



Walled Lake Consolidated School District

Annual Comprehensive
Financial Report

For the FISCAL
Year ended
June 30, 2021



Walled Lake
Consolidated
School District

Education Services Center
850 Ladd Road, Building D
Walled Lake, MI 48390
Phone: 248-956-2000
Fax: 248-956-2145

District E-Mail:
Info@wlcsd.org

District Web Site:
wlcsd.org



*District breaks ground for new
Early Childhood Center*

Every Child, Every Day!

Walled Lake Consolidated School District

(a School District in the State of Michigan)

**Annual Comprehensive Financial Report
with Supplemental Information
June 30, 2021**

Report Prepared by the Business Office

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Issued Under
Separate
Cover



Walled Lake Consolidated Schools

Educational Services Center
850 Ladd Road, Building D
Walled Lake, MI 48390
Phone: 248/956-2000
Fax: 248/956-2123

September 24, 2021

Dear Citizens and Board Members:

The Annual Comprehensive Financial Report of Walled Lake Consolidated School District (the "School District") for the fiscal year ended June 30, 2021 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 Annual Comprehensive 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 2020-2021 budgets for the General, Special Revenue, 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. We currently serve over 13,000 students made up of nearly 5,900 elementary students, 3,000 middle school students, and 4,300 high school students.

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 full range of courses is also available to high school students, including advanced placement curriculum and International Baccalaureate Programme. A fee-based before-and-after-school activities program, After School Adventures, typically provides enrichment for our elementary students who wish to participate. This program was not offered during the 2020/2021 school year as a result of the COVID-19 pandemic. The district looks forward to bringing back many of these opportunities during the 2021/2022 school year.

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. During a typical year, programs and services offered might include some of 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. 2020/2021 required flexibility and the unfortunate pause of many of these programs as the result of the pandemic. Keeping children and the community safe meant limiting the use of buildings, requiring social distancing, and other control measures that made running these programs more challenging.

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 2021/2022 school year may continue to present challenges as we navigate the remainder of the pandemic, but we have proven that we are prepared to shift quickly and effectively if necessary. The majority of students will be learning in-person, with only a small number choosing the virtual options being offered this year. Athletics and other paused programs will run normal schedules, and we are hopeful that 2021/2022 will be a more "normal" year for our staff and students.

Accomplishments

Initiatives

In November 2013, the Walled Lake Consolidated School District community approved a \$67.5 million Safety, Security, and Technology Bond. This bond enabled the School District to significantly enhance the safety and security of every building and ensure that every classroom was well equipped technologically.

The next step was to address the growing infrastructure needs throughout the district. The district facility study was updated, providing an understanding of the current state of district buildings. A myriad of infrastructure needs were identified, needs that far exceeded available operating funds.

In May 2019, the Walled Lake Consolidated School District community approved a \$316 million Buildings, Infrastructure and Equity Bond. The sale of the bonds was scheduled to take place in three series, the first two having 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 since then.

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.

The 2020/2021 school year began with the most uncertainty surrounding the financial condition of the State, and as a result, the financial support that school districts could count on. Early projections showed both the School Aid Fund and the State's General Fund with billion-dollar deficits. As projections were updated in both May and August of 2021, revenue saw significant improvements. A large influx of federal funding to the economy provided both direct and indirect revenue to the State and to school districts.

School districts, including Walled Lake Consolidated School District, received an unprecedented amount of COVID-related grants and funding. For the first time in many years, additional state revenue also appeared more certain. The dollars received provided the means to cover the wealth of costs incurred as districts managed changing circumstances and the countless costs surrounding the pandemic. General fund dollars were able to be put aside to assist with ongoing operating expenditures.

With stable funding, we are able to not only begin the 2021/2022 school year with plans to continue meeting the needs of our students, but with the ability to add support and interventions where needed most.

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.

In addition to the annual budget process for the upcoming school year, the Assistant Superintendent of Business Services also prepares long term projections. Each year the district budget document is submitted to the Association of School Business Officials International and meets the requirements of the Meritorious Budget Award.

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, 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, 2021

Please refer to the management's discussion and analysis section for a summary of the financial condition of the School District at June 30, 2021.

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. Four funds are currently active, the 2014 Bond Fund, the 2019 Bond Fund, the 2020 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 2020-2021 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 13,287 students, and enrollment is projected to decline by 438 students to 12,849 for 2021/2022. Enrollment has declined by over 2,200 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 Annual Comprehensive Financial Report for each of the fiscal years ended June 30, 1994 through June 30, 2020. In order to be awarded a certificate of excellence, the School District must publish an easily readable and efficiently organized Annual Comprehensive 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 Annual Comprehensive 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, 2021. We have submitted our budget document for June 30, 2022 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

Michael Lonze

Deputy Superintendent of Schools

Teri L. Les

Assistant Supt. of Business Services

Nicholas Russo

Assist. Supt. of Human Resources

Cathy Kochanski

Asst. Supt. of Learning Services

William Chatfield

Director of Operations

Vildana Kurtovic

Director of Community Relations and Marketing

Board of Education

Peggy Casagrande

President

Christopher Titus

Vice President

Denise Dunn

Secretary

Marc Siegler

Treasurer

Nancy van Leuwen

Trustee

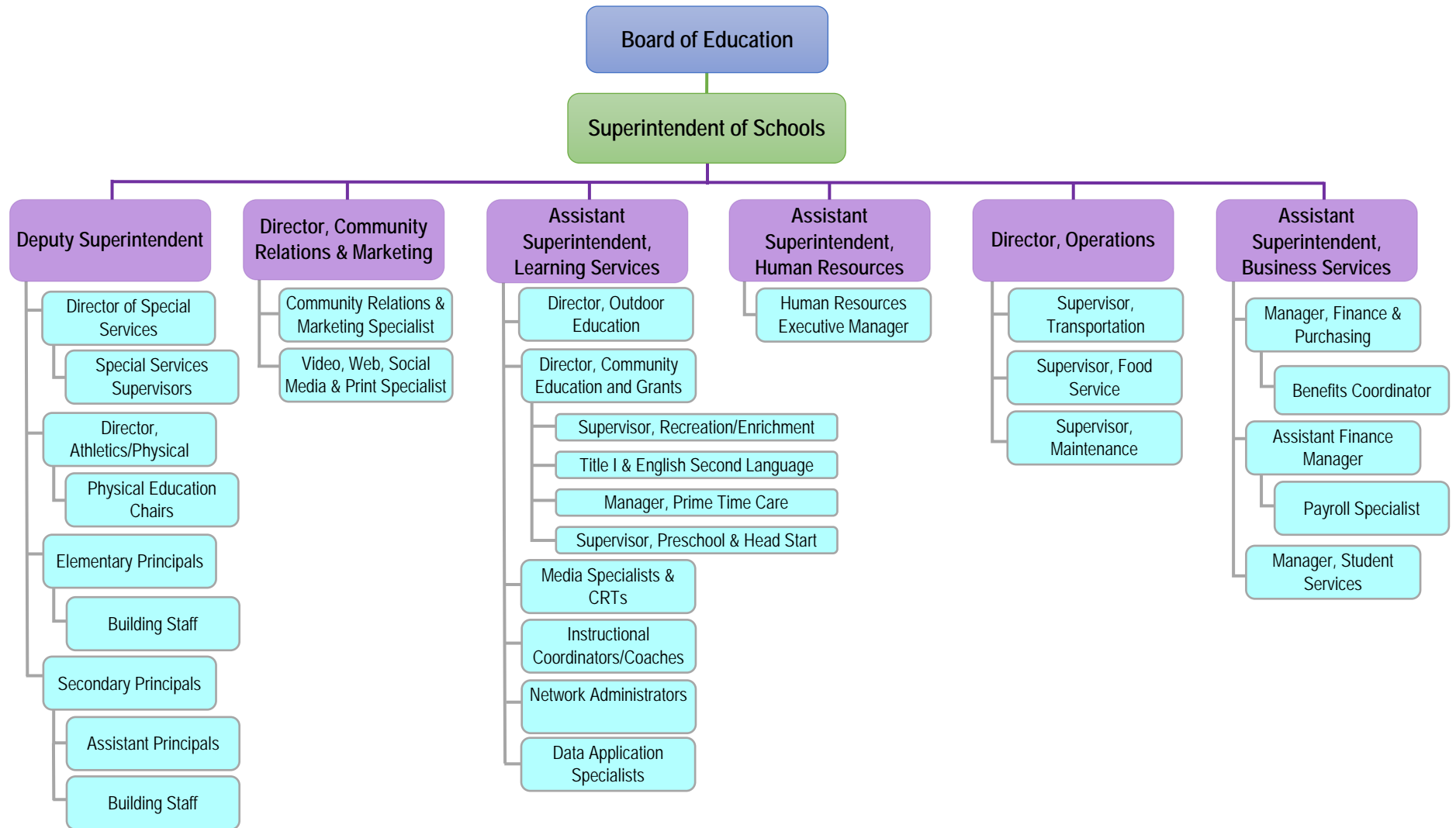
Stephanie Kaplan

Trustee

Craig Peterson

Trustee

Walled Lake Consolidate School District Organization Chart 2020-2021





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
for the Fiscal Year Ended June 30, 2020.**

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



A handwritten signature in black ink, reading 'W. Edward Chabal'.

W. Edward Chabal
President

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

David J. Lewis
Executive Director

Independent Auditor's Report

To the Board of Directors
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, 2021, 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, 2021 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.

To the Board of Directors
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 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 24, 2021 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Walled Lake Consolidated School District's 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 24, 2021

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, 2021. 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 and 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, the 2020 Bond Issue Fund, and the 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 Pension Contributions

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

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 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.

Fiduciary Funds

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, 2021 and 2020:

	Governmental Activities	
	2021	2020
	(in millions)	
Assets		
Current and other assets	\$ 258.1	\$ 106.8
Capital assets	262.7	231.9
Total assets	520.8	338.7
Deferred Outflows of Resources	91.7	104.1
Liabilities		
Current liabilities	31.3	30.0
Noncurrent liabilities	335.1	160.4
Net pension liability	315.0	313.2
Net OPEB liability	48.3	66.5
Total liabilities	729.7	570.1
Deferred Inflows of Resources	65.1	59.3
Net Position (Deficit)		
Net investment in capital assets	136.2	129.4
Restricted	5.8	10.6
Unrestricted	(324.3)	(326.6)
Total net position (deficit)	\$ (182.3)	\$ (186.6)

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 \$(182.3) million at June 30, 2021. Net investment in capital assets totaling \$136.2 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, \$(324.3) million, was unrestricted.

