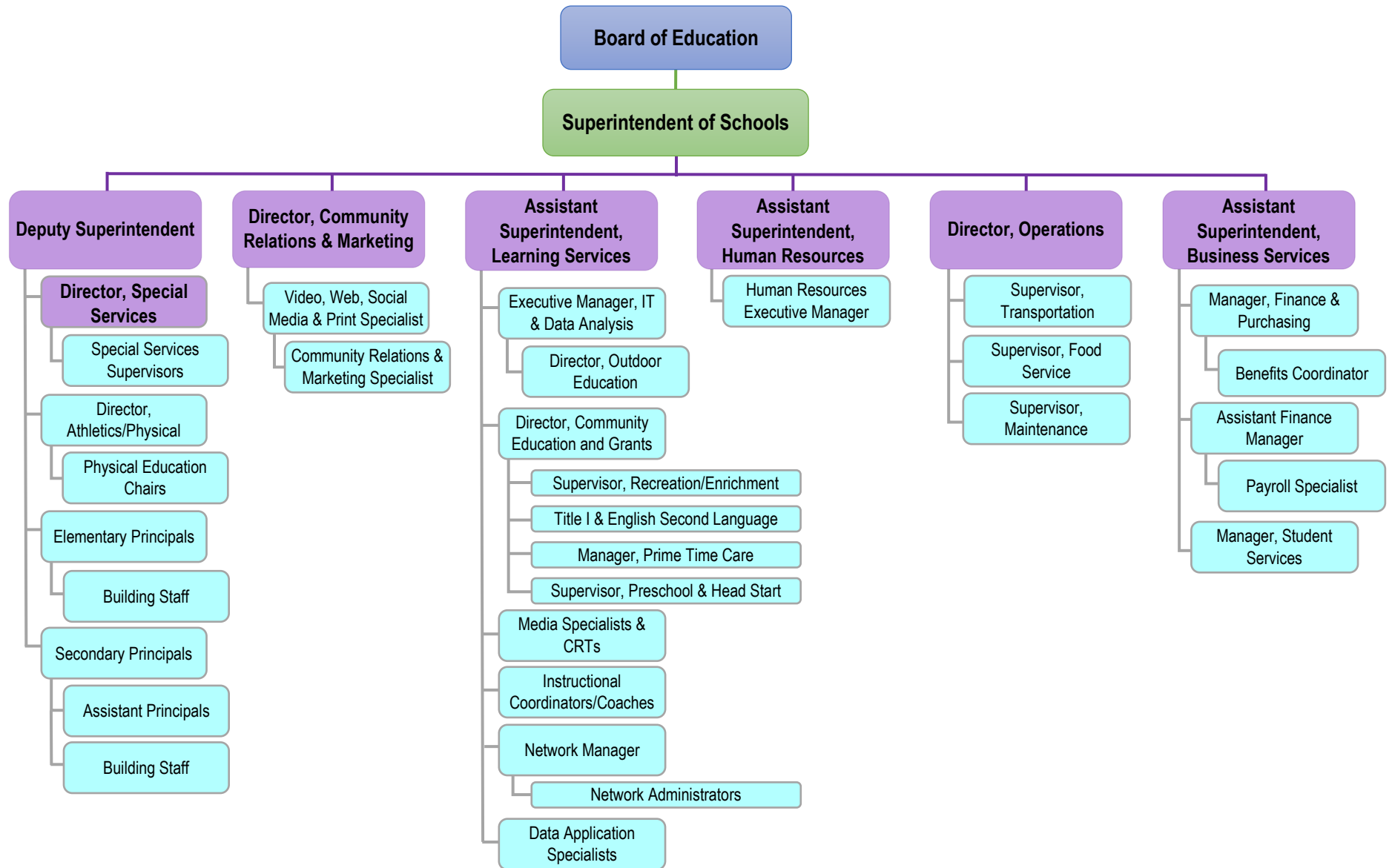
Nancy van Leuwen

Trustee

Marc Siegler

Trustee

Walled Lake Consolidated School District 2019/2020





ASSOCIATION OF
SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

**The Certificate of Excellence in Financial Reporting
is presented to**

Walled Lake Consolidated School District

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.**

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.



A handwritten signature in black ink, reading 'Claire Hertz'.

Claire Hertz, SFO
President

A handwritten signature in black ink, reading 'David J. Lewis'.

David J. Lewis
Executive Director

Independent Auditor's Report

To the Board of Education
Walled Lake Consolidated School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining information of Walled Lake Consolidated School District (the "School District") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise Walled Lake Consolidated School District's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining information of Walled Lake Consolidated School District as of June 30, 2020 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the basic financial statements, as of July 1, 2019, the School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

To the Board of Education
Walled Lake Consolidated School District

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Walled Lake Consolidated School District's basic financial statements. The other supplemental information, as identified in the table of contents, and introductory section and statistical section schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

The other supplemental 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2020 on our consideration of Walled Lake Consolidated School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 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 Walled Lake Consolidated School District's internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 17, 2020

Walled Lake Consolidated School District

Management's Discussion and Analysis

This section of Walled Lake Consolidated School District's (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2020. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Walled Lake Consolidated School District financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term, as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds, the General Fund and 2019 Bond Issue Fund, with all other funds presented in one column as nonmajor funds. The remaining statements, the statements of fiduciary net position and changes in fiduciary net position, present financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. This report is composed of the following elements:

Management's Discussion and Analysis (MD&A) (Required Supplemental Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplemental Information

Budgetary Comparison Schedule - General Fund

Schedule of the School District's Proportionate Share of the Net Pension Liability

Schedule of the School District's Proportionate Share of the Net OPEB Liability

Schedule of Pension Contributions

Schedule of OPEB Contributions

Other Supplemental Information

Statistical Section

Reporting the School District as a Whole - Government-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenue and expenses are taken into account, regardless of when cash is received or paid.

Walled Lake Consolidated School District

Management's Discussion and Analysis (Continued)

These two statements report the School District's net position - the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, as reported in the statement of net position - as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net position - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenue and expenses is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

The statement of net position and the statement of activities report the governmental activities for the School District, which encompass all of the School District's services, including instruction, support services, community services, athletics, and cafeteria. Property taxes, unrestricted state aid (foundation allowance revenue), and state and federal grants finance most of these activities.

Reporting the School District's Most Significant Funds - Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Cafeteria and Enrichment/Prime Time Care funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

Governmental Funds

Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year end that are available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

The School District has certain fiduciary responsibility for its custodial funds. For these funds, the School District's fiduciary activities are reported in the separate statement of fiduciary net position and statement of changes in fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Walled Lake Consolidated School District

Management's Discussion and Analysis (Continued)

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2020 and 2019:

	Governmental Activities	
	2020	2019
	(in millions)	
Assets		
Current and other assets	\$ 106.8	\$ 113.0
Capital assets	231.9	226.9
Total assets	338.7	339.9
Deferred Outflows of Resources	104.1	104.2
Liabilities		
Current liabilities	30.0	24.8
Noncurrent liabilities	160.4	174.1
Net pension liability	313.2	292.1
Net OPEB liability	66.5	76.7
Total liabilities	570.1	567.7
Deferred Inflows of Resources	59.3	56.3
Net Position		
Net investment in capital assets	129.4	125.9
Restricted	10.6	7.5
Unrestricted	(326.6)	(313.3)
Total net position	<u><u>\$ (186.6)</u></u>	<u><u>\$ (179.9)</u></u>

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(186.6) million at June 30, 2020. Net investment in capital assets totaling \$129.4 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position, \$(326.6) million, was unrestricted.

The \$(326.6) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from adoption of GASB Statement Nos. 68 and 75 (recording the School District's share of the net pension and OPEB liabilities from the state-managed retirement system). Unrestricted net position, when available, would enable the School District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund and the change in the net pension/OPEB liabilities will have significant impacts on the change in unrestricted net position (deficit) from year to year.

Walled Lake Consolidated School District

Management's Discussion and Analysis (Continued)

As required by the Governmental Accounting Standards Board (GASB), the School District adopted GASB Statement No. 84, *Fiduciary Activities*, as of July 1, 2019. This standard provides guidance on the identification and reporting of fiduciary activities and required the district to evaluate activities to determine if they were fiduciary in nature. The standard also changed the reporting and presentation requirements of fiduciary activities. The effect of the adoption on the governmental activities was to increase July 1, 2019 beginning net position by \$2.0 million, which represents the activities that used to be reported as fiduciary but are now reported as governmental under GASB 84. The governmental statement of net position at June 30, 2020 and statement of activities for the year ended June 30, 2020 include all the balances and transactions for those activities that used to be reported as fiduciary but are now reported as governmental. All school districts were required to adopt this new standard unless they elected to defer for one year, as allowed under GASB Statement No. 95.

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2020 and 2019:

	Governmental Activities	
	2020	2019
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 5.7	\$ 7.9
Operating grants	47.1	41.2
General revenue:		
Property taxes	57.3	56.1
State aid not restricted to specific purposes	76.2	82.2
Other	2.0	0.4
Total revenue	188.3	187.8
Expenses		
Instruction	122.5	116.0
Support services	59.0	57.0
Athletics	2.0	2.0
Cafeteria	4.4	4.5
Community services	2.5	2.6
Debt service	6.0	5.5
Depreciation expense (unallocated), excluding direct program charges	0.6	0.6
Total expenses	197.0	188.2
Change in Net Position	(8.7)	(0.4)
Net Position - Beginning of year (as restated)	(177.9)	(179.5)
Net Position - End of year	<u><u>\$ (186.6)</u></u>	<u><u>\$ (179.9)</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$197.0 million. Certain activities were partially funded from those who benefited from the programs (\$5.7 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$47.1 million). We paid for the remaining public benefit portion of our governmental activities with \$57.3 million in taxes, \$76.2 million in state foundation allowance, and our other revenue (i.e., interest and general entitlements).

The School District experienced a decrease in net position of \$8.7 million.

As discussed above, the net cost shows the financial burden that was placed on the State and the School District's taxpayers by each of these functions. Since property taxes for operations and unrestricted state aid constitute the vast majority of district operating revenue sources, the Board of Education and administration must annually evaluate the needs of the School District and balance those needs with state-prescribed available unrestricted resources.

Walled Lake Consolidated School District

Management's Discussion and Analysis (Continued)

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$78.0 million, which is a decrease of \$12.9 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, the fund balance increased \$0.2 million to \$11.4 million. The School District budgeted an increase of approximately \$697,000. The late foundation allowance reduction approved by the State after the final budget was complete is the primary reason for the difference from budget.

Fund balance of our special revenue funds decreased from \$3.5 million last year to \$2.4 million this year as a result of indirect charges to these funds by the General Fund, as well as budgeted transfers.

With the adoption of GASB 84, the School District created the Student Activities Fund, a special revenue fund to account for activities previously reported as fiduciary funds. The effect of the adoption was to increase July 1, 2019 beginning fund balance by \$2.0 million.

In 2019, the School District issued \$54.4 million in voter-approved bonds. These bonds are the first of three expected series that will total \$316 million. They were issued in accordance with state law and will be used for infrastructure needs at every building, allowing for the rebuilding of our oldest elementary building, major reconstruction of one of our high schools, the building of an Early Childhood Center, and the purchase of buses. The 2019 Bond Issue Fund has a fund balance of \$52 million at June 30, 2020.

The other nonmajor governmental funds have a combined fund balance of \$14.7 million, which represents a decrease of \$0.4 million. The decrease is primarily related to the 2014 Bond Issue Fund and special revenue fund activities.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2020. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements.

There were no significant amendments to the 2019-2020 General Fund budget during the year. A significant variance occurred between final budget and actual state revenue as a result of a late foundation allowance reduction approved by the State after our final amendment was complete.

There were no significant budget amendments to the special revenue funds or the debt service funds during the year.

Walled Lake Consolidated School District

Management's Discussion and Analysis (Continued)

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2020, the School District had \$231.9 million invested in a broad range of capital assets, including land, buildings, vehicles, and furniture and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$5.0 million, or 2.2 percent, from last year.

	2020	2019
Land	\$ 11,923,678	\$ 12,129,972
Construction in progress	13,847,347	1,142,009
Buildings and improvements	329,766,129	327,177,047
Furniture and equipment	38,805,297	38,348,201
Buses and other vehicles	10,694,065	9,556,438
Total capital assets	405,036,516	388,353,667
Less - Accumulated depreciation	173,172,751	161,419,034
Total capital assets - Net of accumulated depreciation	\$ 231,863,765	\$ 226,934,633

This year's additions (net of adjustments between classifications) of \$3.3 million included vehicles, cafeteria equipment, technology, building renovations, and buses. The School District passed a 0.50 mill Building and Site Improvement Fund, or Sinking Fund, during 2004. In November 2012, the community passed a 10-year renewal of the Sinking Fund. These funds have allowed the School District to proceed with several projects and capital additions. In 2014, the School District issued \$65.8 million in voter-approved bonds. The majority of the planned projects are now complete or are wrapping up. We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$142.0 million in bonds outstanding versus \$154.5 million in the previous year - a change of 8.1 percent.

The School District's general obligation bond rating is AA- from Standard & Poor's and A1 from Moody's Investors Service. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District does not have any outstanding unqualified general obligation debt.

