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# Chippewa Valley Schools

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**Financial Report  
with Supplemental Information  
June 30, 2020**

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## Independent Auditor's Report

To the Board of Education  
Chippewa Valley Schools

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Chippewa Valley Schools (the "School District") as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise Chippewa Valley Schools' 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 fund information of Chippewa Valley Schools as of June 30, 2020 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Emphasis of Matter***

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

To the Board of Education  
Chippewa Valley Schools

**Required Supplemental Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension system and other postemployment benefit plan schedules of funding progress and employer contributions, and the major fund budgetary comparison schedule, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Supplemental Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chippewa Valley Schools' basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as defined in the table of contents, 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2020 on our consideration of Chippewa Valley Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chippewa Valley Schools' internal control over financial reporting and compliance.



September 18, 2020

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

### ***Using This Annual Report***

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Chippewa Valley Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term, as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund, the 2015 Refunding Series B Fund, and the 2018 Building and Site Fund - with all other funds presented in one column as nonmajor funds. 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 Proportionate Share of the Net Pension Liability

Schedule of Proportionate Share of the Net OPEB Liability

Schedule of Pension Contributions

Schedule of OPEB Contributions

#### **Other Supplemental Information**

### **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.

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.

# Chippewa Valley Schools

## Management's Discussion and Analysis (Continued)

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 food services. 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 Fund is an example) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects).

### *Governmental Funds*

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

### ***The School District as a Whole***

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

	Governmental Activities	
	2020	2019
	(in millions)	
<b>Assets</b>		
Current and other assets	\$ 113.2	\$ 127.7
Capital assets	349.7	348.1
Total assets	462.9	475.8
<b>Deferred Outflows of Resources</b>	129.6	123.8
<b>Liabilities</b>		
Current liabilities	22.3	26.0
Noncurrent liabilities	516.1	532.1
Net pension liability	332.0	298.6
Net OPEB liability	72.8	78.6
Total liabilities	943.2	935.3
<b>Deferred Inflows of Resources</b>	53.6	54.9
<b>Net Position</b>		
Net investment in capital assets	(63.5)	(4.5)
Restricted	6.4	4.5
Unrestricted	(347.2)	(390.6)
Total net position	<b><u>\$ (404.3)</u></b>	<b><u>\$ (390.6)</u></b>

# Chippewa Valley Schools

## Management's Discussion and Analysis (Continued)

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 a deficit of \$(404.3) million at June 30, 2020. Net investment in capital assets is a deficit totaling \$(63.5) million. It 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, \$(347.2) million, was unrestricted.

The \$(347.2) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact of 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, as well as 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.

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

	Governmental Activities	
	2020	2019
	(in millions)	
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 8.4	\$ 10.9
Operating grants	37.4	34.1
General revenue:		
Taxes	45.9	44.0
State aid not restricted to specific purposes	107.2	109.5
Other	7.6	5.8
Total revenue	206.5	204.3
<b>Expenses</b>		
Instruction	116.4	106.8
Support services	67.3	59.0
Building activities	1.4	1.9
Intradistrict	-	0.1
Food services	4.0	4.2
Community services	0.8	0.9
International Academy	3.1	2.9
Debt service	17.4	16.2
Depreciation expense (unallocated)	11.6	12.9
Total expenses	222.0	204.9
<b>Change in Net Position</b>	(15.5)	(0.6)
<b>Net Position</b> - Beginning of year, as restated	(388.8)	(390.0)
<b>Net Position</b> - End of year	<u><u>\$ (404.3)</u></u>	<u><u>\$ (390.6)</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$222.0 million. Certain activities were partially funded from those who benefited from the programs (\$8.4 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$37.4 million). We paid for the remaining public benefit portion of our governmental activities with \$45.9 million in taxes, \$107.2 million in state foundation allowance, and our other revenue (i.e., interest and general entitlements).

The School District experienced a decrease in net position of \$15.5 million. This figure represents the net difference between revenue and function/program expenses.

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.

As required by the Governmental Accounting Standards Board (GASB), the School District adopted GASB Statement No. 84, *Fiduciary Activities*, as of July 1, 2019. This standard provides guidance on the identification and reporting of fiduciary activities and required the School District to evaluate activities to determine if they were fiduciary in nature. The standard also changed the reporting and presentation requirements of fiduciary activities. The effect of the adoption on the governmental activities was to increase July 1, 2019 beginning net position by \$1.76 million, which represents the activities that used to be reported as fiduciary but are now reported as governmental under GASB 84. The governmental statement of net position at June 30, 2020 and statement of activities for the year ended June 30, 2020 include all the balances and transactions for those activities that used to be reported as fiduciary but are now reported as governmental. All school districts were required to adopt this new standard unless they elected to defer for one year, as allowed under GASB Statement No. 95.