The \$(324.3) 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)

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, 2021 and 2020:

	Governmental Activities	
	2021	2020
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 1.1	\$ 5.7
Operating grants	57.0	47.1
General revenue:		
Property taxes	59.0	57.3
State aid not restricted to specific purposes	77.3	76.2
Other	1.5	2.0
Total revenue	195.9	188.3
Expenses		
Instruction	114.4	122.5
Support services	61.1	59.0
Athletics	2.0	2.0
Cafeteria	3.1	4.4
Community services	1.0	2.5
Debt service	9.4	6.0
Depreciation expense (unallocated), excluding direct program charges	0.6	0.6
Total expenses	191.6	197.0
Change in Net Position	4.3	(8.7)
Net Position (Deficit) - Beginning of year	(186.6)	(177.9)
Net Position (Deficit) - End of year	<u><u>\$ (182.3)</u></u>	<u><u>\$ (186.6)</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$191.6 million. Certain activities were partially funded from those who benefited from the programs (\$1.1 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$57.0 million). We paid for the remaining public benefit portion of our governmental activities with \$59.0 million in taxes, \$77.3 million in state foundation allowance, and our other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$4.3 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.

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.

Walled Lake Consolidated School District

Management's Discussion and Analysis (Continued)

As the School District completed this year, the governmental funds reported a combined fund balance of \$228.2 million, which is an increase of \$150.2 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 \$9.9 million to \$21.3 million. The School District budgeted an increase of approximately \$8.7 million. Expenditures incurred during the 2020-2021 school year were especially uncertain and difficult to predict. The global pandemic introduced a variety of expenses the School District was not accustomed to having. Conservative estimates resulted in increased fund balance beyond that budgeted in early June 2021.

Fund balance of our special revenue funds increased from \$2.4 million last year to \$2.7 million this year as a result of contributions from the General Fund. Transfers from the General Fund were made in an effort to provide stability during a year when many of these programs were partially or entirely shut down.

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 the Early Childhood Center, and the purchase of buses. The 2019 Bond Issue Fund has a fund balance of \$9.1 million at June 30, 2021. The second series was issued during the year, and the 2020 Bond Issue Fund was created. The fund balance of the 2020 Bond Issue Fund totals \$186 million at June 30, 2021.

The other nonmajor governmental funds have a combined fund balance of \$11.8 million, which represents a decrease of \$2.9 million. The decrease is primarily related to the 2014 Bond Issue Fund and debt service funds.

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 2021. 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 a variety of significant amendments to the 2020-2021 General Fund budget during the year as a result of the uncertainty and continual changes made necessary by the COVID-19 pandemic. The federal and state governments provided unprecedented funding in an effort to assist school districts. Expenditures were also impacted as we shifted between distance and in-person learning and ensured our buildings were clean and safe.

There were also significant budget amendments to the special revenue funds, as many of these programs were partially or entirely closed down for the year. There were no significant budget amendments to 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, 2021, the School District had \$262.7 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 \$30.9 million, or 13.3 percent, from last year.

	2021	2020
Land	\$ 11,923,678	\$ 11,923,678
Construction in progress	28,336,924	13,847,347
Buildings and improvements	356,206,265	329,766,129
Furniture and equipment	38,492,214	38,805,297
Buses and other vehicles	11,191,812	10,694,065
Total capital assets	446,150,893	405,036,516
Less - Accumulated depreciation	183,404,308	173,172,751
Total capital assets - Net of accumulated depreciation	\$ 262,746,585	\$ 231,863,765

This year's additions (net of adjustments between classifications) of \$17.6 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 2019, the School District was fortunate to having community support to issue \$316 million in voter-approved bonds as mentioned previously. 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 \$277.7 million in bonds outstanding versus \$142.0 million in the previous year.

The School District's general obligation bond rating is AA- from Standard & Poor's and A2 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 2021-2022 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 2021-2022 budget was adopted in June 2021 based on an estimate of students who will enroll in September 2021. Approximately 73.0 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot assess 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. Based on early enrollment data at the start of the 2022 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2021-2022 budget. 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 2021-2022 school year had not yet been approved by the Legislature when the School District's initial budget was approved in June. 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 \$100 per pupil increase for a total foundation grant of \$8,175 for 2021-2022.

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, 2021

Governmental
Activities

Assets

Cash and investments (Note 4)	\$ 22,404,088
Accounts receivable:	
Accrued interest receivable	329,329
Accounts receivable	279,065
Due from other governments	22,161,353
Inventories	70,990
Prepaid costs	572,855
Restricted assets (Note 11)	212,240,643
Capital assets:	
Capital assets not being depreciated (Note 6)	40,260,602
Capital assets - Less accumulated depreciation of \$183,404,308 (Note 6)	222,485,983
Total assets	520,804,908

Deferred Outflows of Resources

Deferred charges on bond refunding (Note 10)	6,491,826
Deferred pension costs (Note 13)	64,044,215
Deferred OPEB costs (Note 13)	21,196,221
Total deferred outflows of resources	91,732,262

Liabilities

Accounts payable	10,270,394
Accrued liabilities:	
Accrued salaries, wages, and fringe benefits	13,297,469
Payroll taxes and withholdings	5,612,213
Accrued interest payable	1,530,193
Unearned revenue (Note 8)	585,108
Noncurrent liabilities:	
Due within one year (Note 10)	15,900,177
Due in more than one year (Note 10)	319,238,627
Net pension liability (Note 13)	315,014,820
Net OPEB liability (Note 13)	48,294,605
Total liabilities	729,743,606

Deferred Inflows of Resources

Revenue in support of pension contributions made subsequent to the measurement date (Note 13)	11,660,841
Deferred pension cost reductions (Note 13)	12,550,932
Deferred OPEB cost reductions (Note 13)	40,887,327
Total deferred inflows of resources	65,099,100

Net Position (Deficit)

Net investment in capital assets	136,170,656
Restricted:	
Debt service	3,642,920
Capital projects	1,676,984
Food service	452,888
Unrestricted	(324,248,984)
Total net position (deficit)	\$ (182,305,536)

See notes to financial statements.

Walled Lake Consolidated School District

Statement of Activities

Year Ended June 30, 2021

	Expenses	Program Revenue		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	\$ 114,391,962	\$ 183,528	\$ 48,452,770	\$ (65,755,664)
Support services	61,071,584	-	5,301,880	(55,769,704)
Athletics	1,985,446	413,779	-	(1,571,667)
Food services	3,101,233	102,395	3,221,916	223,078
Community services	1,016,122	412,326	-	(603,796)
Interest	8,199,512	-	-	(8,199,512)
Other	1,213,725	-	-	(1,213,725)
Depreciation expense (unallocated), excluding direct program charges	595,502	-	-	(595,502)
Total primary government	\$ 191,575,086	\$ 1,112,028	\$ 56,976,566	(133,486,492)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				34,263,460
Property taxes, levied for debt service				22,172,665
Property taxes, levied for capital projects				2,554,057
State aid not restricted to specific purposes				77,324,238
Federal grants and contributions not restricted to specific purposes				46,256
Interest and investment earnings				379,896
Gain on sale of capital assets				22,723
Other				1,090,018
Total general revenue				137,853,313
Change in Net Position				4,366,821
Net Position (Deficit) - Beginning of year				(186,672,357)
Net Position (Deficit) - End of year				<u>\$(182,305,536)</u>

Walled Lake Consolidated School District

Governmental Funds Balance Sheet

June 30, 2021

	General Fund	2019 Bond Issue Fund	2020 Bond Issue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	\$ 19,327,259	\$ -	\$ -	\$ 3,076,829	\$ 22,404,088
Accounts receivable:					
Accrued interest receivable	-	47,996	281,333	-	329,329
Accounts receivable	279,065	-	-	-	279,065
Due from other governments	21,495,226	-	-	666,127	22,161,353
Due from other funds (Note 7)	1,390,538	5,055	-	384,780	1,780,373
Inventories	8,011	-	-	62,979	70,990
Prepaid costs	572,855	-	-	-	572,855
Restricted assets (Notes 4 and 11)	-	16,986,341	185,750,404	9,503,898	212,240,643
Total assets	<u>\$ 43,072,954</u>	<u>\$ 17,039,392</u>	<u>\$ 186,031,737</u>	<u>\$ 13,694,613</u>	<u>\$ 259,838,696</u>
Liabilities					
Accounts payable	\$ 1,842,350	\$ 7,980,946	\$ -	\$ 447,098	\$ 10,270,394
Due to other funds (Note 7)	389,835	-	-	1,390,538	1,780,373
Accrued liabilities	18,909,682	-	-	-	18,909,682
Unearned revenue (Note 8)	549,713	-	-	35,395	585,108
Total liabilities	21,691,580	7,980,946	-	1,873,031	31,545,557
Deferred Inflows of Resources -					
Unavailable revenue (Note 8)	113,163	-	-	-	113,163
Fund Balances					
Nonspendable:					
Inventory	8,011	-	-	62,979	70,990
Prepays	572,855	-	-	-	572,855
Restricted:					
Debt service	-	-	-	5,173,113	5,173,113
Capital projects	-	9,058,446	186,031,737	3,927,696	199,017,879
Food service	-	-	-	389,909	389,909
Committed:					
Community Education	-	-	-	94,083	94,083
Enrichment/Prime Time	-	-	-	-	-
Care	-	-	-	133,978	133,978
Preschool	-	-	-	109,589	109,589
Student Activities	-	-	-	1,930,235	1,930,235
Assigned - Subsequent year's budget	5,024,989	-	-	-	5,024,989
Unassigned - General Fund	15,662,356	-	-	-	15,662,356
Total fund balances	<u>21,268,211</u>	<u>9,058,446</u>	<u>186,031,737</u>	<u>11,821,582</u>	<u>228,179,976</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 43,072,954</u>	<u>\$ 17,039,392</u>	<u>\$ 186,031,737</u>	<u>\$ 13,694,613</u>	<u>\$ 259,838,696</u>

Walled Lake Consolidated School District

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

June 30, 2021

Fund Balances Reported in Governmental Funds	\$ 228,179,976
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	446,150,893
Accumulated depreciation	<u>(183,404,308)</u>
Net capital assets used in governmental activities	262,746,585
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	113,163
Deferred outflows related to charges on bond refundings are not reported in the funds	6,491,826
Bonds payable, including premiums, and the installment purchase agreements are not due and payable in the current period and are not reported in the governmental funds	(330,408,650)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,530,193)
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	(4,730,154)
Net pension liability and related deferred inflows and outflows	(263,521,537)
Net OPEB liability and related deferred inflows and outflows	(67,985,711)
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>(11,660,841)</u>
Net Position (Deficit) of Governmental Activities	<u><u>\$ (182,305,536)</u></u>