Other obligations include debt premiums, compensated absences, and other amounts. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2020-2021 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2020-2021 budget was adopted in June 2020 based on an estimate of students who will be enrolled in October 2020. Approximately 76.0 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Walled Lake Consolidated School District

Management's Discussion and Analysis (Continued)

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The School Aid Act for the 2020-2021 school year has not yet been approved by the legislature, which makes it difficult for all districts in the State to budget accurately. School districts in the State of Michigan must have a budget approved by their Board of Education no later than June 30 of each year. Walled Lake Consolidated School District estimated a \$500 per pupil decrease, for a total foundation grant of \$8,175 for 2020-2021. Most recent projections show a small surplus in the School Aid Fund for 2020-2021 accompanied by a deficit in the State General Fund. These projections were released in August and are significantly more optimistic than the revenue projected in May.

Given the numerous unknowns related to the budget for 2020-2021, it is likely that budgets will need to be adjusted more often than normal and perhaps by significant amounts. It is difficult to predict what expenditures may be involved in bringing students back to school safely and/or providing remote learning opportunities.

Contacting the School District's Management

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact 850 Ladd Road, Building D, Walled Lake, MI 48390.

Walled Lake Consolidated School District

Statement of Net Position

June 30, 2020

	Governmental Activities
Assets	
Cash and investments (Note 4)	\$ 15,392,281
Accounts receivable:	
Accounts receivable	135,738
Due from other governmental units	18,378,140
Inventories	80,346
Prepaid costs	960,405
Restricted assets (Note 11)	71,947,629
Capital assets:	
Capital assets not being depreciated (Note 6)	25,771,025
Capital assets - Less accumulated depreciation of \$173,172,751 (Note 6)	206,092,740
Total assets	338,758,304
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 10)	334,760
Deferred pension costs (Note 13)	84,460,054
Deferred OPEB costs (Note 13)	19,274,177
Total deferred outflows of resources	104,068,991
Liabilities	
Accounts payable	9,889,649
Accrued liabilities:	
Accrued salaries, wages, and fringe benefits	13,413,821
Payroll taxes and withholdings	5,105,673
Accrued interest payable	1,141,216
Unearned revenue (Note 8)	479,810
Noncurrent liabilities:	
Due within one year (Note 10)	16,211,178
Due in more than one year (Note 10)	144,151,263
Net pension liability (Note 13)	313,245,426
Net OPEB liability (Note 13)	66,548,661
Total liabilities	570,186,697
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 13)	10,177,879
Deferred pension cost reductions (Note 13)	19,708,323
Deferred OPEB cost reductions (Note 13)	29,426,753
Total deferred inflows of resources	59,312,955
Net Position	
Net investment in capital assets	129,354,076
Restricted:	
Debt service	8,359,672
Capital projects	2,212,219
Unrestricted	(326,598,324)
Total net position	<u><u>\$ (186,672,357)</u></u>

Walled Lake Consolidated School District

Statement of Activities

Year Ended June 30, 2020

	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 122,509,659	\$ 721,168	\$ 41,422,284	\$ (80,366,207)
Support services	58,975,557	-	3,746,369	(55,229,188)
Athletics	2,009,184	795,150	-	(1,214,034)
Food services	4,425,736	1,917,926	1,920,381	(587,429)
Community services	2,519,617	2,277,872	-	(241,745)
Interest	5,983,602	-	-	(5,983,602)
Other	35,424	-	-	(35,424)
Depreciation expense (unallocated), excluding direct program charges	603,097	-	-	(603,097)
Total primary government	\$ 197,061,876	\$ 5,712,116	\$ 47,089,034	(144,260,726)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				33,682,218
Property taxes, levied for debt service				21,114,333
Property taxes, levied for capital projects				2,453,584
State aid not restricted to specific purposes				76,224,012
Federal grants and contributions not restricted to specific purposes				50,121
Interest and investment earnings				1,756,423
Loss on sale of capital assets				(116,294)
Other				280,755
Total general revenue				135,445,152
Change in Net Position				(8,815,574)
Net Position - Beginning of year, as restated (Note 2)				(177,856,783)
Net Position - End of year				<u>\$(186,672,357)</u>

Walled Lake Consolidated School District

Governmental Funds Balance Sheet

June 30, 2020

	General Fund	2019 Bond Issue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments (Note 4)	\$ 12,760,386	\$ -	\$ 2,631,895	\$ 15,392,281
Accounts receivable:				
Accounts receivable	135,738	-	-	135,738
Due from other governmental units	18,213,639	-	164,501	18,378,140
Due from other funds (Note 7)	702,317	-	543,075	1,245,392
Inventories	17,367	-	62,979	80,346
Prepaid costs	960,405	-	-	960,405
Restricted assets (Notes 4 and 11)	-	59,794,067	12,153,562	71,947,629
Total assets	\$ 32,789,852	\$ 59,794,067	\$ 15,556,012	\$ 108,139,931
Liabilities				
Accounts payable	\$ 1,870,826	\$ 7,826,373	\$ 181,944	\$ 9,879,143
Due to other funds (Note 7)	553,581	-	702,317	1,255,898
Accrued liabilities	18,519,494	-	-	18,519,494
Unearned revenue (Note 8)	479,810	-	-	479,810
Total liabilities	21,423,711	7,826,373	884,261	30,134,345
Fund Balances				
Nonspendable:				
Inventories	17,367	-	62,979	80,346
Prepaid costs	960,405	-	-	960,405
Restricted:				
Debt service	-	-	9,500,888	9,500,888
Capital projects	-	51,967,694	2,752,118	54,719,812
Special revenue funds - Cafeteria	-	-	91,922	91,922
Committed:				
Community Education	-	-	56,293	56,293
Enrichment/Prime Time Care	-	-	101,135	101,135
Preschool	-	-	196,755	196,755
Student Activities	-	-	1,909,661	1,909,661
Assigned - Subsequent year's budget	3,235,251	-	-	3,235,251
Unassigned - General Fund	7,153,118	-	-	7,153,118
Total fund balances	11,366,141	51,967,694	14,671,751	78,005,586
Total liabilities and fund balances	\$ 32,789,852	\$ 59,794,067	\$ 15,556,012	\$ 108,139,931

Walled Lake Consolidated School District

Governmental Funds Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2020

Fund Balances Reported in Governmental Funds	\$ 78,005,586
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:	
Cost of capital assets	405,036,516
Accumulated depreciation	<u>(173,172,751)</u>
Net capital assets used in governmental activities	231,863,765
Deferred outflows related to charges on bond refundings are not reported in the funds	334,760
Bonds payable, including premiums, and the installment purchase agreement are not due and payable in the current period and are not reported in the governmental funds	(155,352,042)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,141,216)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences and longevity	(5,010,399)
Net pension liability and related deferred inflows and outflows	(248,493,695)
Net OPEB liability and related deferred inflows and outflows	(76,701,237)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	<u>(10,177,879)</u>
Net Position of Governmental Activities	<u>\$ (186,672,357)</u>

Walled Lake Consolidated School District

Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2020

	General Fund	2019 Bond Issue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue				
Local sources	\$ 35,735,089	\$ 1,272,767	\$ 29,979,837	\$ 66,987,693
State sources	102,165,093	-	168,327	102,333,420
Federal sources	5,749,722	-	1,752,054	7,501,776
Interdistrict sources	11,450,932	-	-	11,450,932
Total revenue	155,100,836	1,272,767	31,900,218	188,273,821
Expenditures				
Current:				
Instruction	103,626,105	-	403,210	104,029,315
Support services	49,186,030	29,301	2,146,278	51,361,609
Athletics	1,902,854	-	-	1,902,854
Food services	-	-	4,159,587	4,159,587
Community services	136,707	-	2,189,213	2,325,920
Debt service:				
Principal	48,240	-	12,450,000	12,498,240
Interest	8,610	-	7,029,114	7,037,724
Other	-	-	35,424	35,424
Capital outlay	318,223	13,899,779	3,736,039	17,954,041
Total expenditures	155,226,769	13,929,080	32,148,865	201,304,714
Excess of Expenditures Over Revenue	(125,933)	(12,656,313)	(248,647)	(13,030,893)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	90,000	-	-	90,000
Transfers in (Note 7)	193,245	-	35	193,280
Transfers out (Note 7)	(35)	-	(193,245)	(193,280)
Total other financing sources (uses)	283,210	-	(193,210)	90,000
Net Change in Fund Balances	157,277	(12,656,313)	(441,857)	(12,940,893)
Fund Balances - Beginning of year, as restated (Note 2)	11,208,864	64,624,007	15,113,608	90,946,479
Fund Balances - End of year	<u>\$ 11,366,141</u>	<u>\$ 51,967,694</u>	<u>\$ 14,671,751</u>	<u>\$ 78,005,586</u>

Walled Lake Consolidated School District

Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities

Year Ended June 30, 2020

Net Change in Fund Balances Reported in Governmental Funds \$ (12,940,893)

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

Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capitalized capital outlay	17,197,384
Depreciation expense	(12,061,958)
Net book value of assets disposed of	<u>(206,294)</u>

Total	4,929,132
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Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	(376,880)
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Revenue in support of pension contributions made subsequent to the measurement date	465,655
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Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	13,590,706
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Interest expense is recognized in the government-wide statements as it accrues	(38,344)
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Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>(14,444,950)</u>
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Change in Net Position of Governmental Activities \$ (8,815,574)

Walled Lake Consolidated School District

Statement of Fiduciary Net Position

June 30, 2020

Custodial Funds

Assets

Cash and investments	\$ 31,399
Accounts receivable	500
Due from other funds (Note 7)	<u>10,506</u>
Total assets	42,405

Liabilities

-

Net Position - Restricted

\$ 42,405

Walled Lake Consolidated School District

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2020

	<u>Custodial Funds</u>
Additions - Fundraising and contributions	\$ 85,177
Deductions - Disbursements for student activities	<u>91,064</u>
Net Decrease in Fiduciary Net Position	(5,887)
Net Position - Beginning of year, as restated (Note 2)	<u>48,292</u>
Net Position - End of year	<u><u>\$ 42,405</u></u>

June 30, 2020

Note 1 - Nature of Business

Walled Lake Consolidated School District (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies

Accounting and Reporting Principles

The School District follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity and which organizations are legally separate component units of the School District. Based on the application of the criteria, the School District does not contain any component units.

Report Presentation

Governmental accounting principles require that financial reports include two different perspectives - the government-wide perspective and the fund-based perspective. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units, as applicable. The government-wide financial statements are presented on the economic resources measurement focus and the full accrual basis of accounting. Property taxes are recognized as revenue 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 statements also present a schedule reconciling these amounts to the modified accrual-based presentation found in the fund-based statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Taxes, unrestricted intergovernmental receipts, and other items not properly included among program revenue are reported instead as general revenue.

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

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

Note 2 - Significant Accounting Policies (Continued)***Fund Accounting***

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into three broad fund types:

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. Governmental funds can include the General Fund, special revenue funds, debt service funds, capital project funds, and permanent funds. The School District reports the following funds as major governmental funds:

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.
- The 2019 Bond Issue Fund (capital project fund) is used to record bond proceeds or other revenue and disbursements of invoices specifically designated to complete a replacement elementary school; for additions to existing buildings; for remodeling, equipping, and furnishing of existing facilities; to upgrade technology infrastructure and equipment; and to purchase school buses. The fund operates until the purpose for which it was created is accomplished.

Additionally, the School District reports the following nonmajor governmental fund types:

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's special revenue funds include the Cafeteria Fund, the Community Education Fund, the Preschool Fund, the Enrichment/Prime Time Care Fund, and the Student Activities Fund. Any operating deficit generated by these activities is the responsibility of the General Fund.
- The Cafeteria Fund accounts for all monies generated from the cafeteria operations throughout the various buildings of the School District. Revenue sources for the Cafeteria Fund include the sales to customers and dedicated grants from state and federal sources.
- The Community Education Fund is used to account for all monies originating from educational programs run by the School District, other than preschool and kindergarten through 12th grade programs. Revenue sources for the Community Education Fund consist of tuition and fees charged to users.
- The Preschool Fund accounts for all monies originating from the preschool programs run by the School District. Revenue sources for the Preschool Fund consist of tuition charged to users.
- The Enrichment/Prime Time Care Fund accounts for all monies originating from the School District's Enrichment and Prime Time Care programs. Revenue sources for the Enrichment/Prime Time Care Fund consist of tuition and fees charged to users.
- The Student Activities Fund records the transactions of student groups for school and school-related purposes. Revenue sources for the Student Activities Fund include fundraising revenue and donations earned and received by student groups.

June 30, 2020

Note 2 - Significant Accounting Policies (Continued)

- The 2014 Bond Issue Fund (capital project fund) is used to record bond proceeds or other revenue and disbursements of invoices specifically designated for security enhancements to school buildings and other facilities, to upgrade technology infrastructure, and to purchase school buses. The fund operates until the purpose for which it was created is accomplished.
- The Sinking Fund (capital project fund) is used to record related tax revenue and the disbursement of invoices specifically designated for approved Sinking Fund projects. The fund operates until the purpose for which it was created is accomplished.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt. The School District currently has five debt service funds: the 2011 Debt Retirement Fund, the 2014 Debt Retirement Fund, the 2015 Debt Retirement Fund, the 2016 Debt Retirement Fund, and the 2019 Debt Retirement Fund.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the School District's programs. The School District maintains a student activity fund to record the transactions of student groups for school and school-related purposes. The funds are segregated and are held for the students.

Interfund Activity

During the course of operations, the School District has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In the 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.

Basis of Accounting

The governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the School District has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree health care-related costs or sick and vacation pay) are not counted until they come due for payment. In addition, debt service expenditures, claims, and judgments are recorded only when payment is due.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the School District considers amounts collected within 60 days of year end to be available for recognition. Revenue not meeting this definition is classified as a deferred inflow of resources.