### ***The School District's Funds***

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$93.5 million, which is a decrease of \$12.7 million from last year. The primary reasons for the decrease are as follows:

General Fund - Fund balance increased by \$0.3 million to \$30.0 million.

Special revenue funds - Fund balance decreased from \$4.6 million last year to \$4.2 million this year.

2018 Building and Site Fund - Fund balance decreased from \$68.0 million last year to \$55.4 million this year.

With the adoption of GASB 84, the School District created the Student/School Activities special revenue fund to account for activities previously reported as fiduciary funds. The effect of the adoption was to increase July 1, 2019 beginning fund balance by \$1.76 million. Nevertheless, the fund balance in the current year was consistent with last year.

Combined, the fund balance of our debt service funds increased nominally. Millage rates held consistent with the prior year in order to obligate towards debt service payments. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt service fund balances are reserved since they can only be used to pay debt service obligations.

Combined, the fund balance of our capital project funds, excluding the 2018 Building and Site Fund, which is discussed above, remained unchanged from the prior year.

### ***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 May 2020. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

There were significant revisions made to the 2019-2020 General Fund original budget. Budgeted revenue was decreased by \$10.4 million due to decreased local and state revenue, which was expected to sharply decrease at year end due to Michigan budget cuts resulting from the COVID-19 pandemic.



Budgeted expenditures were also decreased by \$4.1 million to \$162.4 million due to decreases in instruction, operations, and maintenance costs caused by the transition to virtual learning in March 2020.

There was a significant variance between the final budget and actual revenue from state sources. The total state revenue increased by approximately \$7.2 million due to revenue from state sources coming in higher than projected. The increased revenue is a direct result of an anticipated per pupil funding reduction budgeted at \$650 per pupil that materialized at a figure closer to \$175 per pupil. The 2019-2020 School Aid Fund budget was not finalized until August, two months after the close of the fiscal year.

**Capital Assets and Debt Administration**

**Capital Assets**

As of June 30, 2020, the School District had \$349.7 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of approximately \$1.6 million, or 0.0 percent, from last year.

	2020	2019
Land	\$ 16,948,724	\$ 16,948,724
Construction in progress	2,810,313	223,392
Buildings and improvements	481,381,908	476,661,894
Furniture and equipment	53,072,072	47,324,010
Buses and other vehicles	8,861,455	8,728,766
Total capital assets	563,074,472	549,886,786
Less accumulated depreciation	213,375,621	201,811,443
Total capital assets - Net of accumulated depreciation	<b>\$ 349,698,851</b>	<b>\$ 348,075,343</b>

This year's additions of \$13.2 million included necessary purchases of security and technology, while furniture and equipment needs were also met. The successful voter-approved bond proposal on November 6, 2018 will further support capital project enhancements, buses, student instructional technology and equipment, and other infrastructure needs is planned. 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 \$441.8 million in bonds outstanding versus \$393.3 million in the previous year - a change of 12.3 percent. The outstanding bonds consisted of the following:

	2020	2019
General obligation bonds	\$ 441,835,000	\$ 393,290,000

The School District's general obligation bond rating was A+ by S&P Global Ratings and Aa3 by Moody's Investors Service as of June 30, 2020. The State limits the amount of general obligation debt that schools can issue to 15 percent of the State Equalized 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's outstanding debt meets the qualified status requirements and is not subject to the general obligation statutorily imposed limit.

In addition, the School District participates in the School Bond Loan Fund and School Loan Revolving Fund, which had \$35 million in debt outstanding versus \$96 million in the previous year. Other obligations include accrued vacation pay and sick leave. We present more detailed information about our long-term liabilities in the notes to the financial statements.

#### ***Economic Factors and Next Year's Budgets and Rates***

Our elected officials and administration consider many factors when setting the School District's 2020-2021 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2020-2021 budget was adopted in June 2020 based on an estimate of students who will enroll in September 2020. Approximately 70.8 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations. At this time, it is difficult to know if the estimates used in creating the 2020 2021 budget will be close to the actual enrollment figures.