Walled Lake Consolidated School District

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2021

	General Fund	2019 Bond Issue Fund	2020 Bond Issue Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenue					
Local sources	\$ 35,155,058	\$ 1,201,210	\$ (63,053)	\$ 26,213,911	\$ 62,507,126
State sources	106,027,172	-	-	184,521	106,211,693
Federal sources	13,148,750	-	-	3,037,395	16,186,145
Interdistrict sources	12,384,019	-	-	-	12,384,019
Total revenue	166,714,999	1,201,210	(63,053)	29,435,827	197,288,983
Expenditures					
Current:					
Instruction	102,377,978	-	-	201,992	102,579,970
Support services	50,781,772	25,884	85,386	990,934	51,883,976
Athletics	1,935,154	-	-	-	1,935,154
Food services	-	-	-	3,019,352	3,019,352
Community services	111,920	-	-	859,282	971,202
Debt service:					
Principal	49,447	-	-	13,045,000	13,094,447
Interest	7,403	-	-	9,987,501	9,994,904
Other	-	-	782,257	3,881,468	4,663,725
Capital outlay	1,162,139	44,084,574	-	1,387,458	46,634,171
Total expenditures	156,425,813	44,110,458	867,643	33,372,987	234,776,901
Excess of Revenue Over (Under) Expenditures	10,289,186	(42,909,248)	(930,696)	(3,937,160)	(37,487,918)
Other Financing Sources (Uses)					
Face value of debt issued	277,481	-	143,665,000	66,740,000	210,682,481
Proceeds from sale of capital assets	33,950	-	-	-	33,950
Premium on debt issued	-	-	43,297,433	-	43,297,433
Transfers in (Note 7)	-	-	-	1,212,447	1,212,447
Payment to bond refunding escrow agent	-	-	-	(66,351,556)	(66,351,556)
Transfers out (Note 7)	(698,547)	-	-	(513,900)	(1,212,447)
Total other financing (uses) sources	(387,116)	-	186,962,433	1,086,991	187,662,308
Net Change in Fund Balances	9,902,070	(42,909,248)	186,031,737	(2,850,169)	150,174,390
Fund Balances - Beginning of year	11,366,141	51,967,694	-	14,671,751	78,005,586
Fund Balances - End of year	\$ 21,268,211	\$ 9,058,446	\$ 186,031,737	\$ 11,821,582	\$ 228,179,976

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, 2021

Net Change in Fund Balances Reported in Governmental Funds	\$ 150,174,390
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	42,804,070
Depreciation expense	(11,910,023)
Net book value of assets disposed of	(11,227)
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	113,163
Revenue in support of pension contributions made subsequent to the measurement date	(1,482,962)
Issuing debt, net of premiums and discounts, provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position	(253,979,914)
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	85,080,372
Interest expense is recognized in the government-wide statements as it accrues	(388,977)
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	(6,032,071)
Change in Net Position of Governmental Activities	<u>\$ 4,366,821</u>

Walled Lake Consolidated School District

Statement of Fiduciary Net Position

June 30, 2021

Custodial Funds

Assets - Cash and investments

\$ 21,324

Liabilities

-

Net Position - Restricted

\$ 21,324

Walled Lake Consolidated School District

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2021

	<u>Custodial Funds</u>
Additions - Fundraising and contributions	\$ 22,743
Deductions - Disbursements for student activities	<u>43,824</u>
Net Decrease in Fiduciary Net Position	(21,081)
Net Position - Beginning of year	<u>42,405</u>
Net Position - End of year	<u><u>\$ 21,324</u></u>

June 30, 2021

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.

June 30, 2021**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 for completing a replacement elementary school; completing a new childhood center facility; additions to existing buildings; remodeling, equipping, and furnishing existing facilities; upgrading technology infrastructure and equipment; preparing, developing, and improving sites at school buildings and other facilities; and purchasing school buses. The fund operates until the purpose for which it was created is accomplished.
- The 2020 Bond Issue Fund (capital project fund) is used to record bond proceeds or other revenue and disbursements of invoices specifically designated for completing a replacement elementary school; completing a new childhood center facility; additions to existing buildings; remodeling, equipping, and furnishing existing facilities; upgrading technology infrastructure and equipment; preparing, developing, and improving sites at school buildings and other facilities; and purchasing 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 moneys 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 moneys 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 moneys 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 moneys 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.

June 30, 2021

Note 2 - Significant Accounting Policies (Continued)

- 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.
- 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 purpose for which the 2014 Bond Issue Fund was created was accomplished in the current year, and the remaining funds were closed out.
- 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 seven debt service funds: the 2011 Debt Retirement Fund, the 2014 Debt Retirement Fund, the 2015 Debt Retirement Fund, the 2016 Debt Retirement Fund, the 2019 Debt Retirement Fund, the 2020 Debt Retirement Fund, and the 2021 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 the Student Activities 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.

June 30, 2021**Note 2 - Significant Accounting Policies (Continued)**

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.

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, 2021**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, 2021**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.

June 30, 2021**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. The net pension liability and the net OPEB liability will be liquidated from the funds that report each employee's compensation, generally the General Fund.

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.

Upcoming Accounting Pronouncements

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 ended 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*.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The School District does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

June 30, 2021

Note 2 - Significant Accounting Policies (Continued)

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including September 24, 2021, which is the date the financial statements were available to be issued.

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, and capital project 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 for the General Fund, the fund level for the Cafeteria Fund, and the subfund level for other special revenue funds and capital project funds. 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 several significant amendments made this year. As we became aware of new funding sources and adapted to all of the changes necessitated by the global pandemic, budgets were amended.

The level of federal grants received was unprecedented. State funding was also much higher than anticipated as the State worked to support local school districts. The additional resources were then used to support students by providing choices of learning paths, reduced class sizes, technology where needed, and a host of other items.

Budgets were also adjusted to accommodate other new and changing needs. Operations and maintenance were greatly increased during the year to cover the cost of additional cleaning and safety needs. Transportation budgets were reduced, as there were periods of time when students were educated remotely and transportation was not necessary. New transfers out were budgeted in order to account for the support required by our self-supporting programs, many of which were required to shut down for a portion of the school year.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year end lapse 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 Project Fund Compliance

The 2014 Bond Issue Fund, the 2019 Bond Issue Fund, and 2020 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.

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.

The 2014 Bond Issue Fund includes capital project activities funded with bonds issued after May 1, 1994. For this capital project fund, the projects for which the bonds were issued were considered complete during a prior period, and the School District has completed the required reporting to the Michigan Department of Treasury.

June 30, 2021**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 no 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 10 financial institutions and utilized 2 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. Redemptions made prior to the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed.

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 \$26,441,042 had \$26,191,042 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, 2021, the School District does not have investments with custodial credit risk.

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.

June 30, 2021
Note 4 - Deposits and Investments (Continued)

At year end, the School District had the following investments subject to interest rate risk:

Investment	Carrying Value	Maturity Date
Primary Government		
MUFG Bank LTD/NY Commercial Paper	\$ 5,599,983	7/2/2021
Credit Suisse New York Commercial Paper	1,023,814	2/18/2022
Svenska Handelsbanken AB Commercial Paper	1,698,167	2/18/2022
Skandinav Enskilda Bank Commercial Paper	1,698,307	2/18/2022
Michigan Liquid Asset Fund Term Series	10,000,000	7/2/2021
Michigan Liquid Asset Fund Term Series	15,380,000	2/18/2022
Michigan Liquid Asset Fund Term Series	15,000,000	3/4/2022
Total	<u>\$ 50,400,271</u>	

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	\$ 29,989,634	AAAm	S&P
Michigan Liquid Asset Fund MAX Class Money Market	14,479,596	AAAm	S&P
Michigan Liquid Asset Fund Term Series	40,380,000	AA+	S&P
MUFG Bank LTD/NY Commercial Paper	5,599,983	A-1	S&P
Credit Suisse New York Commercial Paper	1,023,814	A-1	S&P
Svenska Handelsbanken AB Commercial Paper	1,698,167	A-1+	S&P
Skandinav Enskilda Bank Commercial Paper	1,698,307	A-1	S&P
Total	<u>\$ 94,869,501</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, 2021, more than 5 percent of the School District's investments are invested in the following:

	Value	Percentage of Total Investments
U.S. Treasury notes	\$ 115,244,872	55

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.

June 30, 2021
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, 2021:

<u>Assets Measured at Fair Value on a Recurring Basis at June 30, 2021</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</u>
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>June 30, 2021</u>
Investments at fair value - Debt securities:				
U.S. Treasury securities	\$ -	\$ 115,244,872	\$ -	\$ 115,244,872
Commercial paper	-	10,020,271	-	10,020,271
Total	<u>\$ -</u>	<u>\$ 125,265,143</u>	<u>\$ -</u>	<u>125,265,143</u>
Investments measured at NAV - Michigan Liquid Asset Fund - Term Series				<u>40,380,000</u>
Total assets				<u>\$ 165,645,143</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, 2021 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.

As of June 30, 2021, the net asset value of the School District's investment in the MILAF Term Series was \$40,380,000. 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.

Walled Lake Consolidated School District

Notes to Financial Statements

June 30, 2021

Note 6 - Capital Assets

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

	Balance July 1, 2020	Reclassifications	Additions and Adjustments	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 11,923,678	\$ -	\$ -	\$ -	\$ 11,923,678
Construction in progress	13,847,347	(10,729,612)	25,219,189	-	28,336,924
Subtotal	25,771,025	(10,729,612)	25,219,189	-	40,260,602
Capital assets being depreciated:					
Buildings and improvements	329,766,129	10,729,612	15,710,524	-	356,206,265
Furniture and equipment	38,805,297	-	346,039	(659,122)	38,492,214
Buses and other vehicles	10,694,065	-	1,528,318	(1,030,571)	11,191,812
Subtotal	379,265,491	10,729,612	17,584,881	(1,689,693)	405,890,291
Accumulated depreciation:					
Buildings and improvements	138,253,266	-	7,695,213	-	145,948,479
Furniture and equipment	28,590,295	-	3,182,087	(647,895)	31,124,487
Buses and other vehicles	6,329,190	-	1,032,723	(1,030,571)	6,331,342
Subtotal	173,172,751	-	11,910,023	(1,678,466)	183,404,308
Net capital assets being depreciated	206,092,740	10,729,612	5,674,858	(11,227)	222,485,983
Net governmental activities capital assets	<u>\$ 231,863,765</u>	<u>\$ -</u>	<u>\$ 30,894,047</u>	<u>\$ (11,227)</u>	<u>\$ 262,746,585</u>

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

Governmental activities:	
Instruction	\$ 7,503,314
Support services	3,811,207
Unallocated	595,502
Total governmental activities	<u>\$ 11,910,023</u>

Construction Commitments

The School District has active construction projects at year end related to the 2019 Bond Issue Fund and the Sinking Fund. At June 30, 2021, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
2019 Bond Issue Fund	\$ 27,536,086	\$ 9,058,446
Sinking Fund projects	399,558	1,168,924
2020 Bond Issue Fund	-	47,287,627

June 30, 2021

Note 7 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Fund Due To	Fund Due From		
	General Fund	Nonmajor Funds	Total
2019 Bond Issue Fund	\$ 5,055	\$ -	\$ 5,055
General Fund	-	1,390,538	1,390,538
Nonmajor funds	384,780	-	384,780
Total	<u>\$ 389,835</u>	<u>\$ 1,390,538</u>	<u>\$ 1,780,373</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 General Fund transferred \$35, \$560,216, \$50,000, and \$88,296 to the Cafeteria Fund, the Enrichment/Prime Time Care Fund, the Community Education Fund, and the Preschool Fund, respectively, to assist in offsetting costs.