June 30, 2020**Note 2 - Significant Accounting Policies (Continued)**

The fiduciary fund uses the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions**Cash and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value, except for investments in MILAF Cash Management Funds and MILAF MAX Class Funds, which are valued at amortized cost. Pooled investment income from the debt service funds is generally allocated to each fund using a weighted average of balance for the principal.

Inventories and Prepaid Items

Inventories are valued at cost on a first-in, first-out basis. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements, when applicable. The School District uses the consumption method to report prepaid costs in governmental funds.

Restricted Assets

The following amounts are reported as restricted assets:

- Unspent bond proceeds and related interest of the bonded capital projects funds required to be set aside for construction or other allowable bond purchases
- Unspent property taxes levied held in the debt service funds required to be set aside for future bond principal and interest payments
- Unspent property taxes levied and held in the Sinking Fund required to be set aside for construction or allowable purchases

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

	Depreciable Life - Years
Buildings and improvements	20 to 50
Furniture and other equipment	5 to 10
Buses and other vehicles	5 to 10

June 30, 2020**Note 2 - Significant Accounting Policies (Continued)****Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances and premiums as other financing sources and bond discounts as other financing uses. The General Fund and debt service funds are generally used to liquidate governmental long-term debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then.

The School District reports deferred outflows related to deferred pension costs, OPEB costs, and deferred charges related to bond refundings.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The School District reports deferred inflows related to revenue in support of pension contributions made subsequent to the measurement date and deferred pension and OPEB plan cost reductions.

Net Position

Net position of the School District is classified in three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The School District will sometimes fund outlays for a particular purpose from both restricted 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 School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, 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.

June 30, 2020**Note 2 - Significant Accounting Policies (Continued)****Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School 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 School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can, by passing a resolution prior to the end of the fiscal year, commit fund balance. Once passed, the limitation imposed by the resolution remains in place until a similar action is taken (the passing of another resolution) to remove or revise the limitation.

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

On an annual basis, the superintendent recommends and the Board of Education approves a fund balance policy. The fund balance policy prescribes that an end of year fund balance should not fall below 6 percent of the preceding year's expenditures. This is deemed to be the prudent amount to maintain the School District's ability to meet obligations as they come due throughout the year.

Property Tax Revenue

Property taxes are levied on each July 1 for taxes due on September 15; the tax is based on the taxable valuation of property as of the preceding December 31. Tax collections are forwarded to the School District as collected by the assessing municipalities through March 1 of the following year, at which time they are considered delinquent and added to county tax rolls. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Grants and Contributions

The School District receives federal, state, and local grants, as well as contributions from individuals and private organizations. Revenue from grants and contributions (including contributions of capital assets) is recognized when all eligibility requirements, including time requirements, are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions are reported after nonoperating revenue and expenses.

Note 2 - Significant Accounting Policies (Continued)

Pension and Other Postemployment Benefit (OPEB) Plans

For the purpose of measuring the net pension liability and net OPEB liability, deferred outflows of resources and deferred inflows of resources related to each plan, and pension and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees' Retirement System (MPERS) and additions to/deductions from the MPERS fiduciary net position have been determined on the same basis as they are reported by MPERS. MPERS uses the economic resources measurement focus and the full accrual basis of accounting. Contribution revenue is recorded as contributions are due, pursuant to legal requirements. Benefit payments (including refunds of employee contributions) are recognized as expenses when due and payable in accordance with the plan benefit terms. Related plan investments are reported at fair value.

Compensated Absences (Vacation and Sick Leave) and Longevity

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the amount that the School District will pay upon employment termination; vacation pay is accrued when incurred. The liability for longevity payments is a future benefit that consists of amounts due to eligible employees based on their respective contracts. All of these are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncement

During the current year, the School District adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, certain student activity accounts were previously reported as fiduciary activities but no longer meet the definition of such; therefore, these activities are now reported within a nonmajor governmental special revenue fund, the Student Activities Fund. In addition, certain student activity accounts continue to meet the definition of fiduciary activities and are now reported as custodial accounts. For the accounts that continue to meet the definition of fiduciary activities, the beginning of year fund balance has been restated to incorporate beginning of year net position as a custodial account.

The effect of this new standard on fund balance/net position was as follows:

	Governmental Activities	Nonmajor Funds	Fiduciary Fund
Net position/fund balance - June 30, 2019 - As previously reported	\$ (179,849,050)	\$ 13,121,341	\$ -
Adjustment for GASB Statement No. 84 - To change fund type	1,992,267	1,992,267	48,292
Net position/fund balance - June 30, 2019 - As restated	<u>\$ (177,856,783)</u>	<u>\$ 15,113,608</u>	<u>\$ 48,292</u>

June 30, 2020**Note 2 - Significant Accounting Policies (Continued)*****Upcoming Accounting Pronouncement***

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the School District's financial statements for the year ending June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including September 17, 2020, which is the date the financial statements were available to be issued.

Following the passing of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law on March 27, 2020 to combat the COVID-19 pandemic, the U.S. Department of Treasury distributed Coronavirus Relief Fund (CRF) payments to the State of Michigan. During July and August 2020, the School District received \$4,864,768 of these restricted CRF funds from the Michigan Department of Education. The CRF funds can only be used for eligible costs and are subject to certain Uniform Guidance and grant-specific reporting requirements.

Note 3 - Stewardship, Compliance, and Accountability***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund, all special revenue funds, capital projects funds, and debt service funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Capital Projects Fund Compliance

The 2014 Bond Issue Fund and 2019 Bond Issue Fund (capital project funds) include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

June 30, 2020

Note 3 - Stewardship, Compliance, and Accountability (Continued)

The Sinking Fund records capital project activities funded with the Sinking Fund millage. For this fund, authorized prior to March 29, 2017, the School District has complied with the applicable provisions of §1212 of the State of Michigan Revised School Code.

Note 4 - Deposits and Investments

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures not more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits are in accordance with statutory authority.

The School District has designated eight financial institutions and utilized two for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs but not the remainder of state statutory authority, as listed above.

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost, except for a one-day minimum investment period on MILAF Cash Management funds and a 14-day redemption limitation on MILAF MAX Class funds.

The School District's cash and investments are subject to several types of risk, which are examined in more detail below:

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy for custodial credit risk requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk. At year end, the School District's deposit balance of \$18,316,258 had \$18,066,258 of bank deposits (checking and savings accounts) that was uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's policy for custodial credit risk states custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, brokers/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. At June 30, 2020, the School District does not have investments with custodial credit risk.

June 30, 2020

Note 4 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by requiring the structuring of 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; 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 School District's cash requirements.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
Primary Government			
Michigan Liquid Asset Fund Cash Management Money Market Fund	\$ 4,594,756	AAAm	S&P
Michigan Liquid Asset Fund MAX Class Money Market	20,163,743	AAAm	S&P
Michigan Liquid Asset Fund Term Series	12,350,000	AA+	S&P
MUFG Bank LTD/NY Commercial Paper	1,899,880	A-1	S&P
Citigroup Global Markets Commercial Paper	1,299,080	A-1	S&P
JPMorgan Securities LLC Commercial Paper	1,147,656	A-1	S&P
Total	<u>\$ 41,455,115</u>		

Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. At June 30, 2020, more than 5 percent of the School District's investments are invested in the following:

	Value	Percentage of Total Investments
U.S. Treasury notes	\$ 28,058,920	40.00%
Commercial paper	4,346,616	6.00

June 30, 2020
Note 4 - Deposits and Investments (Continued)
Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value as a result of changes in foreign currency exchange rates. State law and the School District's investment policy prohibit investments in foreign currency.

Note 5 - Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The School District's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The School District has the following recurring fair value measurements as of June 30, 2020:

<u>Assets Measured at Fair Value on a Recurring Basis at June 30, 2020</u>				
	<u>Quoted Prices in</u>			
	<u>Active Markets</u>	<u>Significant Other</u>	<u>Significant</u>	
	<u>for Identical</u>	<u>Observable</u>	<u>Unobservable</u>	
	<u>Assets</u>	<u>Inputs</u>	<u>Inputs</u>	<u>Balance at June</u>
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>30, 2020</u>
Investments at fair value - Debt securities:				
U.S. Treasury securities	\$ -	\$ 28,058,920	\$ -	\$ 28,058,920
Commercial paper	-	4,346,616	-	4,346,616
Total	<u>\$ -</u>	<u>\$ 32,405,536</u>	<u>\$ -</u>	<u>32,405,536</u>
Investments measured at NAV - Michigan Liquid Asset Fund - Term Series				<u>12,350,000</u>
Total assets				<u>\$ 44,755,536</u>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

The fair value of U.S. Treasury securities and commercial paper at June 30, 2020 was determined primarily based on Level 2 inputs. The School District estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Investments in Entities That Calculate Net Asset Value per Share

The School District holds shares or interests in the Michigan Liquid Asset Fund (MILAF) Term Series where the fair value of the investments is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

June 30, 2020
Note 5 - Fair Value Measurements (Continued)

As of June 30, 2020, the net asset value of the School District's investment in the MILAF Term Series was \$12,350,000. The investment pool had no unfunded commitments. The MILAF Term Series allows for the School District to set a specific redemption date upon initiation of the investment. Early redemptions are permitted; however, an early redemption fee would apply.

The MILAF Term Series includes investments that the School District does not control. The investment pool invests primarily in high-quality money market instruments, including certificates of deposit, commercial paper, and U.S. government and agency obligations, to protect the investment principal and provide liquidity.

Note 6 - Capital Assets

Capital asset activity of the School District's governmental activities was as follows:

	Balance July 1, 2019	Reclassifications	Additions and Adjustments	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated:					
Land	\$ 12,129,972	\$ -	\$ -	\$ (206,294)	\$ 11,923,678
Construction in progress	1,142,009	(1,142,009)	13,847,347	-	13,847,347
Subtotal	13,271,981	(1,142,009)	13,847,347	(206,294)	25,771,025
Capital assets being depreciated:					
Buildings and improvements	327,177,047	676,939	1,912,143	-	329,766,129
Furniture and equipment	38,348,201	465,070	300,267	(308,241)	38,805,297
Buses and other vehicles	9,556,438	-	1,137,627	-	10,694,065
Subtotal	375,081,686	1,142,009	3,350,037	(308,241)	379,265,491
Accumulated depreciation:					
Buildings and improvements	131,231,137	-	7,022,129	-	138,253,266
Furniture and equipment	24,726,805	-	4,171,731	(308,241)	28,590,295
Buses and other vehicles	5,461,092	-	868,098	-	6,329,190
Subtotal	161,419,034	-	12,061,958	(308,241)	173,172,751
Net capital assets being depreciated	213,662,652	1,142,009	(8,711,921)	-	206,092,740
Net governmental activities capital assets	<u>\$ 226,934,633</u>	<u>\$ -</u>	<u>\$ 5,135,426</u>	<u>\$ (206,294)</u>	<u>\$ 231,863,765</u>

Depreciation expense was charged to activities of the School District as follows:

Governmental activities:	
Instruction	\$ 7,599,034
Support services	3,859,827
Unallocated	603,097
Total governmental activities	<u>\$ 12,061,958</u>

June 30, 2020

Note 6 - Capital Assets (Continued)

Construction Commitments

The School District has active construction projects at year end related to the 2019 Bond Issue Fund. At June 30, 2020, the School District's commitments with contractors are as follows:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
2019 Bond Issue Fund	\$ 12,690,086	\$ 18,701,142

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>		
	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
General Fund	\$ -	\$ 702,317	\$ 702,317
Nonmajor funds	543,075	-	543,075
Fiduciary fund	10,506	-	10,506
Total	<u>\$ 553,581</u>	<u>\$ 702,317</u>	<u>\$ 1,255,898</u>

Interfund balances due from the General Fund represent routine deposits received by the General Fund that will be transferred to other funds' investment accounts. Interfund balances due to the General Fund result from a pooled cash arrangement and the time lag between the dates that goods and services are provided for the funds and when the reimbursements between funds are made.

Interfund Transfers

The Cafeteria Fund transferred indirect cost reimbursements to the General Fund in the amount of \$193,245.

Note 8 - Unavailable/Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned.

At June 30, 2020, the various components of unearned and unavailable revenue were as follows:

	<u>Governmental Funds</u>
	<u>Liability - Unearned</u>
Tuition and fees received in advance	\$ 40,390
Grant and categorical aid payment received prior to meeting all eligibility requirements	439,420
Total	<u>\$ 479,810</u>

June 30, 2020

Note 9 - Line of Credit

Under a line of credit agreement with a bank, the School District has available borrowings of the lesser of \$5,000,000 or 30 percent of the state school aid for the fiscal year ended June 30, 2020. Interest is payable monthly at a rate of 0.22 percent above the bank's prime rate or 80 percent of LIBOR plus 1.36 percent (an effective rate of 1.50 percent at June 30, 2020). Under the line of credit agreement, the School District has pledged no more than 30 percent of the state school aid for the fiscal year ended June 30, 2020 as collateral. There was no outstanding balance on the line of credit at June 30, 2020.

The line of credit agreement contains: (1) a provision that, in an event of default, the note shall bear interest at 3 percent above the applicable rate and (2) a provision that, if the entity is unable to make payment or in the event of default, outstanding amounts are due immediately.

Subsequent to year end, on August 7, 2020, the School District renewed the line of credit agreement with an available borrowing limit of \$5,000,000 through July 31, 2021. Interest is payable monthly at a rate of 1.25 percent above the bank's prime rate or 80 percent of LIBOR plus 1.86 percent. The other terms on the amended line of credit remain the same.