As part of the Return to Learn legislation expected to be in the final State School Aid budget for the 2020-2021 fiscal year, membership would be determined using a "super blend" comprising the blends of the current and prior school year. The 2019-2020 count (obtained by weighting the February 2019 count at 10 percent and the October 2019 count at 90 percent) would make up 75 percent of the super blend. The 2020-2021 count (obtained by weighting the number of full-time pupils engaged in pandemic learning for fall 2020 at 90 percent and the February 2020 count at 10 percent) would make up 25 percent. 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.

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 District's 2020-2021 budget was developed utilizing a \$650 per pupil decrease to the foundation allowance as a continuation of the assumption utilized for the 2019-2020 final budget amendment. The 2020-2021 budget also incorporated recent voter-approved MISD Enhancement Millage funds, estimated at \$440 per pupil. In all likelihood, once the State School Aid budget is finalized, the per pupil reduction may resemble something closer to \$175 per pupil with a net impact negated by various federal funding supplements through the Coronavirus Relief Fund of the CARES Act.

During these uncertain times, the School District is committed to the shared focus of meeting the academic and social-emotional needs of all students. A significant level of importance is being placed on providing technology equipment and reliable internet access to assist in the support of equitable environments for remote learning. The School District also continues to serve as a community support agency, expanding to provide thousands of daily meals to the many families facing financial challenges and food insecurities.

Labor agreements were recently settled for all groups as a one-year contract through June 30, 2021. The School District will commence labor contract negotiations for the 2021-2022 fiscal year with the five labor groups during the spring of the 2020-2021 fiscal year. In various situations, school district staff members have been redeployed, as appropriate and necessary, to meet the ever-changing challenges associated with COVID-19.

#### ***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 the business office.

	<b>June 30, 2020</b>
	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and investments (Note 4)	\$ 27,432,087
Receivables:	
Other receivables	497,319
Due from other governments	23,897,913
Inventory	90,577
Prepaid expenses and other assets	1,789,603
Restricted assets	59,494,616
Capital assets - Net (Note 6)	<u>349,698,851</u>
Total assets	462,900,966
<b>Deferred Outflows of Resources</b>	
Deferred charges on bond refunding (Note 8)	13,019,208
Deferred pension costs (Note 10)	93,578,434
Deferred OPEB costs (Note 10)	<u>23,024,496</u>
Total deferred outflows of resources	129,622,138
<b>Liabilities</b>	
Accounts payable	1,624,726
Accrued liabilities and other	19,118,431
Unearned revenue (Note 5)	1,552,744
Noncurrent liabilities:	
Due within one year (Note 8)	54,458,751
Due in more than one year (Note 8)	461,638,344
Net pension liability (Note 10)	332,029,236
Net OPEB liability (Note 10)	<u>72,776,529</u>
Total liabilities	943,198,761
<b>Deferred Inflows of Resources</b>	
Revenue in support of pension contributions made subsequent to the measurement date (Note 10)	11,146,865
Deferred pension cost reductions (Note 10)	13,730,310
Deferred OPEB cost reductions (Note 10)	<u>28,755,628</u>
Total deferred inflows of resources	<u>53,632,803</u>
<b>Net Position</b>	
Net investment in capital assets	(63,500,421)
Restricted:	
Capital projects	5,585,252
Special revenue	774,616
Unrestricted	<u>(347,167,907)</u>
Total net position	<u><b>\$ (404,308,460)</b></u>

Year Ended June 30, 2020

Functions/Programs	Program Revenue		Governmental	
	Expenses	Charges for Services	Operating Grants and Contributions	
			Net (Expense) Revenue and Changes in Net Position	
Primary government - Governmental activities:				
Instruction	\$ 116,420,703	\$ -	\$ 22,372,334	\$ (94,048,369)
Support services	67,261,079	858,475	12,681,624	(53,720,980)
Food services	3,992,680	1,481,440	2,182,930	(328,310)
Community services	841,523	1,740,856	172,803	1,072,136
Interdistrict payments	35,674	-	-	(35,674)
International Academy	3,139,777	3,120,791	39,156	20,170
District child care	1,357,501	1,167,087	-	(190,414)
Interest	17,297,672	-	-	(17,297,672)
Other debt costs	56,083	-	-	(56,083)
Depreciation expense (unallocated)	11,564,178	-	-	(11,564,178)
<b>Total primary government</b>	<b>\$ 221,966,870</b>	<b>\$ 8,368,649</b>	<b>\$ 37,448,847</b>	<b>(176,149,374)</b>
General revenue:				
Taxes:				
Property taxes, levied for general purposes				17,037,067
Property taxes, levied for debt service				28,899,779
State aid not restricted to specific purposes				107,221,616
Interest and investment earnings				2,564,076
Penalties, interest, and other taxes				77,435
Other				4,862,287
<b>Total general revenue</b>				<b>160,662,260</b>
<b>Change in Net Position</b>				<b>(15,487,114)</b>
<b>Net Position - Beginning of year (as restated)</b>				<b>(388,821,346)</b>
<b>Net Position - End of year</b>				<b><u>\$(404,308,460)</u></b>