The 2011 Debt Retirement Fund transferred \$513,900 to the 2021 Debt Retirement Fund to close out the fund as part of the current year refunding of the 2011 Bond.

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, 2021, the various components of unearned and unavailable revenue were as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Tuition and fees received in advance	\$ -	\$ 49,985
Grant receivables unavailable for use in the current period	113,163	-
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	535,123
Total	<u>\$ 113,163</u>	<u>\$ 585,108</u>

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, 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 (an effective rate of 2.00 percent at June 30, 2021). 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, 2021 as collateral. There was no outstanding balance on the line of credit at June 30, 2021.

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.

June 30, 2021
Note 9 - Line of Credit (Continued)

Subsequent to year end, on August 18, 2021, the School District renewed the line of credit agreement with an available borrowing limit of \$5,000,000 through July 31, 2022. Interest is payable monthly at a rate of 1.25 percent above the bank's prime rate or 80 percent of LIBOR plus 1.43 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, 2021 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 agreements	\$ 208,567	\$ 277,481	\$ (49,447)	\$ 436,601	\$ 104,088
Other debt - General obligation bonds:	142,025,000	210,405,000	(74,700,000)	277,730,000	12,035,000
Unamortized bond premiums	13,118,475	43,297,433	(4,173,859)	52,242,049	1,917,750
Total bonds and notes payable	155,352,042	253,979,914	(78,923,306)	330,408,650	14,056,838
Compensated absences	5,010,399	1,563,094	(1,843,339)	4,730,154	1,843,339
Total governmental activities long-term debt	<u>\$ 160,362,441</u>	<u>\$ 255,543,008</u>	<u>\$ (80,766,645)</u>	<u>\$ 335,138,804</u>	<u>\$ 15,900,177</u>

The School District had deferred outflows of \$6,491,826 related to deferred charges on bond refundings at June 30, 2021.

June 30, 2021
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, 2021 are as follows:

Purpose	Remaining Annual Installments	Interest Rates	Maturing	Outstanding
\$65,760,000 General Obligation (2014 Refunding)	\$1,555,000 - \$1,680,000	3.5	2023	\$ 3,235,000
\$37,280,000 General Obligation (2015 Refunding)	\$5,135,000	5.0	2022	5,135,000
\$8,675,000 General Obligation (2016 Refunding)	\$1,490,000 - \$1,535,000	4.0	2024	4,535,000
\$54,420,000 General Obligation (2019 Issuance)	\$100,000 - \$3,710,000	4.0 to 5.0	2049	54,420,000
\$143,665,000 General Obligation (2020 Issuance)	\$1,540,000 - \$6,355,000	4.0 to 5.0	2050	143,665,000
\$66,740,000 General Obligation (2021 Refunding)	\$2,760,000 - \$3,810,000	0.24 to 2.68	2043	66,740,000
Total governmental activities				<u>\$ 277,730,000</u>

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 Agreements

Installment purchase agreements were issued to fund the purchase of various vehicles. The 2019 installment purchase agreement has a fixed interest rate of 3.55 percent. The 2021 installment purchase agreements have a fixed interest rate of 2.45 percent. The installment purchase agreements 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 agreements. The 2019 loan matures on June 1, 2024, and the 2021 loans mature on June 1, 2026.

The installment purchase agreements contain: (1) A provision that, in the event of default, outstanding amounts are to be repaid immediately and (2) a provision that, if the entity is unable to make a payment, outstanding amounts are due immediately.

June 30, 2021

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	
2022	\$ 104,088	\$ 12,452	\$ 12,035,000	\$ 11,679,314	\$ 23,830,854
2023	107,202	9,338	3,190,000	11,021,871	14,328,411
2024	110,274	6,128	5,890,000	10,902,671	16,909,073
2025	56,823	2,818	5,505,000	10,765,376	16,330,017
2026	58,214	1,426	5,835,000	10,631,141	16,525,781
2027-2031	-	-	39,950,000	50,149,149	90,099,149
2032-2036	-	-	54,865,000	41,401,584	96,266,584
2037-2041	-	-	60,750,000	29,213,448	89,963,448
2042-2046	-	-	53,685,000	16,325,128	70,010,128
2047-2051	-	-	36,025,000	4,255,250	40,280,250
Total	<u>\$ 436,601</u>	<u>\$ 32,162</u>	<u>\$ 277,730,000</u>	<u>\$ 196,344,932</u>	<u>\$ 474,543,695</u>

Advance Bond Refunding

During the year, the School District issued \$66,740,000 in general obligation bonds with an average interest rate of 2.21 percent. The proceeds of these bonds were used to advance refund \$61,655,000 of outstanding 2011 refunding and 2014 refunding bonds with an average interest rate of 4.92 percent. The net proceeds of \$69,801,556 (after payment of \$388,444 in underwriting fees, insurance, and other issuance costs) plus an additional \$3,450,000 of 2011 Debt Fund and 2014 Debt Fund moneys were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased, and the liability for the bonds has been removed from long-term debt. The advance refunding reduced total debt service payments over the next 22 years by approximately \$14,000,000, which represents an economic gain of approximately \$11,000,000.

Note 11 - Restricted Assets

At June 30, 2021, restricted assets are composed of the following:

Description	Governmental Activities
Unspent bond proceeds and related interest	\$ 202,736,745
Unspent Sinking Fund property taxes levied	4,330,785
Unspent debt service property taxes levied	<u>5,173,113</u>
Total	<u>\$ 212,240,643</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.

June 30, 2021**Note 12 - Risk Management (Continued)**

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.

Note 13 - Michigan Public School Employees' Retirement System***Plan Description***

The School District participates in the Michigan Public School Employees' Retirement System (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>.

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.

June 30, 2021

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

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.

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 MPERS 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, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%

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, 2021 were \$26,976,468, which includes 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 \$11,660,841 in revenue received from the State of Michigan and remitted to the System to fund the MPERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2021.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2021 were \$6,633,736, which includes the School District's contributions required for those members with a defined contribution benefit.

June 30, 2021

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

Net Pension Liability

At June 30, 2021, the School District reported a liability of \$315,014,820 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. 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, 2020 and 2019, the School District's proportion was 0.92 and 0.95 percent, respectively, representing a change of (3.05) percent.

Net OPEB Liability

At June 30, 2021, the School District reported a liability of \$48,294,605 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2021 was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. 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, 2020 and 2019, the School District's proportion was 0.90 and 0.93 percent, respectively, representing a change of (2.77) percent.

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

For 2021, the School District recognized pension expense of \$40,913,685, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2021, 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	\$ 4,813,168	\$ (672,353)
Changes in assumptions	34,906,679	-
Net difference between projected and actual earnings on pension plan investments	1,323,551	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	-	(11,878,579)
The School District's contributions to the plan subsequent to the measurement date	23,000,817	-
Total	<u>\$ 64,044,215</u>	<u>\$ (12,550,932)</u>

The \$11,660,841 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, 2022. 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
2022	\$ 14,044,850
2023	9,165,713
2024	4,097,022
2025	1,184,881
Total	<u>\$ 28,492,466</u>

June 30, 2021

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, 2021, the School District recognized OPEB recovery of \$2,581,172.

At June 30, 2021, 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	\$ -	\$ (35,983,995)
Changes in assumptions	15,923,690	-
Net difference between projected and actual earnings on OPEB plan investments	403,073	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	4,134	(4,903,332)
Employer contributions to the plan subsequent to the measurement date	4,865,324	-
Total	<u>\$ 21,196,221</u>	<u>\$ (40,887,327)</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
2022	\$ (6,583,924)
2023	(6,023,329)
2024	(5,071,668)
2025	(3,973,997)
2026	(2,903,512)
Total	<u>\$ (24,556,430)</u>

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2020 are based on the results of an actuarial valuation as of September 30, 2019 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	7.0%	Year 1 graded to 3.5% in year 15, 3.0% in year 120
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, 2021

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.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2020 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2020. 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	25.00 %	5.60 %
Private equity pools	16.00	9.30
International equity pools	15.00	7.40
Fixed-income pools	10.50	0.50
Real estate and infrastructure pools	10.00	4.90
Absolute return pools	9.00	3.20
Real return/opportunistic pools	12.50	6.60
Short-term investment pools	2.00	(0.10)
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.1 percent.

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% - 6.80%)	1 Percentage Point Increase (7.00% - 7.80%)
Net pension liability of the School District	\$ 407,733,246	\$ 315,014,820	\$ 238,171,910

June 30, 2021
Note 13 - Michigan Public School Employees' Retirement System (Continued)
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	\$ 62,039,909	\$ 48,294,605	\$ 36,722,211

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 (6.00%)	Current Discount Rate (7.00%)	1 Percentage Point Increase (8.00%)
Net OPEB liability of the School District	\$ 36,279,126	\$ 48,294,605	\$ 61,960,731

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, 2021, the School District reported a payable of \$5,744,825 and \$1,099,954 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2021.

Note 14 - Leases
Operating Leases

The School District leases computer equipment under noncancelable operating leases that expire at various dates through June 2025. Total costs for such leases were \$1,547,481 for the current year. Some leases were extended this year due to COVID-19, and no new leases were executed. The future minimum lease payments for these leases are as follows:

Years Ending	Amount
2022	\$ 1,434,167
2023	670,183
2024	465,526
2025	102,806
Total	<u>\$ 2,672,682</u>

June 30, 2021

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, 2021, the School District's property tax revenue was reduced by approximately \$437,000 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 \$344,000 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, 2021