Note 10 - Long-term Debt

Long-term debt activity for the year ended June 30, 2020 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and notes payable:					
Direct borrowings and direct placements - Installment purchase agreement	\$ 256,807	\$ -	\$ (48,240)	\$ 208,567	\$ 49,488
Other debt - General obligation bonds	154,475,000	-	(12,450,000)	142,025,000	13,045,000
Unamortized bond premiums	14,499,517	-	(1,381,042)	13,118,475	1,381,044
Total bonds and notes payable	169,231,324	-	(13,879,282)	155,352,042	14,475,532
Compensated absences	4,876,630	1,869,414	(1,735,645)	5,010,399	1,735,646
Total governmental activities long-term debt	<u>\$ 174,107,954</u>	<u>\$ 1,869,414</u>	<u>\$ (15,614,927)</u>	<u>\$ 160,362,441</u>	<u>\$ 16,211,178</u>

The School District had deferred outflows of \$334,760 related to deferred charges on bond refundings at June 30, 2020.

June 30, 2020

Note 10 - Long-term Debt (Continued)

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's qualified bonds are fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. General obligations outstanding at June 30, 2020 are as follows:

Purpose	Year Issued	Interest Rates	Maturing	Outstanding
\$49,485,000 General Obligation (2011 Refunding)	2011	5.0	2022	\$ 9,735,000
\$65,760,000 General Obligation (2014 Refunding)	2014	3.5 to 5.0	2043	61,475,000
\$37,280,000 General Obligation (2015 Refunding)	2015	5.0	2022	10,305,000
\$8,675,000 General Obligation (2016 Refunding)	2016	4.0	2024	6,090,000
\$54,420,000 General Obligation (2019 Issuance)	2019	4.0 to 5.0	2049	<u>54,420,000</u>
Total governmental activities				<u>\$ 142,025,000</u>

On September 1, 2020, the School District received approximately \$186,646,000 from the issuance of the 2020 School Building and Site Bonds. This is the second series of the \$316 million voter-approved bond. The bond proceeds consist of \$143,665,000 in par value bonds with an issue premium of \$43,297,000 and an underwriter's discount of \$316,000. Debt issuance costs associated with this series totaled approximately \$470,000.

Compensated Absences

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The liability for compensated absences reported in the government-wide statements consists of earned but unused accumulated vacation, sick leave, and longevity benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Installment Purchase Agreement

An installment purchase agreement was issued to fund the purchase of various vehicles. The installment purchase agreement has a fixed interest rate of 3.55 percent. The installment purchase agreement will be repaid in equal annual installments of principal and interest over a five-year period by the General Fund. The vehicles are secured as collateral under the installment purchase agreement, and the loan matures on June 1, 2024.

The installment purchase agreement contains: (1) a provision that, in an event of default, the timing of repayment of outstanding amounts become immediately due and (2) a provision that, if the entity is unable to make payment, outstanding amounts are due immediately.

June 30, 2020

Note 10 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

Annual debt service requirements to maturity for the above bonds and note obligations are as follows:

Years Ending June 30	Governmental Activities				
	Direct Borrowings and Direct Placements		Other Debt		Total
	Principal	Interest	Principal	Interest	
2021	\$ 49,488	\$ 7,410	\$ 13,045,000	\$ 6,847,294	\$ 19,949,192
2022	51,245	5,654	13,070,000	6,224,894	19,351,793
2023	53,065	3,834	3,190,000	5,610,069	8,856,968
2024	54,769	1,951	3,395,000	5,490,869	8,942,589
2025	-	-	2,665,000	5,336,019	8,001,019
2026-2030	-	-	16,015,000	24,509,094	40,524,094
2031-2035	-	-	22,705,000	20,042,613	42,747,613
2036-2040	-	-	28,250,000	13,929,700	42,179,700
2041-2045	-	-	25,880,000	6,792,650	32,672,650
2046-2049	-	-	13,810,000	1,768,250	15,578,250
Total	<u>\$ 208,567</u>	<u>\$ 18,849</u>	<u>\$ 142,025,000</u>	<u>\$ 96,551,452</u>	<u>\$ 238,803,868</u>

Note 11 - Restricted Assets

At June 30, 2020, restricted assets are composed of the following:

Description	Governmental Activities
Unspent bond proceeds and related interest	\$ 60,672,628
Unspent Sinking Fund property taxes levied	1,824,871
Unspent debt service property taxes levied	<u>9,450,130</u>
Total	<u>\$ 71,947,629</u>

Note 12 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The School District has purchased commercial insurance for property and general liability claims and participates in the SET SEG risk pool for claims relating to property and general liability. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

June 30, 2020**Note 13 - Michigan Public School Employees' Retirement System*****Plan Description***

The School District participates in the Michigan Public School Employees' Retirement System (MPERS or the "System"), a statewide, cost-sharing, multiple-employer defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the School District. Certain school district employees also receive defined contribution retirement and health care benefits through the System. The System provides retirement, survivor, and disability benefits to plan members and their beneficiaries. The System also provides postemployment health care benefits to retirees and beneficiaries who elect to receive those benefits.

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools> or by writing to the Office of Retirement Services at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment health care 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 pension plan and the postemployment health care plan.

Depending on the plan option selected, member retirement benefits are calculated as final average compensation times years of services times a pension factor ranging from 1.25 percent to 1.50 percent. The requirements to retire range from attaining the age of 46 to 60 with years of service ranging from 5 to 30 years, depending on when the employee became a member. Early retirement is computed in the same manner as a regular pension but is permanently reduced 0.50 percent for each full and partial month between the pension effective date and the date the member will attain age 60. There is no mandatory retirement age.

Depending on the member's date of hire, MPERS offers the option of participating in the defined contribution (DC) plan that provides a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Members are eligible for nonduty disability benefits after 10 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The disability benefits plus authorized outside earnings are limited to 100 percent of the participant's final average compensation, with an increase of 2 percent each year thereafter.

Benefits may transfer to a beneficiary upon death and are determined in the same manner as retirement benefits but with an actuarial reduction.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustment, if applicable, is 3 percent. Some members who do not receive an annual increase are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions.

MPERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPERS, with the balance deducted from the monthly pension of each retiree health care recipient. Depending on the member's date of hire, this subsidized portion ranges from 80 percent to the maximum allowed by the statute.

June 30, 2020

Note 13 - Michigan Public School Employees' Retirement System (Continued)

Contributions

Public Act 300 of 1980, as amended, required the School District to contribute amounts necessary to finance the coverage of pension benefits of active and retired members. Contribution provisions are specified by state statute and may be amended only by action of the state Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance a portion of the unfunded accrued liability.

Under the OPEB plan, retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent, or 20 percent for those not Medicare eligible, of the monthly premium amount for the health, dental, and vision coverage at the time of receiving the benefits. The MPSERS board of trustees annually sets the employer contribution rate to fund the benefits. Participating employers are required to contribute at that rate.

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

The School District's contributions are determined based on employee elections. There are multiple different pension and health care benefit options included in the plan available to employees based on date of hire and the elections available at that time. Contribution rates are adjusted annually by the ORS.

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2018 - September 30, 2019	13.39% - 19.59%	7.57% - 7.93%
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%

Depending on the plan selected, member pension contributions range from 0 percent up to 7.0 percent of gross wages. For certain plan members, a 4 percent employer contribution to the defined contribution pension plan is required. In addition, for certain plan members, a 3 percent employer match is provided to the defined contribution pension plan.

The School District's required and actual pension contributions to the plan for the year ended June 30, 2020 were \$25,623,875, which include the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$10,177,879 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2020.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2020 were \$6,651,081, which include the School District's contributions required for those members with a defined contribution benefit.

Note 13 - Michigan Public School Employees' Retirement System (Continued)

Net Pension Liability

At June 30, 2020, the School District reported a liability of \$313,245,426 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018, which used update procedures to roll forward the estimated liability to September 30, 2019. The School 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, 2019 and 2018, the School District's proportion was 0.95 and 0.97 percent, respectively, representing a change of (2.66) percent.

Net OPEB Liability

At June 30, 2020, the School District reported a liability of \$66,548,661 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2020 was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2018, which used update procedures to roll forward the estimated liability to September 30, 2019. The School 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, 2019 and 2018, the School District's proportion was 0.93 and 0.97 percent, respectively, representing a change of (3.94) percent.

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

For 2020, the School District recognized pension expense of \$43,925,363, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,404,065	\$ (1,306,203)
Changes in assumptions	61,333,675	-
Net difference between projected and actual earnings on pension plan investments	-	(10,038,984)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	-	(8,363,136)
The School District's contributions to the plan subsequent to the measurement date	21,722,314	-
Total	<u>\$ 84,460,054</u>	<u>\$ (19,708,323)</u>

The \$10,177,879 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2021	\$ 17,215,080
2022	13,726,565
2023	8,674,304
2024	3,413,468
Total	<u>\$ 43,029,417</u>

June 30, 2020

Note 13 - Michigan Public School Employees' Retirement System (Continued)

In addition, the contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the next year.

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

For the year ended June 30, 2020, the School District recognized OPEB expense of \$839,744.

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (24,418,586)
Changes in assumptions	14,419,748	-
Net difference between projected and actual earnings on OPEB plan investments	-	(1,157,313)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	6,936	(3,850,854)
Employer contributions to the plan subsequent to the measurement date	4,847,493	-
Total	<u>\$ 19,274,177</u>	<u>\$ (29,426,753)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (note that employer contributions subsequent to the measurement date will reduce the net OPEB liability and, therefore, will not be included in future OPEB expense):

Years Ending	Amount
2021	\$ (3,960,574)
2022	(3,960,574)
2023	(3,383,972)
2024	(2,407,468)
2025	(1,287,481)
Total	<u>\$ (15,000,069)</u>

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2019 are based on the results of an actuarial valuation as of September 30, 2018 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	7.50%	Year 1 graded to 3.5% year 12
Mortality basis		RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

June 30, 2020

Note 13 - Michigan Public School Employees' Retirement System (Continued)

Assumption changes as a result of an experience study for the periods from 2012 to 2017 have been adopted by the System for use in the annual pension and OPEB valuations beginning with the September 30, 2017 valuation.

Significant assumption changes since the prior measurement date, September 30, 2018, for pension and OPEB include a reduction in both discount rates, continued impact of the updated experience study that resulted in a lower-than-projected per person health benefit cost for OPEB, and favorable investment experience for both plans. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2019 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2019. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

Based on those assumptions, the pension plan's fiduciary net position and the OPEB plan's fiduciary net position were projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension liability and total OPEB liability.

The long-term expected rate of return on pension plan and OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.00 %	5.50 %
Private equity pools	18.00	8.60
International equity pools	16.00	7.30
Fixed-income pools	10.50	1.20
Real estate and infrastructure pools	10.00	4.20
Absolute return pools	15.50	5.40
Short-term investment pools	2.00	0.80
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.3 percent.

June 30, 2020

Note 13 - Michigan Public School Employees' Retirement System (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the School District, calculated using the discount rate depending on the plan option. The following also reflects what the School District's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 to 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the School District	\$ 407,239,093	\$ 313,245,426	\$ 235,321,437

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the School District, calculated using the current discount rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the School District	\$ 81,631,933	\$ 66,548,661	\$ 53,882,902

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the School District, calculated using the current health care cost trend rate. It also reflects what the School District's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.50%)	Current Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability of the School District	\$ 53,345,929	\$ 66,548,661	\$ 81,630,143

Pension Plan and OPEB Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued MPSERS financial report.

Payable to the Pension Plan and OPEB Plan

At June 30, 2020, the School District reported a payable of \$5,327,814 and \$1,071,291 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2020.

June 30, 2020**Note 14 - Leases*****Operating Leases***

The School District leases computer equipment under noncancelable operating leases that expire at various dates through June 2024. Total costs for such leases were \$1,469,852 for the current year. The future minimum lease payments for these leases are as follows:

<u>Years Ending</u>	<u>Amount</u>
2021	\$ 1,495,378
2022	971,039
2023	582,637
2024	465,526
2025	102,806
Total	<u>\$ 3,617,386</u>

Note 15 - Tax Abatements

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) and brownfield redevelopment agreements granted by cities, villages, and townships within the boundaries of the School District. Industrial facility exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties.

For the fiscal year ended June 30, 2020, the School District's property tax revenue was reduced by approximately \$466,000 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the school aid formula. The School District received approximately \$368,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the Sinking Fund or debt service millages.