Governmental Funds  
Balance Sheet

June 30, 2020

	General Fund	2015 Refunding Series B Fund	2018 Building and Site - Series 1 Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents (Note 4)	\$ 21,879,435	\$ -	\$ 595,621	\$ 4,957,031	\$ 27,432,087
Receivables:					
Other receivables	108,474	-	-	388,845	497,319
Due from other governments	23,897,913	-	-	-	23,897,913
Due from other funds (Note 7)	1,009,087	-	-	383,297	1,392,384
Inventory	16,682	-	-	73,895	90,577
Prepaid expenses	1,789,603	-	-	-	1,789,603
Restricted assets	-	208,060	55,936,853	3,349,703	59,494,616
<b>Total assets</b>	<b>\$ 48,701,194</b>	<b>\$ 208,060</b>	<b>\$ 56,532,474</b>	<b>\$ 9,152,771</b>	<b>\$ 114,594,499</b>
<b>Liabilities</b>					
Accounts payable	\$ 489,538	\$ -	\$ 1,135,188	\$ -	\$ 1,624,726
Due to other funds (Note 7)	383,297	-	-	1,009,087	1,392,384
Accrued liabilities and other	16,475,908	-	-	-	16,475,908
Unearned revenue (Note 5)	1,370,164	-	-	182,580	1,552,744
<b>Total liabilities</b>	<b>18,718,907</b>	<b>-</b>	<b>1,135,188</b>	<b>1,191,667</b>	<b>21,045,762</b>
<b>Fund Balances</b>					
Nonspendable:					
Inventory	16,682	-	-	73,895	90,577
Prepaid expenses	1,789,603	-	-	-	1,789,603
Restricted:					
Debt service	-	208,060	-	233,620	441,680
Capital projects	-	-	55,397,286	3,495,045	58,892,331
Food service	-	-	-	1,066,619	1,066,619
International Academy	-	-	-	774,616	774,616
Committed:					
Accumulated employment obligation	1,570,757	-	-	-	1,570,757
Student/School activities	-	-	-	2,317,309	2,317,309
Assigned - Subsequent year's budget shortfall	3,283,426	-	-	-	3,283,426
Unassigned	23,321,819	-	-	-	23,321,819
<b>Total fund balances</b>	<b>29,982,287</b>	<b>208,060</b>	<b>55,397,286</b>	<b>7,961,104</b>	<b>93,548,737</b>
<b>Total liabilities and fund balances</b>	<b>\$ 48,701,194</b>	<b>\$ 208,060</b>	<b>\$ 56,532,474</b>	<b>\$ 9,152,771</b>	<b>\$ 114,594,499</b>

**Governmental Funds**

**Reconciliation of the Balance Sheet to the Statement of Net Position**

**June 30, 2020**

<b>Fund Balances Reported in Governmental Funds</b>	<b>\$ 93,548,737</b>
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	563,074,472
Accumulated depreciation	<u>(213,375,621)</u>
Net capital assets used in governmental activities	349,698,851
Deferred inflows and outflows related to bond refundings are not reported in the funds	13,019,208
Bonds payable and capital lease obligations are not due and payable in the current period and are not reported in the funds	(513,884,817)
Accrued interest is not due and payable in the current period and is not reported in the funds	(2,642,523)
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	(1,570,757)
Early termination incentive obligations	(528,295)
Provision for health and/or workers' compensation claims not accounted for within the Internal Service Fund	(113,226)
Net pension liability and related deferred inflows and outflows	(252,181,112)
Retiree health care benefits	(78,507,661)
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>(11,146,865)</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ (404,308,460)</u></u></b>