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 36,377,853	\$ 35,136,642	\$ 35,155,058	\$ 18,416
State sources	92,900,361	105,462,245	106,027,172	564,927
Federal sources	6,036,411	15,861,250	13,148,750	(2,712,500)
Interdistrict sources	11,754,314	11,965,370	12,384,019	418,649
Total revenue	147,068,939	168,425,507	166,714,999	(1,710,508)
Expenditures				
Current:				
Instruction:				
Basic programs	73,762,257	78,263,313	78,396,319	133,006
Added needs	23,385,434	24,619,042	24,007,895	(611,147)
Adult/Continuing education	83,882	-	49	49
Support services:				
Pupil	13,280,673	13,971,208	13,720,229	(250,979)
Instructional staff	4,717,813	5,708,475	5,578,184	(130,291)
General administration	770,723	839,144	787,242	(51,902)
School administration	8,707,060	9,225,802	9,184,478	(41,324)
Business	2,185,340	2,238,905	2,108,884	(130,021)
Operations and maintenance	10,936,832	12,711,782	11,527,609	(1,184,173)
Pupil transportation services	6,334,029	4,751,335	4,803,490	52,155
Central	4,128,918	4,703,047	4,167,820	(535,227)
Athletics	2,163,164	2,006,477	1,974,844	(31,633)
Community services	147,513	265,895	111,920	(153,975)
Debt service	56,850	56,850	56,850	-
Total expenditures	150,660,488	159,361,275	156,425,813	(2,935,462)
Other Financing Sources (Uses)				
Face value of debt issued	270,076	277,481	277,481	-
Proceeds from sale of capital assets	10,000	33,950	33,950	-
Transfers in	76,322	-	-	-
Transfers out	(100)	(698,612)	(698,547)	65
Total other financing sources (uses)	356,298	(387,181)	(387,116)	65
Net Change in Fund Balance	(3,235,251)	8,677,051	9,902,070	1,225,019
Fund Balance - Beginning of year	11,366,141	11,366,141	11,366,141	-
Fund Balance - End of year	<u>\$ 8,130,890</u>	<u>\$ 20,043,192</u>	<u>\$ 21,268,211</u>	<u>\$ 1,225,019</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 Seven Plan Years Plan Years Ended September 30						
	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.91704 %	0.94589 %	0.97170 %	0.97879 %	0.99427 %	1.00410 %	1.03039 %
School District's proportionate share of the net pension liability	\$ 315,014,820	\$ 313,245,426	\$ 292,109,873	\$ 253,646,407	\$ 248,061,578	\$ 245,250,568	\$ 226,958,421
School District's covered payroll	\$ 79,448,367	\$ 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	396.50 %	387.84 %	356.00 %	312.16 %	300.88 %	294.37 %	264.79 %
Plan fiduciary net position as a percentage of total pension liability	59.49 %	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 Seven Fiscal Years Years Ended June 30						
	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 26,711,551	\$ 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	26,711,551	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	\$ 77,188,768	\$ 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	34.61 %	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 Four Plan Years			
	Plan Years Ended September 30			
	2020	2019	2018	2017
School District's proportion of the net OPEB liability	0.90148 %	0.92715 %	0.96520 %	0.97742 %
School District's proportionate share of the net OPEB liability	\$ 48,294,605	\$ 66,548,661	\$ 76,723,406	\$ 86,555,073
School District's covered payroll	\$ 79,448,367	\$ 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	60.79 %	82.40 %	93.50 %	106.52 %
Plan fiduciary net position as a percentage of total OPEB liability	59.76 %	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 Four Fiscal Years			
	Years Ended June 30			
	2021	2020	2019	2018
Statutorily required contribution	\$ 6,423,456	\$ 6,432,266	\$ 6,369,687	\$ 5,878,731
Contributions in relation to the statutorily required contribution	6,423,456	6,432,266	6,369,687	5,878,731
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 77,188,768	\$ 80,047,113	\$ 81,090,596	\$ 81,392,149
Contributions as a Percentage of Covered Payroll	8.32 %	8.04 %	7.86 %	7.22 %

Walled Lake Consolidated School District

Notes to Required Supplemental Information

June 30, 2021

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds, and capital project 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 for the General Fund, the fund level for the Cafeteria Fund, and the subfund level for other special revenue funds and capital project funds. 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. During the year, the budget was amended in a legally permissible manner.

There were several significant amendments made this year. As we became aware of new funding sources and adapted to all of the changes necessitated by the global pandemic, budgets were amended.

The level of federal grants received was unprecedented. State funding was also much higher than anticipated as the State worked to support local school districts. The additional resources were then used to support students by providing choices of learning paths, reduced class sizes, technology where needed, and a host of other items.

Budgets were also adjusted to accommodate other new and changing needs. Operations and maintenance were greatly increased during the year to cover the cost of additional cleaning and safety needs. Transportation budgets were reduced, as there were periods of time when students were educated remotely and transportation was not necessary. New transfers out were budgeted in order to account for the support required by our self-supporting programs, many of which were required to shut down for a portion of the school year.

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.

June 30, 2021

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.

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:

- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.
- 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	\$ 614,034	\$ -	\$ 299	\$ -	\$ 2,462,496	\$ -
Accounts receivable - Due from other governmental units	666,127	-	-	-	-	-
Due from other funds	-	94,083	168,493	122,204	-	-
Inventories	62,979	-	-	-	-	-
Restricted assets	-	-	-	-	-	-
Total assets	\$ 1,343,140	\$ 94,083	\$ 168,792	\$ 122,204	\$ 2,462,496	\$ -
Liabilities						
Accounts payable	\$ 2,163	\$ -	\$ 407	\$ -	\$ 41,439	\$ -
Due to other funds	888,089	-	11,627	-	490,822	-
Unearned revenue	-	-	22,780	12,615	-	-
Total liabilities	890,252	-	34,814	12,615	532,261	-
Fund Balances						
Nonspendable - Inventories	62,979	-	-	-	-	-
Restricted:						
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Food service	389,909	-	-	-	-	-
Committed:						
Community Education	-	94,083	-	-	-	-
Enrichment/Prime Time Care	-	-	133,978	-	-	-
Preschool	-	-	-	109,589	-	-
Student Activities	-	-	-	-	1,930,235	-
Total fund balances	452,888	94,083	133,978	109,589	1,930,235	-
Total liabilities and fund balances	\$ 1,343,140	\$ 94,083	\$ 168,792	\$ 122,204	\$ 2,462,496	\$ -

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2021

Debt Service Funds						Capital Project Funds		Total
2014 Debt Retirement Fund	2015 Debt Retirement Fund	2016 Debt Retirement Fund	2019 Debt Retirement Fund	2020 Debt Retirement Fund	2021 Debt Retirement Fund	Sinking Fund	2014 Bond Issue Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,076,829
-	-	-	-	-	-	-	-	666,127
-	-	-	-	-	-	-	-	384,780
-	-	-	-	-	-	-	-	62,979
452,655	1,636,981	471,958	795,872	1,298,297	517,350	4,330,785	-	9,503,898
\$ 452,655	\$ 1,636,981	\$ 471,958	\$ 795,872	\$ 1,298,297	\$ 517,350	\$ 4,330,785	\$ -	\$ 13,694,613
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 403,089	\$ -	\$ 447,098
-	-	-	-	-	-	-	-	1,390,538
-	-	-	-	-	-	-	-	35,395
-	-	-	-	-	-	403,089	-	1,873,031
-	-	-	-	-	-	-	-	62,979
452,655	1,636,981	471,958	795,872	1,298,297	517,350	-	-	5,173,113
-	-	-	-	-	-	3,927,696	-	3,927,696
-	-	-	-	-	-	-	-	389,909
-	-	-	-	-	-	-	-	94,083
-	-	-	-	-	-	-	-	133,978
-	-	-	-	-	-	-	-	109,589
-	-	-	-	-	-	-	-	1,930,235
452,655	1,636,981	471,958	795,872	1,298,297	517,350	3,927,696	-	11,821,582
\$ 452,655	\$ 1,636,981	\$ 471,958	\$ 795,872	\$ 1,298,297	\$ 517,350	\$ 4,330,785	\$ -	\$ 13,694,613

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	\$ 102,397	\$ 68,993	\$ 250,706	\$ 102,043	\$ 934,995	\$ 4,138,664
State sources	184,521	-	-	-	-	-
Federal sources	3,037,395	-	-	-	-	-
Total revenue	3,324,313	68,993	250,706	102,043	934,995	4,138,664
Expenditures						
Current:						
Instruction	-	-	-	201,992	-	-
Support services	-	-	-	75,513	914,421	-
Food services	3,019,352	-	-	-	-	-
Community services	-	81,203	778,079	-	-	-
Debt service:						
Principal	-	-	-	-	-	4,890,000
Interest	-	-	-	-	-	365,625
Other	-	-	-	-	-	1,159,040
Capital outlay	7,009	-	-	-	-	-
Total expenditures	3,026,361	81,203	778,079	277,505	914,421	6,414,665
Excess of Revenue (Under) Over Expenditures	297,952	(12,210)	(527,373)	(175,462)	20,574	(2,276,001)
Other Financing Sources (Uses)						
Face value of debt issued	-	-	-	-	-	-
Transfers in	35	50,000	560,216	88,296	-	-
Payment to bond refunding escrow agent	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(513,900)
Total other financing sources (uses)	35	50,000	560,216	88,296	-	(513,900)
Net Change in Fund Balances	297,987	37,790	32,843	(87,166)	20,574	(2,789,901)
Fund Balances - Beginning of year	154,901	56,293	101,135	196,755	1,909,661	2,789,901
Fund Balances - End of year	<u>\$ 452,888</u>	<u>\$ 94,083</u>	<u>\$ 133,978</u>	<u>\$ 109,589</u>	<u>\$ 1,930,235</u>	<u>\$ -</u>

Other Supplemental Information
Combining Statement of Revenue, Expenditures, and Changes in Fund
Balances
Nonmajor Governmental Funds

Year Ended June 30, 2021

Debt Service Funds						Capital Project Fund		Total
2014 Debt Retirement Fund	2015 Debt Retirement Fund	2016 Debt Retirement Fund	2019 Debt Retirement Fund	2020 Debt Retirement Fund	2021 Debt Retirement Fund	Sinking Fund	2014 Bond Issue Fund	
\$ 3,441,384	\$ 4,622,311	\$ 1,343,451	\$ 2,688,621	\$ 5,963,319	\$ -	\$ 2,556,450	\$ 577	\$ 26,213,911
-	-	-	-	-	-	-	-	184,521
-	-	-	-	-	-	-	-	3,037,395
3,441,384	4,622,311	1,343,451	2,688,621	5,963,319	-	2,556,450	577	29,435,827
-	-	-	-	-	-	-	-	201,992
-	-	-	-	-	-	-	1,000	990,934
-	-	-	-	-	-	-	-	3,019,352
-	-	-	-	-	-	-	-	859,282
1,430,000	5,170,000	1,555,000	-	-	-	-	-	13,045,000
1,562,159	515,250	243,600	2,647,800	4,653,067	-	-	-	9,987,501
2,307,392	9,259	3,442	5,386	11,955	384,994	-	-	3,881,468
-	-	-	-	-	-	459,092	921,357	1,387,458
5,299,551	5,694,509	1,802,042	2,653,186	4,665,022	384,994	459,092	922,357	33,372,987
(1,858,167)	(1,072,198)	(458,591)	35,435	1,298,297	(384,994)	2,097,358	(921,780)	(3,937,160)
-	-	-	-	-	66,740,000	-	-	66,740,000
-	-	-	-	-	513,900	-	-	1,212,447
-	-	-	-	-	66,351,556)	-	-	(66,351,556)
-	-	-	-	-	-	-	-	(513,900)
-	-	-	-	-	902,344	-	-	1,086,991
(1,858,167)	(1,072,198)	(458,591)	35,435	1,298,297	517,350	2,097,358	(921,780)	(2,850,169)
2,310,822	2,709,179	930,549	760,437	-	-	1,830,338	921,780	14,671,751
\$ 452,655	\$ 1,636,981	\$ 471,958	\$ 795,872	\$ 1,298,297	\$ 517,350	\$ 3,927,696	\$ -	\$ 11,821,582