Required Supplemental Information

Walled Lake Consolidated School District

Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 36,586,914	\$ 35,794,253	\$ 35,735,089	\$ (59,164)
State sources	103,211,046	104,614,850	102,165,093	(2,449,757)
Federal sources	6,100,919	6,204,997	5,749,722	(455,275)
Interdistrict sources	11,028,768	11,526,788	11,450,932	(75,856)
Total revenue	156,927,647	158,140,888	155,100,836	(3,040,052)
Expenditures				
Current:				
Instruction:				
Basic programs	78,829,620	80,281,986	79,602,932	(679,054)
Added needs	24,688,297	24,464,473	23,991,210	(473,263)
Adult/Continuing education	139,675	84,232	57,576	(26,656)
Support services:				
Pupil	13,849,140	13,360,970	13,137,608	(223,362)
Instructional staff	5,240,697	5,427,973	5,257,103	(170,870)
General administration	824,654	732,554	699,557	(32,997)
School administration	9,073,963	8,820,825	8,818,000	(2,825)
Business services	2,075,673	2,017,507	1,989,164	(28,343)
Operations and maintenance	10,602,529	10,602,820	9,963,637	(639,183)
Pupil transportation services	6,261,773	5,610,653	5,624,023	13,370
Central	4,269,435	4,039,256	3,953,183	(86,073)
Athletics	2,136,012	1,975,112	1,939,219	(35,893)
Community services	267,099	251,599	136,707	(114,892)
Debt service	59,885	56,850	56,850	-
Total expenditures	158,318,452	157,726,810	155,226,769	(2,500,041)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	1,128,625	90,000	90,000	-
Transfers in	193,245	193,245	193,245	-
Transfers out	-	(100)	(35)	65
Total other financing sources	1,321,870	283,145	283,210	65
Net Change in Fund Balance	(68,935)	697,223	157,277	(539,946)
Fund Balance - Beginning of year	11,208,864	11,208,864	11,208,864	-
Fund Balance - End of year	<u>\$ 11,139,929</u>	<u>\$ 11,906,087</u>	<u>\$ 11,366,141</u>	<u>\$ (539,946)</u>

Walled Lake Consolidated School District

Required Supplemental Information Schedule of the School District's Proportionate Share of the Net Pension Liability Michigan Public School Employees' Retirement System

	Last Six Plan Years					
	Plan Years Ended September 30					
	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.94589 %	0.97170 %	0.97879 %	0.99427 %	1.00410 %	1.03039 %
School District's proportionate share of the net pension liability	\$ 313,245,426	\$ 292,109,873	\$ 253,646,407	\$ 248,061,578	\$ 245,250,568	\$ 226,958,421
School District's covered payroll	\$ 80,765,714	\$ 82,054,019	\$ 81,254,055	\$ 82,445,987	\$ 83,313,023	\$ 85,713,988
School District's proportionate share of the net pension liability as a percentage of its covered payroll	387.84 %	356.00 %	312.16 %	300.88 %	294.37 %	264.79 %
Plan fiduciary net position as a percentage of total pension liability	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %

Walled Lake Consolidated School District

Required Supplemental Information Schedule of Pension Contributions Michigan Public School Employees' Retirement System

	Last Six Fiscal Years Years Ended June 30					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 25,345,286	\$ 25,254,458	\$ 24,682,460	\$ 22,786,357	\$ 23,331,814	\$ 16,002,538
Contributions in relation to the statutorily required contribution	25,345,286	25,254,458	24,682,460	22,786,357	23,331,814	16,002,538
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 80,047,113	\$ 81,090,596	\$ 81,392,149	\$ 80,028,634	\$ 83,599,827	\$ 82,801,723
Contributions as a Percentage of Covered Payroll	31.66 %	31.14 %	30.33 %	28.47 %	27.91 %	19.33 %

Walled Lake Consolidated School District

Required Supplemental Information Schedule of the School District's Proportionate Share of the Net OPEB Liability Michigan Public School Employees' Retirement System

	Last Three Plan Years		
	Plan Years Ended September 30		
	2019	2018	2017
School District's proportion of the net OPEB liability	0.92715 %	0.96520 %	0.97742 %
School District's proportionate share of the net OPEB liability	\$ 66,548,661	\$ 76,723,406	\$ 86,555,073
School District's covered payroll	\$ 80,765,714	\$ 82,054,019	\$ 81,254,055
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	82.40 %	93.50 %	106.52 %
Plan fiduciary net position as a percentage of total OPEB liability	48.67 %	43.10 %	36.53 %

Walled Lake Consolidated School District

Required Supplemental Information Schedule of OPEB Contributions Michigan Public School Employees' Retirement System

	Last Three Fiscal Years		
	Years Ended June 30		
	2020	2019	2018
Statutorily required contribution	\$ 6,432,266	\$ 6,369,687	\$ 5,878,731
Contributions in relation to the statutorily required contribution	6,432,266	6,369,687	5,878,731
Contribution Deficiency	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 80,047,113	\$ 81,090,596	\$ 81,392,149
Contributions as a Percentage of Covered Payroll	8.04 %	7.86 %	7.22 %

Walled Lake Consolidated School District

Notes to Required Supplemental Information

June 30, 2020

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, capital projects funds, and debt service funds. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the individual function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits school districts to amend their budgets during the year. During the year, the budgets were amended in a legally permissible manner. For budgeting purposes, capital outlay is classified within the related function and proceeds from the sale of capital assets, and transfers are classified within local revenue. There were no significant amendments during the year, other than in the capital projects funds to adjust for the costs of the bond-funded projects and the 2019 bond issuance.

Encumbrances (e.g., purchase orders and contracts) outstanding at year end do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year.

Pension Information

Ultimately, 10 years of data will be presented in both of the pension-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

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

Changes in Assumptions

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

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

OPEB Information

Ultimately, 10 years of data will be presented in both of the OPEB-related schedules. The number of years currently presented represents the number of years since the accounting standard requiring these schedules first became applicable.

Benefit Changes

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

June 30, 2020

Changes in Assumptions

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

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower-than-projected per person health benefit cost to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower-than-projected per person health benefit cost to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Other Supplemental Information

Walled Lake Consolidated School District

	Special Revenue Funds					Debt Service Funds
	Cafeteria Fund	Community Education Fund	Enrichment/Prime Time Care Fund	Preschool Fund	Student Activities Fund	2011 Debt Retirement Fund
Assets						
Cash and investments	\$ 630,543	\$ -	\$ 1,800	\$ -	\$ 1,999,552	\$ -
Accounts receivable - Due from other governmental units	164,501	-	-	-	-	-
Due from other funds	-	56,293	111,000	196,755	-	13,575
Inventories	62,979	-	-	-	-	-
Restricted assets	-	-	-	-	-	2,776,326
Total assets	\$ 858,023	\$ 56,293	\$ 112,800	\$ 196,755	\$ 1,999,552	\$ 2,789,901
Liabilities						
Accounts payable	\$ 15,858	\$ -	\$ 38	\$ -	\$ 86,465	\$ -
Due to other funds	687,264	-	11,627	-	3,426	-
Total liabilities	703,122	-	11,665	-	89,891	-
Fund Balances						
Nonspendable - Inventories	62,979	-	-	-	-	-
Restricted:						
Debt service	-	-	-	-	-	2,789,901
Capital projects	-	-	-	-	-	-
Special revenue funds - Cafeteria	91,922	-	-	-	-	-
Committed:						
Community Education	-	56,293	-	-	-	-
Enrichment/Prime Time Care	-	-	101,135	-	-	-
Preschool	-	-	-	196,755	-	-
Student Activities	-	-	-	-	1,909,661	-
Total fund balances	154,901	56,293	101,135	196,755	1,909,661	2,789,901
Total liabilities and fund balances	\$ 858,023	\$ 56,293	\$ 112,800	\$ 196,755	\$ 1,999,552	\$ 2,789,901

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

Debt Service Funds				Capital Project Funds		Total
2014 Debt Retirement Fund	2015 Debt Retirement Fund	2016 Debt Retirement Fund	2019 Debt Retirement Fund	Sinking Fund	2014 Bond Issue Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,631,895
-	-	-	-	-	-	164,501
11,005	13,696	5,136	7,346	5,866	122,403	543,075
-	-	-	-	-	-	62,979
2,299,817	2,695,483	925,413	753,091	1,824,871	878,561	12,153,562
\$ 2,310,822	\$ 2,709,179	\$ 930,549	\$ 760,437	\$ 1,830,737	\$ 1,000,964	\$ 15,556,012
\$ -	\$ -	\$ -	\$ -	\$ 399	\$ 79,184	\$ 181,944
-	-	-	-	-	-	702,317
-	-	-	-	399	79,184	884,261
-	-	-	-	-	-	62,979
2,310,822	2,709,179	930,549	760,437	-	-	9,500,888
-	-	-	-	1,830,338	921,780	2,752,118
-	-	-	-	-	-	91,922
-	-	-	-	-	-	56,293
-	-	-	-	-	-	101,135
-	-	-	-	-	-	196,755
-	-	-	-	-	-	1,909,661
2,310,822	2,709,179	930,549	760,437	1,830,338	921,780	14,671,751
\$ 2,310,822	\$ 2,709,179	\$ 930,549	\$ 760,437	\$ 1,830,737	\$ 1,000,964	\$ 15,556,012

Walled Lake Consolidated School District

	Special Revenue Funds					Debt Service Funds
	Cafeteria Fund	Community Education Fund	Enrichment/Prime Time Care Fund	Preschool Fund	Student Activities Fund	2011 Debt Retirement Fund
Revenue						
Local sources	\$ 1,917,924	\$ 389,101	\$ 1,485,276	\$ 334,150	\$ 1,989,871	\$ 5,742,493
State sources	168,327	-	-	-	-	-
Federal sources	1,752,054	-	-	-	-	-
Total revenue	3,838,305	389,101	1,485,276	334,150	1,989,871	5,742,493
Expenditures						
Current:						
Instruction	-	-	32,210	371,000	-	-
Support services	-	-	-	73,801	2,072,477	-
Food services	4,159,587	-	-	-	-	-
Community services	-	568,398	1,620,815	-	-	-
Debt service:						
Principal	-	-	-	-	-	4,935,000
Interest	-	-	-	-	-	733,500
Other	-	-	-	-	-	9,531
Capital outlay	9,120	-	-	-	-	-
Total expenditures	4,168,707	568,398	1,653,025	444,801	2,072,477	5,678,031
Excess of Revenue (Under) Over Expenditures	(330,402)	(179,297)	(167,749)	(110,651)	(82,606)	64,462
Other Financing Sources (Uses)						
Transfers in	35	-	-	-	-	-
Transfers out	(193,245)	-	-	-	-	-
Total other financing uses	(193,210)	-	-	-	-	-
Net Change in Fund Balances	(523,612)	(179,297)	(167,749)	(110,651)	(82,606)	64,462
Fund Balances - Beginning of year, as restated	678,513	235,590	268,884	307,406	1,992,267	2,725,439
Fund Balances - End of year	<u>\$ 154,901</u>	<u>\$ 56,293</u>	<u>\$ 101,135</u>	<u>\$ 196,755</u>	<u>\$ 1,909,661</u>	<u>\$ 2,789,901</u>

Other Supplemental Information

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2020

Debt Service Funds				Capital Project Fund		Total
2014 Debt Retirement Fund	2015 Debt Retirement Fund	2016 Debt Retirement Fund	2019 Debt Retirement Fund	Sinking Fund	2014 Bond Issue Fund	
\$ 4,655,330	\$ 5,794,379	\$ 2,172,248	\$ 3,000,945	\$ 2,462,438	\$ 35,682	\$ 29,979,837
-	-	-	-	-	-	168,327
-	-	-	-	-	-	1,752,054
4,655,330	5,794,379	2,172,248	3,000,945	2,462,438	35,682	31,900,218
-	-	-	-	-	-	403,210
-	-	-	-	-	-	2,146,278
-	-	-	-	-	-	4,159,587
-	-	-	-	-	-	2,189,213
1,305,000	4,635,000	1,575,000	-	-	-	12,450,000
3,006,094	747,000	306,600	2,235,920	-	-	7,029,114
7,620	10,362	3,323	4,588	-	-	35,424
-	-	-	-	1,390,188	2,336,731	3,736,039
4,318,714	5,392,362	1,884,923	2,240,508	1,390,188	2,336,731	32,148,865
336,616	402,017	287,325	760,437	1,072,250	(2,301,049)	(248,647)
-	-	-	-	-	-	35
-	-	-	-	-	-	(193,245)
-	-	-	-	-	-	(193,210)
336,616	402,017	287,325	760,437	1,072,250	(2,301,049)	(441,857)
1,974,206	2,307,162	643,224	-	758,088	3,222,829	15,113,608
\$ 2,310,822	\$ 2,709,179	\$ 930,549	\$ 760,437	\$ 1,830,338	\$ 921,780	\$ 14,671,751

Walled Lake Consolidated School District

Other Supplemental Information Budgetary Comparison Schedules - Nonmajor Governmental Funds Special Revenue Fund - Cafeteria Fund

Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Under) Over Final Budget</u>
Revenue				
Local sources	\$ 2,703,441	\$ 1,930,244	\$ 1,917,924	\$ (12,320)
State sources	170,668	165,298	168,327	3,029
Federal sources	<u>1,850,000</u>	<u>1,804,092</u>	<u>1,752,054</u>	<u>(52,038)</u>
Total revenue	4,724,109	3,899,634	3,838,305	(61,329)
Expenditures - Current - Food services	<u>4,601,849</u>	<u>4,359,396</u>	<u>4,168,707</u>	<u>(190,689)</u>
Excess of Revenue Over (Under) Expenditures	122,260	(459,762)	(330,402)	129,360
Other Financing Sources (Uses)				
Transfers in	100	100	35	(65)
Transfers out	<u>(193,245)</u>	<u>(193,245)</u>	<u>(193,245)</u>	<u>-</u>
Total other financing uses	<u>(193,145)</u>	<u>(193,145)</u>	<u>(193,210)</u>	<u>(65)</u>
Net Change in Fund Balance	(70,885)	(652,907)	(523,612)	129,295
Fund Balance - Beginning of year	<u>678,513</u>	<u>678,513</u>	<u>678,513</u>	<u>-</u>
Fund Balance - End of year	<u>\$ 607,628</u>	<u>\$ 25,606</u>	<u>\$ 154,901</u>	<u>\$ 129,295</u>