# Chippewa Valley Schools

## Governmental Funds

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

**Year Ended June 30, 2020**

	General Fund	2015 Refunding Series B Fund	2018 Building and Site Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>					
Local sources	\$ 19,436,581	\$ 17,149,395	\$ 1,869,360	\$ 22,864,149	\$ 61,319,485
State sources	134,499,345	93,053	-	234,282	134,826,680
Federal sources	5,367,258	-	-	2,047,023	7,414,281
Interdistrict	39,156	-	-	3,120,791	3,159,947
Total revenue	<u>159,342,340</u>	<u>17,242,448</u>	<u>1,869,360</u>	<u>28,266,245</u>	<u>206,720,393</u>
<b>Expenditures</b>					
Current:					
Instruction	101,723,632	-	-	-	101,723,632
Support services	56,425,371	3,336	-	4,776,047	61,204,754
Food services	-	-	-	3,714,160	3,714,160
Community services	782,844	-	-	-	782,844
International Academy	15,000	-	-	3,124,777	3,139,777
District child care	-	-	-	1,218,283	1,218,283
Debt service:					
Principal	-	31,400,000	-	17,480,000	48,880,000
Interest	-	3,166,588	-	16,674,199	19,840,787
Other debt costs	-	26,925	-	29,158	56,083
Capital outlay	201,305	-	14,486,427	202,160	14,889,892
Interdistrict payments	580	-	-	35,094	35,674
Total expenditures	<u>159,148,732</u>	<u>34,596,849</u>	<u>14,486,427</u>	<u>47,253,878</u>	<u>255,485,886</u>
<b>Excess of Revenue Over (Under) Expenditures</b>	193,608	(17,354,401)	(12,617,067)	(18,987,633)	(48,765,493)
<b>Other Financing Sources (Uses)</b>					
Face value of debt issued (Note 8)	-	-	-	97,425,000	97,425,000
School Bond Loan Revolving Fund proceeds (Note 8)	-	17,350,985	-	18,343,287	35,694,272
Transfers in (Note 7)	1,107,673	-	-	1,473,456	2,581,129
Repayment of School Bond Loan Revolving Fund (Note 8)	-	-	-	(97,014,000)	(97,014,000)
Transfers out (Note 7)	(1,025,979)	-	-	(1,555,150)	(2,581,129)
Total other financing sources	<u>81,694</u>	<u>17,350,985</u>	<u>-</u>	<u>18,672,593</u>	<u>36,105,272</u>
<b>Net Change in Fund Balances</b>	275,302	(3,416)	(12,617,067)	(315,040)	(12,660,221)
<b>Fund Balances - Beginning of year, as restated</b>	<u>29,706,985</u>	<u>211,476</u>	<u>68,014,353</u>	<u>8,276,144</u>	<u>106,208,958</u>
<b>Fund Balances - End of year</b>	<u><u>\$ 29,982,287</u></u>	<u><u>\$ 208,060</u></u>	<u><u>\$ 55,397,286</u></u>	<u><u>\$ 7,961,104</u></u>	<u><u>\$ 93,548,737</u></u>

**Governmental Funds**

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

**Year Ended June 30, 2020**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ (12,660,221)</b>
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	13,187,686
Depreciation expense	(11,564,178)
Revenue in support of pension contributions made subsequent to the measurement date	(240,637)
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	(133,119,272)
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	148,341,549
Interest expense is recognized in the government-wide statements as it accrues	95,566
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>(19,527,607)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ (15,487,114)</u></u></b>



June 30, 2020

### **Note 1 - Nature of Business**

Chippewa Valley Schools (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. 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. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

#### ***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 (if applicable), even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds, if any, are reported as separate columns in the fund financial statements.

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

***Fund Accounting***

The School District accounts for its various activities in several different funds in order to demonstrate accountability for how it spends certain resources; separate funds allow the School District to show the particular expenditures for which specific revenue is used. The various funds are aggregated into two 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 2015 Refunding Series B Fund is a debt service fund that is used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on the related bond issue.
- The 2018 Building and Site Fund is a capital projects fund that is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology upgrades; and remodeling and repairs, in accordance with the related bond issue.

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 are the Cafeteria, International Academy, District Child Care, and Student/School Activities funds. Revenue sources for the Cafeteria Fund include sales to customer and dedicated grants from federal sources. Revenue sources for the Student/School Activities Fund includes fundraising revenue and donations earned and received by student groups. Any operating deficit generated by these activities is the responsibility of the General Fund
- Capital projects funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology upgrades; and remodeling and repairs. The funds operate until the purpose for which they were 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 does not have any internal service funds.