Walled Lake Consolidated School District

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

Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 2,572,511	\$ 75,307	\$ 102,397	\$ 27,090
State sources	170,668	184,521	184,521	-
Federal sources	1,725,000	2,742,052	3,037,395	295,343
Total revenue	4,468,179	3,001,880	3,324,313	322,433
Expenditures - Current - Food services	4,440,380	3,052,372	3,026,361	(26,011)
Excess of Revenue Over (Under) Expenditures	27,799	(50,492)	297,952	348,444
Other Financing Sources - Transfers in	30	100	35	(65)
Net Change in Fund Balance	27,829	(50,392)	297,987	348,379
Fund Balance - Beginning of year	154,901	154,901	154,901	-
Fund Balance - End of year	<u>\$ 182,730</u>	<u>\$ 104,509</u>	<u>\$ 452,888</u>	<u>\$ 348,379</u>

Walled Lake Consolidated School District

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

Capital Projects Funds - 2020 Bond Issue, 2019 Bond Issue, 2014 Bond Issue,
and Sinking Funds

Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
Revenue - Local				
Property taxes	\$ 2,300,000	\$ 2,510,196	\$ 2,554,056	\$ 43,860
Interest and other	<u>1,182,000</u>	<u>532,536</u>	<u>1,141,128</u>	<u>608,592</u>
Total revenue	3,482,000	3,042,732	3,695,184	652,452
Expenditures				
Capital outlay:				
Sinking Fund	2,302,000	1,699,900	459,092	(1,240,808)
2014 Bond Issue Fund	-	995,280	922,357	(72,923)
2019 Bond Issue Fund	60,728,855	53,115,383	44,110,458	(9,004,925)
2020 Bond Issue Fund	<u>-</u>	<u>9,028,970</u>	<u>867,643</u>	<u>(8,161,327)</u>
Total expenditures	63,030,855	64,839,533	46,359,550	(18,479,983)
Other Financing Sources				
Face value of debt issued	-	143,665,000	143,665,000	-
Premium on debt issued	<u>-</u>	<u>43,297,433</u>	<u>43,297,433</u>	<u>-</u>
Total	-	186,962,433	186,962,433	-
Net Change in Fund Balances	(59,548,855)	125,165,632	144,298,067	19,132,435
Fund Balances - Beginning of year	<u>54,719,812</u>	<u>54,719,812</u>	<u>54,719,812</u>	<u>-</u>
Fund Balances (Deficit) - End of year	<u>\$ (4,829,043)</u>	<u>\$ 179,885,444</u>	<u>\$ 199,017,879</u>	<u>\$ 19,132,435</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, 2021

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue - Local sources	\$ 4,598,526	\$ 1,174,714	\$ 1,356,737	\$ 182,023
Expenditures				
Enrichment/Prime Time Care Fund	1,774,782	777,853	778,079	226
Preschool Fund	489,461	381,842	277,505	(104,337)
Community Education Fund	348,298	77,193	81,203	4,010
Student Activities Fund	1,920,000	933,500	914,421	(19,079)
Total expenditures	4,532,541	2,170,388	2,051,208	(119,180)
Excess of Revenue Over (Under) Expenditures	65,985	(995,674)	(694,471)	301,203
Other Financing Sources (Uses)				
Transfers in	-	698,512	698,512	-
Transfers out	(76,322)	-	-	-
Total	(76,322)	698,512	698,512	-
Net Change in Fund Balances	(10,337)	(297,162)	4,041	301,203
Fund Balances - Beginning of year	2,263,844	2,263,844	2,263,844	-
Fund Balances - End of year	<u><u>\$ 2,253,507</u></u>	<u><u>\$ 1,966,682</u></u>	<u><u>\$ 2,267,885</u></u>	<u><u>\$ 301,203</u></u>

Walled Lake Consolidated School District

Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2021

	2014 Debt Retirement Fund	2015 Debt Retirement Fund	2016 Debt Retirement Fund	2019 Debt Retirement Fund	2020 Debt Retirement Fund	2021 Debt Retirement Fund
Years Ending June 30	Principal	Principal	Principal	Principal	Principal	Principal
2022	\$ 1,555,000	\$ 5,135,000	\$ 1,535,000	\$ -	\$ -	\$ 3,810,000
2023	1,680,000	-	1,510,000	-	-	-
2024	-	-	1,490,000	100,000	1,540,000	2,760,000
2025	-	-	-	775,000	1,925,000	2,805,000
2026	-	-	-	860,000	2,150,000	2,825,000
2027	-	-	-	945,000	2,735,000	2,845,000
2028	-	-	-	995,000	3,385,000	2,870,000
2029	-	-	-	1,055,000	4,085,000	2,905,000
2030	-	-	-	1,265,000	4,545,000	2,940,000
2031	-	-	-	1,640,000	4,755,000	2,985,000
2032	-	-	-	1,745,000	5,055,000	3,010,000
2033	-	-	-	1,845,000	5,755,000	3,065,000
2034	-	-	-	1,945,000	6,070,000	3,115,000
2035	-	-	-	2,055,000	6,350,000	3,160,000
2036	-	-	-	2,135,000	6,350,000	3,210,000
2037	-	-	-	2,250,000	6,350,000	3,280,000
2038	-	-	-	2,310,000	6,355,000	3,350,000
2039	-	-	-	2,345,000	6,355,000	3,415,000
2040	-	-	-	2,440,000	6,355,000	3,500,000
2041	-	-	-	2,535,000	6,355,000	3,555,000
2042	-	-	-	2,640,000	6,355,000	3,635,000
2043	-	-	-	2,770,000	6,355,000	3,700,000
2044	-	-	-	2,905,000	6,355,000	-
2045	-	-	-	3,055,000	6,355,000	-
2046	-	-	-	3,205,000	6,355,000	-
2047	-	-	-	3,365,000	6,355,000	-
2048	-	-	-	3,530,000	6,355,000	-
2049	-	-	-	3,710,000	6,355,000	-
2050	-	-	-	-	6,355,000	-
Total remaining payments	\$ 3,235,000	\$ 5,135,000	\$ 4,535,000	\$ 54,420,000	\$ 143,665,000	\$ 66,740,000
Principal payments due	May 1	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	November 1 and May 1
Interest rate	3.5%	5.0%	4.0%	4.0% to 5.0%	4.0% to 5.0%	0.243% to 2.679%
Original issue	\$ 65,760,000	\$ 37,280,000	\$ 8,675,000	\$ 54,420,000	\$ 143,665,000	\$ 66,740,000

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities:				
Net investment in capital assets	\$ 88,054,915	\$ 96,189,270	\$ 101,263,607	\$ 112,593,950
Restricted	6,177,408	3,154,756	2,959,142	4,275,460
Unrestricted (deficit)	<u>11,741,528</u>	<u>6,286,257</u>	<u>4,318,342</u>	<u>(225,046,502)</u>
Total net position	<u>\$ 105,973,851</u>	<u>\$ 105,630,283</u>	<u>\$ 108,541,091</u>	<u>\$ (108,177,092)</u>

Source: Walled Lake Consolidated School District audited financial reports

Net Position (Deficit) by Component

Last Ten Fiscal Years

June 30, 2021

As of June 30,					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 119,986,715	\$ 126,880,952	\$ 124,505,071	\$ 125,923,734	\$ 129,354,076	\$ 136,170,656
3,639,543	2,802,753	4,499,305	7,554,994	10,571,891	5,772,792
(225,633,550)	(223,021,213)	(308,485,268)	(313,327,778)	(326,598,324)	(324,248,984)
<u>\$ (102,007,292)</u>	<u>\$ (93,337,508)</u>	<u>\$ (179,480,892)</u>	<u>\$ (179,849,050)</u>	<u>\$ (186,672,357)</u>	<u>\$ (182,305,536)</u>

Walled Lake Consolidated School District

	As of June 30,			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses				
Governmental activities:				
Instruction	\$ 101,594,912	\$ 104,389,365	\$ 107,010,793	\$ 106,521,966
Support services	49,697,572	51,537,413	51,105,237	47,940,978
Food services	4,916,724	4,764,522	4,548,076	4,578,375
Athletics	2,035,880	2,072,852	2,062,931	2,080,438
Community services	2,509,976	2,784,067	2,732,534	2,913,475
Interest on long-term debt	6,734,473	6,049,847	6,778,907	7,081,855
Other	-	-	-	333,462
Depreciation (unallocated)	5,121,973	4,802,801	4,729,612	4,786,616
Total governmental activities	172,611,510	176,400,867	178,968,090	176,237,165
Program revenue				
Charges for services:				
Instruction	1,237,856	1,309,159	1,079,131	1,081,330
Food services	2,785,577	2,586,801	2,550,535	2,551,247
Athletics	975,719	1,014,774	983,085	1,121,312
Community services	2,956,392	3,095,110	3,107,912	3,259,891
Operating grants and contributions	24,665,309	26,784,732	28,869,010	34,650,059
Total program revenue	32,620,853	34,790,576	36,589,673	42,663,839
Net expense	(139,990,657)	(141,610,291)	(142,378,417)	(133,573,326)
General Revenue				
Property taxes	49,690,052	46,170,202	49,929,153	52,608,644
State aid not restricted to specific purposes	95,420,636	94,070,693	94,001,551	90,391,265
Federal sources - unrestricted	521,706	82,661	-	-
Investment earnings	91,112	61,028	145,773	3,224,279
Impairment loss on capital assets	(6,817,429)	-	-	-
Total general revenue	138,906,077	140,384,584	144,076,477	146,224,188
Other/Transfers	1,243,361	882,139	1,212,748	815,942
Special Item	-	-	-	-
Change in Net Position	<u>\$ 158,781</u>	<u>\$ (343,568)</u>	<u>\$ 2,910,808</u>	<u>\$ 13,466,804</u>