Walled Lake Consolidated School District

Other Supplemental Information Budgetary Comparison Schedules - Nonmajor Governmental Funds (Continued) Debt Service Funds

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue - Local				
Property taxes	\$ 21,154,993	\$ 21,125,801	\$ 21,114,333	\$ (11,468)
Interest and other	337,241	207,000	251,062	44,062
Total revenue	21,492,234	21,332,801	21,365,395	32,594
Expenditures				
Debt service:				
Principal	12,450,000	12,450,000	12,450,000	-
Interest	4,793,194	7,029,114	7,029,114	-
Other	38,500	35,423	35,424	1
Total expenditures	17,281,694	19,514,537	19,514,538	1
Net Change in Fund Balances	4,210,540	1,818,264	1,850,857	32,593
Fund Balances - Beginning of year	7,650,031	7,650,031	7,650,031	-
Fund Balances - End of year	<u><u>\$ 11,860,571</u></u>	<u><u>\$ 9,468,295</u></u>	<u><u>\$ 9,500,888</u></u>	<u><u>\$ 32,593</u></u>

Walled Lake Consolidated School District

Other Supplemental Information Budgetary Comparison Schedules - Nonmajor Governmental Funds (Continued) Capital Projects Funds - 2019 Bond Issue, 2014 Bond Issue, and Sinking Funds

	Year Ended June 30, 2020			
	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue - Local				
Property taxes	\$ 2,300,000	\$ 2,458,193	\$ 2,453,584	\$ (4,609)
Interest income	250,000	1,230,000	1,317,303	87,303
Total revenue	2,550,000	3,688,193	3,770,887	82,694
Expenditures				
Capital outlay:				
Sinking Fund	2,304,800	1,567,342	1,390,188	(177,154)
2014 Bond Issue Fund	3,232,168	3,262,829	2,336,731	(926,098)
2019 Bond Issue Fund	5,310,432	5,444,267	13,929,080	8,484,813
Total expenditures	10,847,400	10,274,438	17,655,999	7,381,561
Net Change in Fund Balances	(8,297,400)	(6,586,245)	(13,885,112)	(7,298,867)
Fund Balances - Beginning of year	68,604,924	68,604,924	68,604,924	-
Fund Balances - End of year	<u>\$ 60,307,524</u>	<u>\$ 62,018,679</u>	<u>\$ 54,719,812</u>	<u>\$ (7,298,867)</u>

Walled Lake Consolidated School District**Other Supplemental Information
Budgetary Comparison Schedules - Nonmajor Governmental Funds
(Continued)****Other Special Revenue Funds - Community Education, Enrichment/Prime
Time Care, Preschool, and Student Activities****Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue - Local	\$ 6,222,939	\$ 4,075,947	\$ 4,198,398	\$ 122,451
Expenditures				
Enrichment/Prime Time Care Fund	1,697,834	1,708,575	1,653,025	(55,550)
Preschool Fund	564,228	462,094	444,801	(17,293)
Community Education Fund	704,360	582,516	568,398	(14,118)
Student Activities	3,176,411	1,900,000	2,072,477	172,477
Total expenditures	<u>6,142,833</u>	<u>4,653,185</u>	<u>4,738,701</u>	<u>85,516</u>
Excess of Revenue Over (Under) Expenditures	80,106	(577,238)	(540,303)	36,935
Other Financing Uses - Transfers out	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(319,894)	(577,238)	(540,303)	36,935
Fund Balances - Beginning of year	<u>2,804,147</u>	<u>2,804,147</u>	<u>2,804,147</u>	<u>-</u>
Fund Balances - End of year	<u><u>\$ 2,484,253</u></u>	<u><u>\$ 2,226,909</u></u>	<u><u>\$ 2,263,844</u></u>	<u><u>\$ 36,935</u></u>

Walled Lake Consolidated School District

Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2020

Years Ending June 30	2011 Debt Retirement Fund	2014 Debt Retirement Fund	2015 Debt Retirement Fund	2016 Debt Retirement Fund	2019 Bond Issue
	Principal	Principal	Principal	Principal	Principal
2021	\$ 4,890,000	\$ 1,430,000	\$ 5,170,000	\$ 1,555,000	\$ -
2022	4,845,000	1,555,000	5,135,000	1,535,000	-
2023	-	1,680,000	-	1,510,000	-
2024	-	1,805,000	-	1,490,000	100,000
2025	-	1,890,000	-	-	775,000
2026	-	1,980,000	-	-	860,000
2027	-	2,075,000	-	-	945,000
2028	-	2,175,000	-	-	995,000
2029	-	2,280,000	-	-	1,055,000
2030	-	2,385,000	-	-	1,265,000
2031	-	2,480,000	-	-	1,640,000
2032	-	2,580,000	-	-	1,745,000
2033	-	2,690,000	-	-	1,845,000
2034	-	2,800,000	-	-	1,945,000
2035	-	2,925,000	-	-	2,055,000
2036	-	3,050,000	-	-	2,135,000
2037	-	3,200,000	-	-	2,250,000
2038	-	3,350,000	-	-	2,310,000
2039	-	3,500,000	-	-	2,345,000
2040	-	3,670,000	-	-	2,440,000
2041	-	3,820,000	-	-	2,535,000
2042	-	3,995,000	-	-	2,640,000
2043	-	4,160,000	-	-	2,770,000
2044	-	-	-	-	2,905,000
2045	-	-	-	-	3,055,000
2046	-	-	-	-	3,205,000
2047	-	-	-	-	3,365,000
2048	-	-	-	-	3,530,000
2049	-	-	-	-	3,710,000
Total remaining payments	<u><u>\$ 9,735,000</u></u>	<u><u>\$ 61,475,000</u></u>	<u><u>\$ 10,305,000</u></u>	<u><u>\$ 6,090,000</u></u>	<u><u>\$ 54,420,000</u></u>
Principal payments due	May 1	May 1	May 1	May 1	May 1
Interest payments due	November 1 and May 1	November 1 and May 1	November 1 and May 1	November 1 and May 1	November 1 and May 1
Interest rate	5.0%	3.5% to 5.0%	5.0%	4.0%	4.0% to 5.0%
Original issue	<u><u>\$ 49,485,000</u></u>	<u><u>\$ 65,760,000</u></u>	<u><u>\$ 37,280,000</u></u>	<u><u>\$ 8,675,000</u></u>	<u><u>\$ 54,420,000</u></u>

Statistical Section

Statistical Section

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the School District's overall financial health

The statistical section is organized into the following main categories:

Financial trends

These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.

Revenue capacity

These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.

Debt capacity

These schedules present information to help the reader assess the affordability of the School District's current level of outstanding debt and the School District's ability to issue additional debt in the future.

Demographic and economic information

These schedules help the reader understand the environment within which the government's financial activities take place.

Operating information

These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.

Walled Lake Consolidated School District

	As of June 30,			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental Activities:				
Net investment in capital assets	\$ 86,969,472	\$ 88,054,915	\$ 96,189,270	\$ 101,263,607
Restricted	9,722,571	6,177,408	3,154,756	2,959,142
Unrestricted (deficit)	<u>9,123,027</u>	<u>11,741,528</u>	<u>6,286,257</u>	<u>4,318,342</u>
Total net position	<u>\$ 105,815,070</u>	<u>\$ 105,973,851</u>	<u>\$ 105,630,283</u>	<u>\$ 108,541,091</u>

Source: Walled Lake Consolidated School District audited financial reports

Net Position (Deficit) by Component

Last Ten Fiscal Years

June 30, 2020

As of June 30,					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 112,593,950	\$ 119,986,715	\$ 126,880,952	\$ 124,505,071	\$ 125,923,734	\$ 129,354,076
4,275,460	3,639,543	2,802,753	4,499,305	7,554,994	10,571,891
(225,046,502)	(225,633,550)	(223,021,213)	(308,485,268)	(313,327,778)	(326,598,324)
\$ (108,177,092)	\$ (102,007,292)	\$ (93,337,508)	\$ (179,480,892)	\$ (179,849,050)	\$ (186,672,357)

Walled Lake Consolidated School District

	As of June 30,			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Expenses				
Governmental activities:				
Instruction	\$ 100,163,446	\$ 101,594,912	\$ 104,389,365	\$ 107,010,793
Support services	52,854,685	49,697,572	51,537,413	51,105,237
Food services	4,249,872	4,916,724	4,764,522	4,548,076
Athletics	2,278,273	2,035,880	2,072,852	2,062,931
Community services	2,463,324	2,509,976	2,784,067	2,732,534
Interest on long-term debt	7,143,803	6,734,473	6,049,847	6,778,907
Other	-	-	-	-
Depreciation (unallocated)	<u>5,109,730</u>	<u>5,121,973</u>	<u>4,802,801</u>	<u>4,729,612</u>
Total governmental activities	174,263,133	172,611,510	176,400,867	178,968,090
Program revenue				
Charges for services:				
Instruction	1,248,008	1,237,856	1,309,159	1,079,131
Food services	2,683,055	2,785,577	2,586,801	2,550,535
Athletics	1,025,578	975,719	1,014,774	983,085
Community services	2,730,580	2,956,392	3,095,110	3,107,912
Operating grants and contributions	<u>27,186,624</u>	<u>24,665,309</u>	<u>26,784,732</u>	<u>28,869,010</u>
Total program revenue	<u>34,873,845</u>	<u>32,620,853</u>	<u>34,790,576</u>	<u>36,589,673</u>
Net expense	(139,389,288)	(139,990,657)	(141,610,291)	(142,378,417)
General Revenue				
Property taxes	52,777,238	49,690,052	46,170,202	49,929,153
State aid not restricted to specific purposes	93,476,653	95,420,636	94,070,693	94,001,551
Federal sources - unrestricted	3,081,354	521,706	82,661	-
Investment earnings	218,178	91,112	61,028	145,773
Impairment loss on capital assets	<u>-</u>	<u>(6,817,429)</u>	<u>-</u>	<u>-</u>
Total general revenue	149,553,423	138,906,077	140,384,584	144,076,477
Other/Transfers	1,756,020	1,243,361	882,139	1,212,748
Special Item	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>\$ 11,920,155</u>	<u>\$ 158,781</u>	<u>\$ (343,568)</u>	<u>\$ 2,910,808</u>

Source: Walled Lake Consolidated School District audited financial reports

Changes in Governmental Net Position

Last Ten Fiscal Years

June 30, 2020

As of June 30,					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 106,521,966	\$ 107,603,402	\$ 115,616,026	\$ 111,754,110	\$ 115,997,038	\$ 122,509,659
47,940,978	51,722,421	45,884,136	54,414,049	56,965,193	58,975,557
4,578,375	4,439,903	4,551,780	4,521,253	4,473,383	4,425,736
2,080,438	1,963,754	2,024,932	2,100,821	2,047,822	2,009,184
2,913,475	2,276,017	2,465,524	2,561,153	2,615,726	2,519,617
7,081,855	7,182,909	6,422,279	5,213,206	5,084,077	5,983,602
333,462	159,092	-	-	446,821	35,424
4,786,616	423,764	507,285	596,453	585,851	603,097
176,237,165	175,771,262	177,471,962	181,161,045	188,215,911	197,061,876
1,081,330	1,146,573	1,157,423	1,020,587	1,011,324	721,168
2,551,247	2,802,258	2,795,956	2,723,955	2,585,513	1,917,926
1,121,312	1,094,055	1,059,620	1,059,498	1,044,428	795,150
3,259,891	3,376,808	3,454,063	3,361,419	3,236,123	2,277,872
34,650,059	29,713,750	37,016,056	41,898,681	41,178,273	47,089,034
42,663,839	38,133,444	45,483,118	50,064,140	49,055,661	52,801,150
(133,573,326)	(137,637,818)	(131,988,844)	(131,096,905)	(139,160,250)	(144,260,726)
52,608,644	52,398,995	52,396,812	54,437,299	56,141,428	57,250,135
90,391,265	87,522,822	86,388,154	83,541,005	82,177,544	76,224,012
-	-	-	19,422	29,879	50,121
3,224,279	1,316,493	1,011,197	168,547	440,736	1,756,423
-	-	-	(6,014,342)	-	-
146,224,188	141,238,310	139,796,163	132,151,931	138,789,587	135,280,691
815,942	2,569,308	862,465	505,457	2,505	164,461
-	-	-	-	-	-
\$ 13,466,804	\$ 6,169,800	\$ 8,669,784	\$ 1,560,483	\$ (368,158)	\$ (8,815,574)

Walled Lake Consolidated School District

	As of June 30,			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable:				
Inventories	267,650	288,778	169,573	21,785
Prepaid costs	989,659	440,906	331,430	217,377
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	5,364,337	6,301,054	3,548,618	-
Unassigned	6,191,991	9,000,621	7,168,551	8,144,167
Total general fund	<u>12,813,637</u>	<u>16,031,359</u>	<u>11,218,172</u>	<u>8,383,329</u>
All other governmental funds:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved - Reported in:				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Debt service funds	-	-	-	-
Nonspendable - Inventories	43,855	47,923	51,715	50,765
Restricted:				
Capital projects	3,764,976	3,299,187	2,518,036	63,052,921
Debt service	5,690,820	2,679,701	25,001	1,660,836
Special revenue funds - Cafeteria	1,190,635	955,198	585,005	464,075
Committed:				
Community Education	105,563	106,283	158,053	213,615
Enrichment/Prime Time Care	400,785	472,155	635,038	418,754
Preschool	162,157	183,338	185,648	225,400
Student Activities	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total of all other governmental funds	<u>\$ 11,358,791</u>	<u>\$ 7,743,785</u>	<u>\$ 4,158,496</u>	<u>\$ 66,086,366</u>