**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.

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

Furthermore, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

***Basis of Accounting***

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

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

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

Fiduciary funds, if applicable, use 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 external investment pools and commercial paper with a maturity of less than 270 days, which are valued at amortized cost.

**Inventories and Prepaid Items**

Inventories are valued at cost, on a first-in, first-out basis. Inventories are recorded as expenditures when purchased. Inventories accounted for using the purchase method are recorded as expenditures when purchased and include all inventories of governmental funds other than commodities within the Cafeteria Fund. Inventories accounted for using the consumption method are recorded as expenditures when consumed rather than when purchased and include commodities within the Cafeteria Fund. 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.

**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

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

**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 \$1,000 and an estimated useful life in excess of one year, except for computer purchases, which are deemed capital assets at a minimum purchase price of \$500. 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.

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

	<u>Depreciable Life - Years</u>
Buildings and improvements	20 to 50
Furniture and equipment	5 to 20
Buses and other vehicles	7

**Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the 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 and OPEB costs and deferred refunding charges related to bonds.

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.

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

**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.

**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 superintendent of business services and operations 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.

**Property Tax Revenue**

Property taxes are assessed as of December 31, and the related property taxes become a lien on December 1 of the following year. These taxes are billed on July 1 for approximately 50 percent of the taxes and on December 1 for the remainder of the property taxes. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed and the total obligation is added to the county tax rolls. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

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

**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.

**Pension and Other Postemployment Benefit (OPEB) Plans**

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

**Compensated Absences (Vacation and Sick Leave)**

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 estimated amount that the School District will pay upon employment termination; vacation pay is accrued when incurred. Both 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 Pronouncement**

In June 2017, the Governmental Accounting Standards Board 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 previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the School District's financial statements for the year ending June 30, 2022.

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

***Adoption of New Accounting Pronouncement***

During the current year, the School District adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. The following activities were previously reported as fiduciary activities but no longer meet the definition of such; therefore, these activities are now reported within a nonmajor governmental special revenue fund.

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

	Governmental Activities	Nonmajor Funds
Net position/fund balance - June 30, 2019 - As previously reported	\$ (390,585,391)	\$ 6,512,099
Adjustment for GASB Statement No. 84 - To change fund type	1,764,045	1,764,045
Net position/fund balance - June 30, 2019 - As restated	<u>\$ (388,821,346)</u>	<u>\$ 8,276,144</u>

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including September 18, 2020, which is the date the financial statements were available to be issued. Following the passing of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law on March 27, 2020 to combat the COVID-19 pandemic, the U.S. Department of Treasury distributed Coronavirus Relief Fund (CRF) payments to the State of Michigan. During July and August 2020, the School District received \$5,693,274 of these restricted CRF funds from the Michigan Department of Education. The CRF funds can only be used for eligible costs and are subject to certain Uniform Guidance and grant-specific reporting requirements.

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

***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. The required supplemental information - budgetary comparison schedule is presented on the same basis of accounting used to prepare the budget, which includes certain items having classifications that differ from the statement of revenue, expenditures, and changes in fund balances. During the year, the budget was amended in a legally permissible manner. The School District increased budgeted amounts during the year in response to additional funding.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) are not tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

***Excess of Expenditures Over Appropriations in Budgeted Funds***

The School District did not have significant expenditure budget variances.

***Capital Projects Fund Compliance***

The 2018 Building and Site Fund includes 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.

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

The capital projects funds for the 2005 Building and Site Fund include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, 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.

**Note 4 - Deposits and Investments**

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

The School District has designated 14 banks for the deposit of its funds.

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

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

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy states that financial institutions be evaluated and only those with acceptable risk levels be used for the School District's deposits. At year end, the School District had \$10,181,313 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized.

***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 investment policy states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law. At June 30, 2020, 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 minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; investing operating funds, primarily in the 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. 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.