Source: Walled Lake Consolidated School District audited financial reports

Changes in Governmental Net Position

Last Ten Fiscal Years

June 30, 2021

As of June 30,					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 107,603,402	\$ 115,616,026	\$ 111,754,110	\$ 115,997,038	\$ 122,509,659	\$ 114,391,962
51,722,421	45,884,136	54,414,049	56,965,193	58,975,557	61,071,584
4,439,903	4,551,780	4,521,253	4,473,383	4,425,736	3,101,233
1,963,754	2,024,932	2,100,821	2,047,822	2,009,184	1,985,446
2,276,017	2,465,524	2,561,153	2,615,726	2,519,617	1,016,122
7,182,909	6,422,279	5,213,206	5,084,077	5,983,602	8,199,512
159,092	-	-	446,821	35,424	1,213,725
423,764	507,285	596,453	585,851	603,097	595,502
175,771,262	177,471,962	181,161,045	188,215,911	197,061,876	191,575,086
1,146,573	1,157,423	1,020,587	1,011,324	721,168	183,528
2,802,258	2,795,956	2,723,955	2,585,513	1,917,926	102,395
1,094,055	1,059,620	1,059,498	1,044,428	795,150	413,779
3,376,808	3,454,063	3,361,419	3,236,123	2,277,872	412,326
29,713,750	37,016,056	41,898,681	41,178,273	47,089,034	56,976,566
38,133,444	45,483,118	50,064,140	49,055,661	52,801,150	58,088,594
(137,637,818)	(131,988,844)	(131,096,905)	(139,160,250)	(144,260,726)	(133,486,492)
52,398,995	52,396,812	54,437,299	56,141,428	57,250,135	58,990,182
87,522,822	86,388,154	83,541,005	82,177,544	76,224,012	77,324,238
-	-	19,422	29,879	50,121	46,256
1,316,493	1,011,197	168,547	440,736	1,756,423	379,896
-	-	(6,014,342)	-	-	-
141,238,310	139,796,163	132,151,931	138,789,587	135,280,691	136,740,572
2,569,308	862,465	505,457	2,505	164,461	1,112,741
-	-	-	-	-	-
\$ 6,169,800	\$ 8,669,784	\$ 1,560,483	\$ (368,158)	\$ (8,815,574)	\$ 4,366,821

Walled Lake Consolidated School District

	As of June 30,			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund:				
Nonspendable:				
Inventories	\$ 288,778	\$ 169,573	\$ 21,785	\$ 26,522
Prepaid costs	440,906	331,430	217,377	492,919
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	6,301,054	3,548,618	-	-
Unassigned	9,000,621	7,168,551	8,144,167	8,953,451
Total general fund	<u>16,031,359</u>	<u>11,218,172</u>	<u>8,383,329</u>	<u>9,472,892</u>
All other governmental funds:				
Nonspendable - Inventories	\$ 47,923	\$ 51,715	\$ 50,765	\$ 57,140
Restricted:				
Capital projects	3,299,187	2,518,036	63,052,921	41,960,481
Debt service	2,679,701	25,001	1,660,836	2,344,845
Special revenue funds - Cafeteria	955,198	585,005	464,075	329,886
Committed:				
Community Education	106,283	158,053	213,615	148,101
Enrichment/Prime Time Care	472,155	635,038	418,754	452,572
Preschool	183,338	185,648	225,400	282,784
Student Activities	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total of all other governmental funds	<u>\$ 7,743,785</u>	<u>\$ 4,158,496</u>	<u>\$ 66,086,366</u>	<u>\$ 45,575,809</u>

Source: Walled Lake Consolidated School District audited financial reports

Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2021

As of June 30,					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 33,071	\$ 20,294	\$ 17,401	\$ 21,088	\$ 17,367	\$ 8,011
260,946	800,278	989,524	1,040,709	960,405	572,855
-	-	-	118,689	-	-
-	-	-	-	-	-
-	-	578,887	-	3,235,251	5,024,989
9,448,029	10,785,962	10,389,999	10,028,378	7,153,118	15,662,356
<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>	<u>21,268,211</u>
\$ 57,225	\$ 56,438	\$ 62,979	\$ 62,979	\$ 62,979	\$ 62,979
21,008,858	9,203,678	7,114,226	68,604,924	54,719,812	199,017,879
2,194,367	1,951,221	2,951,008	7,650,031	9,500,888	5,173,113
540,502	677,918	763,525	615,534	91,922	389,909
160,128	187,557	227,187	235,590	56,293	94,083
682,285	775,107	588,556	268,884	101,135	133,978
256,665	255,513	272,006	307,406	196,755	109,589
-	-	-	-	1,909,661	1,930,235
-	-	-	-	-	-
-	-	-	-	-	-
<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>	<u>\$ 206,911,765</u>

Walled Lake Consolidated School District

	As of June 30,			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenue				
Local revenue	\$ 58,638,432	\$ 55,099,205	\$ 58,146,973	\$ 61,724,713
State revenue	103,794,824	106,149,289	107,558,674	108,024,710
Federal revenue	8,159,222	7,144,990	7,230,850	7,206,584
Interdistrict revenue	<u>8,972,263</u>	<u>7,529,134</u>	<u>7,812,806</u>	<u>9,553,161</u>
Total revenue	179,564,741	175,922,618	180,749,303	186,509,168
Expenditures				
Current:				
Instruction	99,444,924	102,680,760	104,928,273	104,408,146
Support services	49,216,638	50,314,478	49,313,437	48,271,232
Community services	2,509,976	2,784,067	2,732,534	2,077,919
Food services	4,916,724	4,633,140	4,548,076	4,570,626
Athletics	2,035,880	2,072,852	2,062,931	2,914,069
Debt service:				
Principal	12,655,000	12,510,000	11,800,000	12,385,000
Interest and other	6,672,352	5,914,608	6,655,570	7,603,976
Capital Outlay	<u>2,510,531</u>	<u>3,383,211</u>	<u>8,037,341</u>	<u>23,733,715</u>
Total expenditures	<u>179,962,025</u>	<u>184,293,116</u>	<u>190,078,162</u>	<u>205,964,683</u>
Excess of Revenue Over (Under)				
Expenditures	(397,284)	(8,370,498)	(9,328,859)	(19,455,515)
Other Financing Sources (Uses)				
Debt issuance	-	-	65,760,000	-
Debt premium or discount	-	461,790	2,000,346	4,288,643
Sale of capital assets	-	72,030	661,540	233,633
Transfers in	1,936,374	1,608,127	1,995,377	2,235,998
Transfers out	(1,936,374)	(1,608,127)	(1,995,377)	(2,235,998)
Proceeds of refunding bond	-	7,225,000	-	37,280,000
Payment to refunded bond escrow agent	-	(7,786,798)	-	(41,767,755)
Total other financing sources (uses)	<u>-</u>	<u>(27,978)</u>	<u>68,421,886</u>	<u>34,521</u>
Net change in fund balances	(397,284)	(8,398,476)	59,093,027	(19,420,994)
Fund Balances - Beginning of year	<u>24,172,428</u>	<u>23,775,144</u>	<u>15,376,668</u>	<u>74,469,695</u>
Fund Balances - End of year	<u>\$ 23,775,144</u>	<u>\$ 15,376,668</u>	<u>\$ 74,469,695</u>	<u>\$ 55,048,701</u>
Debt service as a percentage of noncapital expenditures	10.89%	10.14%	10.05%	11.02%

Source: Walled Lake Consolidated School District audited financial reports

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

June 30, 2021

As of June 30,					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 61,937,817	\$ 62,206,709	\$ 63,442,184	\$ 64,833,426	\$ 66,987,693	\$ 62,507,126
107,142,867	107,585,736	107,249,199	106,028,102	102,333,420	106,211,693
6,871,553	7,134,815	7,611,617	7,345,974	7,501,776	16,186,145
9,560,384	9,509,147	10,149,170	10,568,423	11,450,932	12,384,019
185,512,621	186,436,407	188,452,170	188,775,925	188,273,821	197,288,983
105,031,324	103,169,910	104,736,172	104,658,684	104,029,315	102,579,970
49,858,318	49,129,485	50,748,922	51,715,995	51,361,609	51,883,976
2,329,028	2,473,098	2,549,196	2,569,801	2,325,920	971,202
4,512,121	4,528,504	4,546,085	4,413,748	4,159,587	3,019,352
1,991,553	2,018,161	2,111,724	2,022,668	1,902,854	1,935,154
13,145,000	13,660,000	13,840,000	11,915,000	12,498,240	13,094,447
7,116,994	6,513,187	5,975,974	5,826,230	7,073,148	14,658,629
23,984,524	14,911,867	4,828,745	6,204,825	17,954,041	46,634,171
207,968,862	196,404,212	189,336,818	189,326,951	201,304,714	234,776,901
(22,456,241)	(9,967,805)	(884,648)	(551,026)	(13,030,893)	(37,487,918)
-	-	-	54,676,807	-	143,942,481
1,031,829	-	-	10,635,608	-	43,297,433
2,017,530	39,695	125,980	237,525	90,000	33,950
412,409	300,000	400,000	828,197	193,280	1,212,447
(412,409)	(300,000)	(400,000)	(828,197)	(193,280)	(1,212,447)
8,675,000	-	-	-	-	66,740,000
(9,674,743)	-	-	-	-	(66,351,556)
2,049,616	39,695	125,980	65,549,940	90,000	187,662,308
(20,406,625)	(9,928,110)	(758,668)	64,998,914	(12,940,893)	150,174,390
55,048,701	34,642,076	24,713,966	23,955,298	90,946,479	78,005,586
\$ 34,642,076	\$ 24,713,966	\$ 23,955,298	\$ 88,954,212	\$ 78,005,586	\$ 228,179,976
10.95%	11.05%	10.68%	9.56%	10.63%	14.46%

Walled Lake Consolidated School District

Taxable Value and Estimated Actual Value of Taxable Property

June 30, 2021

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
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	8,590,163,420	48.70%
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	8,277,670,780	48.89%
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	8,414,877,380	48.31%
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	9,026,309,400	45.96%
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	10,020,972,540	42.98%
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	10,736,356,020	40.77%
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	11,478,228,040	39.69%
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	11,998,951,240	39.69%
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	12,872,341,780	39.26%
2020	2021	3,887,419,600	991,760,990	140,478,050	589,370	297,527,410	5,317,775,420	6.1582	21.7335	13,635,814,260	39.00%

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											
Operating						Total school district direct taxes					
Homestead											
Tax Year	Commercial Personal	Industrial Personal	Other**	Non- Homestead	Debt*	Sinking Fund*	Commercial Personal	Industrial Personal	Other**	Non- Homestead	County
2011	8.3812	2.3812	2.3812	18.0000	4.0000	0.5000	12.8812	6.8812	6.8812	22.5000	4.7461
2012	8.4654	2.4654	2.4654	18.0000	4.0600	0.5000	13.0254	7.0254	7.0254	22.5600	4.9461
2013	8.3285	2.3285	2.3285	18.0000	4.6445	0.5000	13.4730	7.4730	7.4730	23.1445	4.9461
2014	8.1971	2.1971	2.1971	18.0000	4.9872	0.5000	13.6843	7.6843	7.6843	23.4872	4.9461
2015	8.0869	2.1265	2.1265	17.9604	4.6591	0.4985	13.2445	7.2841	7.2841	23.1180	4.8450
2016	7.8965	1.9918	1.9918	17.9047	4.5279	0.4953	12.9197	7.0150	7.0150	22.9279	4.7909
2017	7.6700	1.9283	1.9283	17.7417	4.5279	0.4896	12.6875	6.9458	6.9458	22.7592	4.7849
2018	7.3325	1.7825	1.7825	17.5500	4.5279	0.4864	12.3468	6.7968	6.7968	22.5643	4.7805
2019	6.9627	1.6198	1.6198	17.3429	4.1300	0.4802	11.5729	6.2300	6.2300	21.9531	4.7748
2020	6.6803	1.5525	1.5525	17.1278	4.1300	0.4757	11.2860	6.1582	6.1582	21.7335	4.8682