Source: Walled Lake Consolidated School District audited financial reports

Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2020

As of June 30,					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
26,522	33,071	20,294	17,401	21,088	17,367
492,919	260,946	800,278	989,524	1,040,709	960,405
-	-	-	-	118,689	-
-	-	-	-	-	-
-	-	-	578,887	-	3,235,251
<u>8,953,451</u>	<u>9,448,029</u>	<u>10,785,962</u>	<u>10,389,999</u>	<u>10,028,378</u>	<u>7,153,118</u>
<u>9,472,892</u>	<u>9,742,046</u>	<u>11,606,534</u>	<u>11,975,811</u>	<u>11,208,864</u>	<u>11,366,141</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
57,140	57,225	56,438	62,979	62,979	62,979
41,960,481	21,008,858	9,203,678	7,114,226	68,604,924	54,719,812
2,344,845	2,194,367	1,951,221	2,951,008	7,650,031	9,500,888
329,886	540,502	677,918	763,525	615,534	91,922
148,101	160,128	187,557	227,187	235,590	56,293
452,572	682,285	775,107	588,556	268,884	101,135
282,784	256,665	255,513	272,006	307,406	196,755
-	-	-	-	-	1,909,661
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 45,575,809</u>	<u>\$ 24,900,030</u>	<u>\$ 13,107,432</u>	<u>\$ 11,979,487</u>	<u>\$ 77,745,348</u>	<u>\$ 66,639,445</u>

Walled Lake Consolidated School District

	As of June 30,			
	2011	2012	2013	2014
Revenue				
Local revenue	\$ 62,339,100	\$ 58,638,432	\$ 55,099,205	\$ 58,146,973
State revenue	102,745,056	103,794,824	106,149,289	107,558,674
Federal revenue	11,229,618	8,159,222	7,144,990	7,230,850
Interdistrict revenue	9,103,625	8,972,263	7,529,134	7,812,806
Total revenue	185,417,399	179,564,741	175,922,618	180,749,303
Expenditures				
Current:				
Instruction	99,073,307	99,444,924	102,680,760	104,928,273
Support services	52,718,235	49,216,638	50,314,478	49,313,437
Community services	2,463,324	2,509,976	2,784,067	2,732,534
Food services	4,249,872	4,916,724	4,633,140	4,548,076
Athletics	2,278,273	2,035,880	2,072,852	2,062,931
Debt service:				
Principal	12,205,000	12,655,000	12,510,000	11,800,000
Interest and other	7,139,061	6,672,352	5,914,608	6,655,570
Capital Outlay	3,005,187	2,510,531	3,383,211	8,037,341
Total expenditures	183,132,259	179,962,025	184,293,116	190,078,162
Excess of Revenue Over (Under)				
Expenditures	2,285,140	(397,284)	(8,370,498)	(9,328,859)
Other Financing Sources (Uses)				
Debt issuance	-	-	-	65,760,000
Debt premium or discount	2,557,866	-	461,790	2,000,346
Sale of capital assets	30,324	-	72,030	661,540
Transfers in	1,863,000	1,936,374	1,608,127	1,995,377
Transfers out	(1,863,000)	(1,936,374)	(1,608,127)	(1,995,377)
Proceeds of refunding bond	49,485,000	-	7,225,000	-
Payment to refunded bond escrow agent	(52,540,984)	-	(7,786,798)	-
Total other financing sources (uses)	(467,794)	-	(27,978)	68,421,886
Net change in fund balances	1,817,346	(397,284)	(8,398,476)	59,093,027
Fund Balances - Beginning of year	22,355,082	24,172,428	23,775,144	15,376,668
Fund Balances - End of year	\$ 24,172,428	\$ 23,775,144	\$ 15,376,668	\$ 74,469,695
Debt service as a percentage of noncapital expenditures	10.74%	10.89%	10.14%	10.05%

Source: Walled Lake Consolidated School District audited financial reports

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2020

As of June 30,					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 61,724,713	\$ 61,937,817	\$ 62,206,709	\$ 63,442,184	\$ 64,833,426	\$ 66,987,693
108,024,710	107,142,867	107,585,736	107,249,199	106,028,102	102,333,420
7,206,584	6,871,553	7,134,815	7,611,617	7,345,974	7,501,776
9,553,161	9,560,384	9,509,147	10,149,170	10,568,423	11,450,932
186,509,168	185,512,621	186,436,407	188,452,170	188,775,925	188,273,821
104,408,146	105,031,324	103,169,910	104,736,172	104,658,684	104,029,315
48,271,232	49,858,318	49,129,485	50,748,922	51,715,995	51,361,609
2,077,919	2,329,028	2,473,098	2,549,196	2,569,801	2,325,920
4,570,626	4,512,121	4,528,504	4,546,085	4,413,748	4,159,587
2,914,069	1,991,553	2,018,161	2,111,724	2,022,668	1,902,854
12,385,000	13,145,000	13,660,000	13,840,000	11,915,000	12,498,240
7,603,976	7,116,994	6,513,187	5,975,974	5,826,230	7,073,148
23,733,715	23,984,524	14,911,867	4,828,745	6,204,825	17,954,041
205,964,683	207,968,862	196,404,212	189,336,818	189,326,951	201,304,714
(19,455,515)	(22,456,241)	(9,967,805)	(884,648)	(551,026)	(13,030,893)
-	-	-	-	54,676,807	-
4,288,643	1,031,829	-	-	10,635,608	-
233,633	2,017,530	39,695	125,980	237,525	90,000
2,235,998	412,409	300,000	400,000	828,197	193,280
(2,235,998)	(412,409)	(300,000)	(400,000)	(828,197)	(193,280)
37,280,000	8,675,000	-	-	-	-
(41,767,755)	(9,674,743)	-	-	-	-
34,521	2,049,616	39,695	125,980	65,549,940	90,000
(19,420,994)	(20,406,625)	(9,928,110)	(758,668)	64,998,914	(12,940,893)
74,469,695	55,048,701	34,642,076	24,713,966	23,955,298	90,946,479
\$ 55,048,701	\$ 34,642,076	\$ 24,713,966	\$ 23,955,298	\$ 88,954,212	\$ 78,005,586
11.02%	10.95%	11.05%	10.68%	9.56%	10.63%

Walled Lake Consolidated School District

Taxable Value and Estimated Actual Value of Taxable Property

June 30, 2020

Taxable Value by Property Type											
Real Property											
Tax Year	Fiscal year	Residential	Commercial	Industrial	Agricultural & other	Personal property	Total Value	Tax rate (mills) Homestead	Tax rate (mills) Nonhomestead	Estimated Actual Value	Taxable Value as a % of Actual
2010	2011	3,114,970,060	720,211,930	384,339,710	651,290	265,377,510	4,485,550,500	6.7508	22.5000	8,971,101,000	50.00%
2011	2012	2,903,284,640	874,551,470	137,896,900	662,340	266,973,210	4,183,368,560	6.8812	22.5000	8,366,737,120	50.00%
2012	2013	2,845,641,240	804,757,380	119,051,070	680,210	277,019,440	4,047,149,340	7.0254	22.5600	8,094,298,680	50.00%
2013	2014	2,891,374,620	764,670,870	110,121,080	586,590	298,882,180	4,065,635,340	7.4730	23.1445	8,131,270,680	50.00%
2014	2015	2,980,696,150	777,318,350	106,436,100	507,170	283,208,710	4,148,166,480	7.6843	23.4872	8,296,332,960	50.00%
2015	2016	3,099,243,530	800,578,120	105,386,790	516,780	301,417,450	4,307,142,670	7.2841	23.1180	8,614,285,340	50.00%
2016	2017	3,187,085,000	816,328,300	107,643,910	548,320	265,916,310	4,377,521,840	7.0150	22.9279	8,749,722,000	50.00%
2017	2018	3,313,730,180	852,564,870	115,433,980	553,240	273,276,400	4,555,558,670	6.9458	22.7592	9,111,117,340	50.00%
2018	2019	3,477,506,310	903,819,840	122,677,010	564,840	257,550,930	4,762,118,930	6.7968	22.5643	9,524,237,860	50.00%
2019	2020	3,684,238,160	956,730,870	136,482,870	578,390	275,468,800	5,053,499,090	6.2300	21.9531	10,106,998,180	50.00%

Note: Under Michigan law, the revenue base is referred to as "Taxable Value". This amount represents Assessed value (50% of true cash value), limited for each property by the lower of 5% or inflation.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year

Source: Oakland County Baseline Report

Walled Lake Consolidated School District

Millage rates - direct school district taxes											
Tax Year	Operating						Total school district direct taxes				
	Homestead										
	Commercial Personal	Industrial Personal	Other**	Non- Homestead	Debt*	Sinking Fund*	Commercial Personal	Industrial Personal	Other**	Non- Homestead	County
2010	8.2508	2.2508	2.2508	18.0000	4.0000	0.5000	12.7508	6.7508	6.7508	22.5000	4.1900
2011	8.3812	2.3812	2.3812	18.0000	4.0000	0.5000	12.8812	6.8812	6.8812	22.5000	4.1900
2012	8.4654	2.4654	2.4654	18.0000	4.0600	0.5000	13.0254	7.0254	7.0254	22.5600	4.1900
2013	8.3285	2.3285	2.3285	18.0000	4.6445	0.5000	13.4730	7.4730	7.4730	23.1445	4.1900
2014	8.1971	2.1971	2.1971	18.0000	4.9872	0.5000	13.6843	7.6843	7.6843	23.4872	4.1900
2015	8.0869	2.1265	2.1265	17.9604	4.6591	0.4985	13.2445	7.2841	7.2841	23.1180	4.0900
2016	7.8965	1.9918	1.9918	17.9047	4.5279	0.4953	12.9197	7.0150	7.0150	22.9279	4.0400
2017	7.6700	1.9283	1.9283	17.7417	4.5279	0.4896	12.6875	6.9458	6.9458	22.7592	4.0400
2018	7.3325	1.7825	1.7825	17.5500	4.5279	0.4864	12.3468	6.7968	6.7968	22.5643	4.0400
2019	6.9627	1.6198	1.6198	17.3429	4.1300	0.4802	11.5729	6.2300	6.2300	21.9531	4.0400

* Debt and sinking fund millages apply to homestead and nonhomestead property

Source: Walled Lake Consolidated School District's books and records/ Oakland County Apportionment report

Direct and Overlapping Property Tax Rates

June 30, 2020

Overlapping taxes

Community college	Intermediate school district	State Education	City of Walled Lake	City of Farmington Hills	City of Novi	City of Orchard Lake	City of Wixom	Village of Wolverine Lake	Township of Commerce	Township of West Bloomfield	Township of White Lake
1.5844	3.3690	6.0000	17.7347	11.6072	10.5416	9.4830	12.7423	9.5730	4.5306	9.0074	9.1116
1.5844	3.3690	6.0000	17.7347	12.2036	10.5416	10.2300	12.7423	9.5730	4.5306	11.9347	8.8116
1.5844	3.3690	6.0000	17.7347	13.9362	10.2000	8.8200	13.3259	9.5730	3.4873	12.2537	8.8590
1.5844	3.3690	6.0000	17.7347	13.9394	10.2000	7.3600	16.7929	9.5730	3.4873	12.2550	8.8590
1.5844	3.3690	6.0000	17.7347	13.9662	10.2000	7.8600	15.9229	9.5730	3.0934	12.2380	9.8590
1.5819	3.3633	6.0000	21.5024	15.9764	10.2000	7.8600	15.3629	9.5730	3.0871	12.2112	9.8133
1.5707	3.3398	6.0000	21.2227	15.9054	9.9500	7.8332	15.3189	9.5730	3.0873	12.1665	9.7216
1.5550	3.3079	6.0000	20.8277	16.2213	10.5376	7.8270	15.2429	9.5730	3.0752	12.0487	9.5209
1.5431	3.2813	6.0000	20.5152	16.1311	10.5376	8.3229	15.1029	9.5730	3.0711	11.9618	10.1043
1.5303	3.2539	6.0000	20.1806	18.7298	10.5376	8.3212	14.2784	9.5730	3.0634	11.8579	10.1129

Walled Lake Consolidated School District

Principal Property Taxpayers

Current and Nine Years Ago

June 30, 2020

		2019 Taxable				2010 Taxable		2010
Taxpayer		Value	% of total	Taxpayer		Value	% of total	Rank
1	Redwood-ERC Novi LLC	\$ 66,797,500	1.32%	Fox Run Village	\$ 52,634,900	1.17%		1
2	DTE Electric Company	45,169,500	0.89%	Detroit Edison Company	42,102,970	0.94%		2
3	VHS Huron Valley-Sinai Hospital	31,867,980	0.63%	Occidental Development LTD	29,549,030	0.66%		3
4	Silverbrooke Villa	26,253,940	0.52%	Allerion Associates	27,259,850	0.61%		4
5	Occidental Development	25,071,380	0.49%	Singh/Singh of Brandywine	25,862,180	0.58%		5
6	Allerion Associated	24,487,880	0.48%	Ford Motor Company	20,759,000	0.46%		6
7	ITC Transmission	21,521,770	0.42%	Silberbrooke Villa	17,940,500	0.40%		7
8	Edward Rose & Sons	17,113,660	0.34%	Oakland Management Co.	17,363,590	0.39%		8
9	Oakland Management Co.	16,750,240	0.33%	Edward Rose & Sons	16,628,530	0.37%		9
10	Consumers Energy	14,585,960	0.29%	Exactec Inc.	15,191,650	0.34%		10
Total		<u>\$ 289,619,810</u>	5.71%		\$ 265,292,200	5.91%		
Total School District								
Taxable Value		<u>\$ 5,072,191,660</u>			<u>\$ 4,485,550,500</u>			