June 30, 2020

**Note 4 - Deposits and Investments (Continued)**

At year end, the School District had the following investments:

Investment	Carrying Value	Weighted-average Maturity (Years)
<b>Primary Government</b>		
U.S. Treasury	\$ 30,161,519	0.75-1.83
MILAF Term Series	11,530,000	0.05-0.21
Commercial paper	<u>1,218,525</u>	0.39
Total	<u>\$ 42,910,044</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 has no investment policy that would further limit its investment choices. As of June 30, 2020, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Carrying Value	Rating	Rating Organization
MILAF Term Series	\$ 11,530,000	AA+	S&P
Comerica J-Fund bank investment pool	21,964,079	Not rated	
MILAF bank investment pool	13,051,428	AAA-m	S&P
Commercial paper	<u>1,218,525</u>	A-1	S&P
Total	<u>\$ 47,764,032</u>		

**Concentration of Credit Risk**

The School District places no limit on the amount it may invest in any one issuer. At June 30, 2020, the School District does not have any investments subject to concentration of credit risk.

**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.

**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 asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above 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 or liability.

**Note 4 - Deposits and Investments (Continued)**

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

	Assets Measured at Carrying Value on a Recurring Basis at June 30, 2020			Balance at June 30, 2020
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Available-for-sale debt securities - U.S. Treasury securities	\$ -	\$ 30,161,519	\$ -	\$ 30,161,519

The valuation method for investments measured at net asset value (NAV) per share (or its equivalent) is discussed below.

**Investments in Entities That Calculate Net Asset Value per Share**

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

As of June 30, 2020, the net asset value of the School District's investment in the MILAF Term Series was \$11,530,000. The investment pool had no unfunded commitments. The MILAF Term Series allows for the School District to set a specific redemption date set upon initiation of investment. Early redemptions are permitted; however, an early redemption fee would apply.

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

**Note 5 - Unavailable/Unearned Revenue**

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

At June 30, 2020, the School District had \$1,552,744 of unearned revenue, of which \$1,370,164 related to grants received and tuition payments received but not yet earned, and \$182,580 related to deposits received for the subsequent year's food service program.

June 30, 2020

**Note 6 - Capital Assets**

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

**Governmental Activities**

	Balance July 1, 2019	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 16,948,724	\$ -	\$ -	\$ 16,948,724
Construction in progress	223,392	2,586,921	-	2,810,313
Subtotal	17,172,116	2,586,921	-	19,759,037
Capital assets being depreciated:				
Buildings and improvements	476,661,894	4,720,014	-	481,381,908
Furniture and equipment	47,324,010	5,748,062	-	53,072,072
Buses and other vehicles	8,728,766	132,689	-	8,861,455
Subtotal	532,714,670	10,600,765	-	543,315,435
Accumulated depreciation:				
Buildings and improvements	159,685,173	9,307,865	-	168,993,038
Furniture and equipment	36,364,445	1,790,193	-	38,154,638
Buses and other vehicles	5,761,825	466,120	-	6,227,945
Subtotal	201,811,443	11,564,178	-	213,375,621
Net capital assets being depreciated	330,903,227	(963,413)	-	329,939,814
Net governmental activities capital assets	<u>\$ 348,075,343</u>	<u>\$ 1,623,508</u>	<u>\$ -</u>	<u>\$ 349,698,851</u>

Depreciation expense was not charged to activities, as the School District's assets benefit multiple activities and allocation is not practical.

**Construction Commitments**

The School District has active construction projects at year end related to the 2018 Building and Site bond issue. At year end, the School District's commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Security cameras	\$ 1,488,031	\$ 369,401
Wireless and network infrastructure	1,425,636	440,956
Building renovations	5,409,167	4,999,354
Total	<u>\$ 8,322,834</u>	<u>\$ 5,809,711</u>

June 30, 2020

**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
General Fund	\$ -	\$ 1,009,087	\$ 1,009,087
Nonmajor funds	383,297	-	383,297
<b>Total</b>	<b>\$ 383,297</b>	<b>\$ 1,009,087</b>	<b>\$ 1,392,384</b>

These balances result from the time lag between the dates that goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Transfers of \$966,160 from the General Fund to the International Academy Fund covered the School District's tuition owed to the International Academy. The International Academy transferred \$857,673 to the General Fund to reimburse the School District for staff working at the International Academy and other expenditures. A transfer of \$250,000 was made from the Cafeteria Fund to the General Fund to contribute to the costs of operation incurred by the General Fund for Cafeteria Fund operations. Transfers of \$59,819 from the General Fund to the District Child Care Fund to prevent the District Child Care Fund from operating at a deficit for the year due to the unanticipated closure affecting incoming revenue, as the School District continued to pay its child care workers. Finally, there was a transfer of \$447,477 from the District Child Care Fund to the Student/School Activities Fund for accumulated balances of school accounts that are more appropriately reflected in the newly created Student/School Activities Fund.