* 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, 2021

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	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
1.5184	3.2280	6.0000	19.9902	18.5326	10.5376	8.3189	13.0201	9.5730	3.0529	11.7840	9.9790

Walled Lake Consolidated School District

Principal Property Taxpayers

Current and Nine Years Ago

June 30, 2021

	Taxpayer	2020 Taxable Value	% of total	Taxpayer	2011 Taxable Value	% of total	2011 Rank
1	Redwood-ERC Novi LLC	\$ 67,953,120	1.28%	Allerion Associates	\$ 28,687,080	0.69%	1
2	DTE Electric Company	46,904,940	0.88%	DTE Energy	19,969,940	0.48%	2
3	VHS Huron Valley-Sinai Hospit	32,473,470	0.61%	Silverbrooke Villa	18,238,450	0.44%	3
4	TEG Silverbrooke LLC	26,784,610	0.50%	Oakland Management Co.	16,142,140	0.39%	4
5	Occidental Development	25,547,730	0.48%	Edward Rose & Sons	14,876,780	0.36%	5
6	Allerion Associates	24,936,670	0.47%	Ford Motor Company	13,505,930	0.32%	6
7	ITC Transmission	21,823,110	0.41%	Hillside Forest LLC	12,923,300	0.31%	7
8	Consumers Energy	19,816,310	0.37%	Occidental Development LTD	12,761,970	0.31%	8
9	Edward Rose & Sons	17,438,810	0.33%	Lakes Medical Building	10,169,950	0.24%	9
10	Oakland Management Co.	17,068,470	0.32%	Singh/Singh of Brandywine	9,174,640	0.22%	10
Total		<u>\$ 300,747,240</u>	5.66%		\$ 156,450,180	3.74%	
Total School District Taxable Value		<u>\$ 5,317,775,402</u>			<u>\$ 4,183,368,560</u>		

Source: 2021 TV figures - - Walled Lake Consolidated School District 2021 Refunding Bonds Official Statement, B-6

Source: 2011 TV figures - - Annual Disclosure Document - dated October 27, 2011

Walled Lake Consolidated School District

Property Tax Levies and Collections

Last Ten Fiscal Years

June 30, 2021

Tax Year	Year ended June 30,	Total levy	Current collections (1)	Percent collected	Delinquent collections (2)	Total tax collections	Percent of levy collected
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%	103,561	56,530,846	98.62%
2020	2021	58,972,202	58,694,655	99.53%	-	58,694,655	99.53%

(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, 2021

Fiscal Year	General obligation bonds	Less: pledged debt service funds	Other general obligation debt	Net general debt	Taxable value	Net general debt as a percentage of taxable value	Population	Net general debt per capita	Ratio of total outstanding debt to personal income
2012	127,690,000	2,679,701	8,997,820	134,008,119	4,183,368,560	3.20%	89,871	1,491	4.2%
2013	115,325,000	25,001	8,490,501	123,790,500	4,047,149,340	3.06%	99,771	1,241	3.4%
2014	169,285,000	1,660,836	10,990,207	178,614,371	4,065,635,340	4.39%	93,591	1,908	5.3%
2015	153,430,000	2,344,845	10,232,708	161,317,863	4,148,166,480	3.89%	93,591	1,724	4.8%
2016	139,470,000	2,194,367	10,823,714	148,099,347	4,307,142,670	3.44%	99,771	1,484	4.1%
2017	125,810,000	1,951,221	9,691,670	133,550,449	4,374,861,000	3.05%	101,707	1,313	3.4%
2018	111,970,000	2,951,008	8,817,884	117,836,876	4,552,897,830	2.59%	101,872	1,157	3.0%
2019	154,475,000	7,650,031	19,105,604	165,930,573	4,777,592,560	3.47%	103,192	1,608	4.1%
2020	142,025,000	9,500,888	18,002,681	150,526,793	5,053,499,090	2.98%	104,166	1,445	4.8%
2021	277,730,000	5,173,114	48,255,744	320,812,630	5,317,775,420	6.03%	104,682	3,065	7.2%

* - 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, 2021**

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	63,861,660	4.53%	2,892,933
City of Novi	14,310,000	18.50%	2,647,350
City of Orchard Lake	987,520	10.88%	107,442
City of Wixom	<u>29,670,000</u>	93.78%	<u>27,824,526</u>
Total	109,424,180		34,067,251
Township of Commerce	89,360,000	83.81%	74,892,616
Township of West Bloomfield	51,223,439	30.96%	15,858,777
Township of White Lake	<u>9,918,800</u>	25.46%	<u>2,525,326</u>
Total	150,502,239		93,276,719
Village of Wolverine Lake	789,000	100.00%	789,000
Oakland County	280,906,912	8.44%	23,708,543
Oakland County Intermediate Schools	42,970,000	8.47%	3,639,559
Oakland Community College	<u>-</u>	8.51%	<u>-</u>
Total	<u>323,876,912</u>		<u>27,348,102</u>
Total overlapping debt	584,592,331		155,481,072
Direct district debt			<u>277,730,000</u>
Total direct and overlapping debt			<u>\$ 433,211,072</u>

Note: The method used to compute the overlapping debt percentages is the District's taxable value in each community compared to that community's taxable value.

Source: Michigan Advisory Council of Michigan

Walled Lake Consolidated School District

	As of June 30,			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Calculation of debt limit				
State equalized valuation (SEV)	\$ 4,295,081,710	\$ 4,138,835,390	\$ 4,207,438,690	\$ 4,513,154,700
15% of SEV*	644,262,257	620,825,309	631,115,804	676,973,205
Calculation of debt subject to limit				
Total debt	127,690,000	115,325,000	169,285,000	153,430,000
Less debt not subject to limit:				
State qualified debt issuance	<u>(127,690,000)</u>	<u>(115,325,000)</u>	<u>(169,285,000)</u>	<u>(153,430,000)</u>
Net debt subject to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	644,262,257	620,825,309	631,115,804	676,973,205
Net debt subject to limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Source: Walled Lake Consolidated School District's books and records and Walled Lake Consolidated School District 2021 Refund

Legal Debt Margin

June 30, 2021

As of June 30,					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 5,010,486,270	\$ 5,368,178,010	\$ 5,739,114,020	\$ 5,999,475,620	\$ 6,436,170,890	\$ 6,817,907,130
751,572,941	805,226,702	860,867,103	899,921,343	965,425,634	1,022,686,070
139,470,000	125,810,000	111,970,000	154,475,000	142,025,000	277,730,000
<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>(277,730,000)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
751,572,941	805,226,702	860,867,103	899,921,343	965,425,634	1,022,686,070
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Walled Lake Consolidated School District

Demographic and Economic Statistics

June 30, 2021

Fiscal year	Population	Total Personal Income (in Thousands)	Per Capita Personal Income	Unemployment rate
2012	89,871	3,247,758	36,138	8.80%
2013	99,771	3,605,524	36,138	9.00%
2014	93,591	3,382,192	36,138	7.80%
2015	93,591	3,412,141	36,458	6.80%
2016	99,771	3,700,407	37,089	5.10%
2017	101,707	3,979,490	39,127	3.80%
2018	101,872	4,088,123	40,130	4.80%
2019	103,192	4,279,682	41,473	4.10%
2020	104,166	3,304,146	31,720	14.70%
2021	104,682	4,539,221	43,362	9.50%

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

Walled Lake Consolidated School District

Principal Employers

June 30, 2021

Employer	2021 Employees	Percentage of total	2012 Employees	Percentage of total	2012 rank
1 Walled Lake Consolidated Schools	1,347	2.34%	1,606	3.34%	1
2 Huron Valley-Sinai Hospital	1,000	1.74%	-	0.00%	-
3 Mac Air Valves, Inc.	800	1.39%	800	1.67%	2
4 Moeller Mfg. Co., Inc.	500	0.87%	400	0.83%	3
5 Williams International	450	0.78%	350	0.73%	4
6 Alta Equipment Company	350	0.61%	200	0.42%	7
7 Trijicon, Inc.	300	0.52%	225	0.47%	6
8 Wal-Mart	300	0.52%	-	0.00%	-
9 HoMedics, Inc.	250	0.43%	300	0.62%	5
10 Eagle Industries, Inc.	210	0.36%	-	0.00%	-
American Plastic Toys	-		150	0.31%	8
U.S. Foodservice, Inc.	-		130	0.27%	9
NLB Corp.	-		120	0.25%	10
Total principal employers	<u>5,507</u>		<u>4,281</u>		
Total employment	<u>57,636</u>		<u>48,047</u>		

2021 Source: Walled Lake Consolidated School District 2021 Refunding Bonds Official Statement, B-12 and
National Center for Education Statistics

2012 Source: Walled Lake Consolidated Schools Comprehensive Annual Financial Report, June 30, 2012

Walled Lake Consolidated School District

Full-Time Equivalent School District Employees

Last Ten Fiscal Years

June 30, 2021

Function/ program:	As of June 30,									
	<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>	<u>2021</u>
General government										
Instruction	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	1,060.04
Support services	170.25	184.27	58.29	58.70	58.08	59.08	55.96	58.96	58.36	58.94
Community service	51.09	57.89	77.88	71.45	70.15	77.85	52.80	62.80	61.74	63.22
Athletics	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Cafeteria	<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>	<u>48.78</u>
Total	<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>	<u>1,232.98</u>

Source: Insight FTE Report

Walled Lake Consolidated School District

Operating Indicators

Last Ten Fiscal Years

June 30, 2021

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
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
2021	13,291	156,425,813	11,769	166,714,999	12,543	761	27.9	79,047

* 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, 2021

Function/ program	As of June 30,				As of June 30,					
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Instructional buildings:										
Elementary:										
Number of buildings	14	12	12	12	12	12	12	12	12	12
Square footage	757,021	671,435	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	6,715	6,476	6,440	6,272	6,138	6,035	5,916	5,897	5,822	5,317
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	3,689	3,661	3,515	3,542	3,378	3,338	3,271	3,153	3,060	2,873
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	5,054	5,003	4,945	4,774	4,682	4,596	4,701	4,536	4,324	4,270
Other:										
Number of buildings	4	4	4	4	4	4	3	3	3	3
Square footage	152,028	152,028	152,028	152,028	152,028	152,028	54,848	54,848	54,848	54,848
Capacity	200	200	200	200	200	200	200	200	200	200
Enrollment	60	65	170	283	163	286	132	174	267	230
Total enrollment	15,518	15,205	15,070	14,871	14,361	14,255	14,020	13,760	13,473	12,690
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	119	119	119	119	108	108	108	108	107	119
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	12	12	12	12	12	12	12	12	12

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