Source: 2019 TV figures - - Public Financial Management, Inc. (PFM) - Municipal Disclosure Annual Filing dated November 13, 2019

Source: 2010 TV figures - - Public Financial Management, Inc. (PFM) - Municipal Disclosure Annual Filing dated December 10, 2010

Walled Lake Consolidated School District

Property Tax Levies and Collections

Last Ten Fiscal Years

June 30, 2020

Tax Year	Year ended June 30,	Total levy	Current collections (1)	Percent collected	Delinquent collections (2)	Total tax collections	Percent of levy collected
2010	2011	53,763,428	53,612,828	99.72%	14,786	53,627,614	99.75%
2011	2012	50,254,873	50,081,701	99.66%	44,023	50,125,724	99.74%
2012	2013	48,270,412	47,622,746	98.66%	48,625	47,671,371	98.76%
2013	2014	50,792,720	50,219,982	98.87%	7,284	50,227,266	98.89%
2014	2015	52,886,331	52,530,515	99.33%	53,511	52,584,026	99.43%
2015	2016	53,077,410	52,535,714	98.98%	10,127	52,545,841	99.00%
2016	2017	53,428,462	52,529,848	98.32%	9,185	52,539,033	98.34%
2017	2018	54,741,738	54,326,851	99.24%	50,116	54,376,967	99.33%
2018	2019	56,075,506	55,957,665	99.79%	25,346	55,983,011	99.84%
2019	2020	57,322,477	56,427,285	98.44%	-	56,427,285	98.44%

(1) Represents collections through the final distribution of taxes, including delinquent real taxes purchased by the county

(2) Represents all collections after the final distribution date, through the current date

Source: Walled Lake Consolidated School District's books and records

Walled Lake Consolidated School District

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

June 30, 2020

Fiscal Year	General obligation bonds	Less: pledged debt service funds	Other general obligation debt*	Net general bonded debt	Taxable value	Net general bonded debt as a percentage of taxable value	Population	Net general bonded debt per capita
2011	140,345,000	5,690,820	9,223,304	143,877,484	4,485,550,500	3.21%	89,871	1,601
2012	127,690,000	2,679,701	8,997,820	134,008,119	4,183,368,560	3.20%	89,871	1,491
2013	115,325,000	25,001	8,490,501	123,790,500	4,047,149,340	3.06%	99,771	1,241
2014	169,285,000	1,660,836	10,990,207	178,614,371	4,065,635,340	4.39%	93,591	1,908
2015	153,430,000	2,344,845	10,232,708	161,317,863	4,148,166,480	3.89%	93,591	1,724
2016	139,470,000	2,194,367	10,823,714	148,099,347	4,307,142,670	3.44%	99,771	1,484
2017	125,810,000	1,951,221	9,691,670	133,550,449	4,374,861,000	3.05%	101,707	1,313
2018	111,970,000	2,951,008	8,817,884	117,836,876	4,552,897,830	2.59%	101,872	1,157
2019	154,475,000	7,650,031	19,105,604	165,930,573	4,777,592,560	3.47%	103,192	1,608
2020	142,025,000	9,500,888	18,002,681	162,976,793	5,053,499,090	3.23%	104,166	1,565

* Other General Obligation Debt includes bond compensated absences, bond premium, deferred charges and other debt as indicated in the Long-term Debt footnote.

Walled Lake Consolidated School District**Direct and Overlapping Governmental Activities Debt****June 30, 2020**

Governmental unit	Debt outstanding	Estimated percent applicable	Estimated share of overlapping debt
City of Walled Lake	\$ 595,000	100.00%	\$ 595,000
City of Farmington Hills	67,782,365	4.47%	3,029,872
City of Novi	16,235,000	18.55%	3,011,593
City of Orchard Lake	1,037,280	10.65%	110,470
City of Wixom	<u>29,670,000</u>	93.66%	<u>27,788,922</u>
Total	115,319,645		34,535,857
Township of Commerce	93,055,000	83.70%	77,887,035
Township of West Bloomfield	48,330,483	30.82%	14,895,455
Township of White Lake	<u>9,918,800</u>	25.44%	<u>2,523,343</u>
Total	151,304,283		95,305,833
Village of Wolverine Lake	1,111,000	100.00%	1,111,000
Oakland County	292,980,768	8.41%	24,639,683
Oakland County Intermediate Schools	42,970,000	8.44%	3,626,668
Oakland Community College	<u>-</u>	-	<u>-</u>
Total	<u>335,950,768</u>		<u>28,266,351</u>
Total overlapping debt	603,685,696		159,219,041
Direct district debt			<u>142,025,000</u>
Total direct and overlapping debt			<u>\$ 301,244,041</u>

Source: Municipal Advisory Council of Michigan / B-10 Stiffel report

Walled Lake Consolidated School District

	As of June 30,			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Calculation of debt limit				
State equalized valuation (SEV)	\$ 4,672,882,380	\$ 4,295,081,710	\$ 4,138,835,390	\$ 4,207,438,690
15% of SEV*	700,932,357	644,262,257	620,825,309	631,115,804
Calculation of debt subject to limit				
Total debt	140,345,000	127,690,000	115,325,000	169,285,000
Less debt not subject to limit:				
State qualified debt issuance	<u>(140,345,000)</u>	<u>(127,690,000)</u>	<u>(115,325,000)</u>	<u>(169,285,000)</u>
Net debt subject to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	700,932,357	644,262,257	620,825,309	631,115,804
Net debt subject to limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Source: PFM Annual Disclosure dated 11/13/2019

Legal Debt Margin

June 30, 2020

As of June 30,					
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 4,513,154,700	\$ 5,010,486,270	\$ 5,368,178,010	\$ 5,739,114,020	\$ 5,999,475,620	\$ 6,436,170,890
676,973,205	751,572,941	805,226,702	860,867,103	899,921,343	965,425,634
153,430,000	139,470,000	125,810,000	111,970,000	154,475,000	142,025,000
<u>(153,430,000)</u>	<u>(139,470,000)</u>	<u>(125,810,000)</u>	<u>(111,970,000)</u>	<u>(154,475,000)</u>	<u>(142,025,000)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
676,973,205	751,572,941	805,226,702	860,867,103	899,921,343	965,425,634
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Walled Lake Consolidated School District

Demographic and Economic Statistics

June 30, 2020

Fiscal year	Population	Total Personal Income	Per Capita Personal Income	Unemployment rate
2011	89,871	62,626	32,534	10.90%
2012	89,871	66,390	36,138	8.80%
2013	99,771	66,390	36,138	9.00%
2014	93,591	66,390	36,138	7.80%
2015	93,591	65,637	36,458	6.80%
2016	99,771	66,436	37,089	5.10%
2017	101,707	69,281	39,127	3.80%
2018	101,872	71,768	40,130	4.80%
2019	103,192	74,053	41,473	4.10%
2020	104,166	50,847	31,720	14.70%

Source: U.S. Census Bureau/National Center for Education Statistics

Walled Lake Consolidated School District

Principal Employers

June 30, 2020

Employer	2020 Employees	Percentage of total	2010 Employees	Percentage of total	2010 rank
1 Walled Lake Consolidated Schools	1,335	2.45%	1,785	5.09%	1
2 Huron Valley-Sinai Hospital	1,000	1.84%	-		-
3 Mac Air Valves, Inc.	800	1.47%	800	2.28%	2
4 Moeller Mfg. Co., Inc.	500	0.92%	200	0.57%	8
5 Williams International	450	0.83%	450	1.28%	3
6 Alta Equipment Company	350	0.64%	200	0.57%	6
7 HoMedics, Incl	300	0.55%	300	0.86%	4
8 Wal-Mart	300	0.55%	225		5
9 Eagle Industries, Inc.	210	0.39%	-		-
10 Costco	200	0.37%	-	0.00%	-
American Plastic Toys	-		150	0.43%	9
Bolton Conductive Systems, LLC	-		130	0.37%	10
Trijicon, Inc.	-		225	0.64%	5
Keykert U.S.A., Inc.	-		200	0.57%	7
Total principal employers	5,445		4,665		
Total employment	54,405		35,076		

2020 Total Employment - Source: Stifel report

2010 Total Employment - Source: CAFR Year End June 30, 2010

Walled Lake Consolidated School District

Full-Time Equivalent School District Employees

Last Ten Fiscal Years

June 30, 2020

Function/ program:	As of June 30,									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General government										
Instruction	1,185.32	1,166.18	1,195.66	1,146.71	1,143.61	1,128.85	1,154.81	1,071.39	1,135.59	1,119.36
Support services	181.35	170.25	184.27	58.29	58.70	58.08	59.08	55.96	58.96	58.36
Community service	50.24	51.09	57.89	77.88	71.45	70.15	77.85	52.80	62.80	61.74
Athletics	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Cafeteria	<u>75.49</u>	<u>82.15</u>	<u>81.24</u>	<u>81.58</u>	<u>79.11</u>	<u>74.37</u>	<u>81.86</u>	<u>67.54</u>	<u>72.54</u>	<u>69.87</u>
Total	<u>1,494.40</u>	<u>1,471.67</u>	<u>1,521.06</u>	<u>1,366.46</u>	<u>1,354.87</u>	<u>1,333.45</u>	<u>1,375.60</u>	<u>1,249.69</u>	<u>1,331.89</u>	<u>1,311.33</u>

Source: Insight FTE Report

Walled Lake Consolidated School District

Operating Indicators

Last Ten Fiscal Years

June 30, 2020

Year	Enrollment*	Operating expenditures	Cost per pupil	Operating revenue	Revenue per pupil	Total teaching staff	Percentage of students qualifying for free/reduced meals**	Average teacher salary
2011	15,485	154,206,433	9,958	158,671,724	10,246	793	24.3	78,991
2012	15,544	150,821,411	9,703	153,839,133	9,897	843	26.7	74,938
2013	15,266	155,797,269	10,206	150,912,052	9,886	833	27.2	81,167
2014	15,012	156,789,504	10,444	152,893,121	10,185	838	22.4	81,132
2015	14,807	155,298,930	10,488	155,829,860	10,524	821	22.0	77,723
2016	14,447	157,267,449	10,886	155,219,073	10,744	831	21.0	75,867
2017	14,252	154,705,332	10,855	156,230,125	10,962	821	21.0	73,904
2018	13,989	157,755,888	11,277	157,599,185	11,266	808	27.6	76,904
2019	13,678	158,639,091	11,598	156,791,332	11,463	788	26.1	74,486
2020	13,427	155,226,769	11,561	155,100,836	11,551	798	25.5	76,719

* Student F.T.E.

** Michigan Department of education School Lunch Program

Walled Lake Consolidated School District

Capital Asset Information

Last Ten Fiscal Years

June 30, 2020

Function/ program	As of June 30,				As of June 30,					
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Instructional buildings:										
Elementary:										
Number of buildings	14	14	12	12	12	12	12	12	12	12
Square footage	757,021	757,021	671,435	671,435	671,435	671,435	671,435	671,435	671,435	671,435
Capacity	6,765	6,765	6,765	6,765	6,765	6,765	6,765	6,765	6,765	6,765
Enrollment	6,675	6,715	6,476	6,440	6,272	6,138	6,035	5,916	5,897	5,822
Middle:										
Number of buildings	4	4	4	4	4	4	4	4	4	4
Square footage	568,012	568,012	568,012	568,012	568,012	568,012	568,012	568,012	568,012	568,012
Capacity	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416	3,416
Enrollment	3,679	3,689	3,661	3,515	3,542	3,378	3,338	3,271	3,153	3,060
High:										
Number of buildings	3	3	3	3	3	3	3	3	3	3
Square footage	1,005,002	1,005,002	1,005,002	1,005,002	1,005,002	1,005,002	1,005,002	1,005,002	1,005,002	1,005,002
Capacity	4,829	4,829	4,829	4,829	4,829	4,829	4,829	4,829	4,829	4,829
Enrollment	4,985	5,054	5,003	4,945	4,774	4,682	4,596	4,701	4,536	4,324
Other:										
Number of buildings	4	4	4	4	4	4	4	3	3	3
Square footage	152,028	152,028	152,028	152,028	152,028	152,028	152,028	54,848	54,848	54,848
Capacity	200	200	200	200	200	200	200	200	200	200
Enrollment	69	60	65	170	283	163	286	132	174	267
Total enrollment	15,408	15,518	15,205	15,070	14,871	14,361	14,255	14,020	13,760	13,473
Administrative:										
Number of buildings	1	1	1	1	1	1	1	1	1	1
Square footage	52,200	52,200	52,200	52,200	52,200	52,200	52,200	52,200	52,200	52,200
Transportation/Maintenance:										
Number of garages	1	1	1	1	1	1	1	1	1	1
Buses	123	119	119	119	119	108	108	108	108	107
Athletics:										
Football fields	7	7	7	7	7	7	7	7	7	7
Soccer fields	7	7	7	7	7	7	7	7	7	7
Running tracks	3	3	3	3	3	3	3	3	3	3
Baseball/softball	12	12	12	12	12	12	12	12	12	12
Swimming pools	3	3	3	3	3	3	3	3	3	3
Playgrounds	14	14	12	12	12	12	12	12	12	12

Source: Walled Lake Consolidated School District's books and records