**Note 8 - Long-term Debt**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Direct borrowings and direct placements - School Bond Loan Fund and School Loan Revolving Fund	\$ 96,023,676	\$ 35,694,272	\$ (97,014,000)	\$ 34,703,948	\$ -
Other debt - General obligation	393,290,000	97,425,000	(48,880,000)	441,835,000	50,365,000
Unamortized bond premiums	40,770,559	-	(3,424,690)	37,345,869	3,424,690
<b>Total bonds payable</b>	<b>530,084,235</b>	<b>133,119,272</b>	<b>(149,318,690)</b>	<b>513,884,817</b>	<b>53,789,690</b>
Compensated absences	1,508,109	319,027	(256,379)	1,570,757	392,690
Claims and judgments	57,966	227,966	(172,706)	113,226	113,226
Early termination obligation	513,220	176,210	(161,135)	528,295	163,145
<b>Total governmental activities long-term debt</b>	<b>\$ 532,163,530</b>	<b>\$ 133,842,475</b>	<b>\$ (149,908,910)</b>	<b>\$ 516,097,095</b>	<b>\$ 54,458,751</b>

The School District had deferred outflows of \$13,019,208 related to deferred charges on bond refundings at June 30, 2020.

June 30, 2020

**Note 8 - Long-term Debt (Continued)**

**General Obligation Bonds and Contracts**

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

Purpose	Remaining Annual Installments	Interest Rates - Percent	Maturing May 1	Outstanding
2013 Refunding	\$5,775,000 - \$8,530,000	3.50 to 5.25	2034	\$ 90,845,000
2015 Refunding Series A	\$3,975,000 - \$9,730,000	3.13 to 5.00	2027	38,170,000
2015 Refunding Series B	\$30,175,000 - \$34,375,000	2.73 to 2.98	2022	64,550,000
2016 Refunding Series A	\$3,450,000 - \$3,675,000	2.00 to 5.00	2035	53,410,000
2016 Refunding Series B	\$1,660,000 - \$8,310,000	5.00	2027	36,760,000
2018 Building and Site	\$1,200,000 - \$4,425,000	4.00 to 5.00	2043	60,675,000
2019 Refunding	\$1,000,000 - \$22,450,000	1.92 to 2.59	2032	97,425,000
Total governmental activities				<u>\$ 441,835,000</u>

Subsequent to year end, the School District initiated the process to advance refund approximately \$71 million of the total outstanding principal related to the 2013 Refunding bonds.

**Other Long-term Liabilities**

Compensated absences attributable to the governmental activities will be liquidated primarily by the General Fund. The claims and judgments liability will generally be liquidated through the School District's General Fund. That fund will finance the payment of those claims by charging the other funds based on management's assessment of the relative insurance risk that should be assumed by individual funds. The net pension liability and the net OPEB liability will be liquidated from the funds from which the individual employee's salaries are paid, generally the General Fund and the Cafeteria Fund.

The School District has a long-term voluntary retirement incentive program in place that calls for a total payout of \$528,295 through June 2025 to be paid in monthly installments of \$335 per person.

**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	Other Debt		Total
	Principal	Interest	
2021	\$ 50,365,000	\$ 17,650,985	\$ 68,015,985
2022	51,875,000	15,935,008	67,810,008
2023	24,340,000	14,047,633	38,387,633
2024	25,585,000	12,843,133	38,428,133
2025	26,780,000	11,674,313	38,454,313
2026-2030	160,725,000	40,055,555	200,780,555
Thereafter	102,165,000	23,150,324	125,315,324
Total	<u>\$ 441,835,000</u>	<u>\$ 135,356,951</u>	<u>\$ 577,191,951</u>

**Note 8 - Long-term Debt (Continued)**

***School Bond Loan Fund***

The school bond loan fund represents a direct borrowing from the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. The School Bond Loan Fund was accessible to school districts for borrowings that initiated before July 20, 2005. Interest rates are to be annually determined by the State Administrative Board. Interest during the year ended June 30, 2020 ranged from 3.3 percent to 3.4 percent. As a result of the issuance of the 2019 Refunding bond, the School District repaid the outstanding loan payable of \$1,150 to the School Bond Loan. The full obligation of the School Bond Loan balance has been satisfied.

***School Loan Revolving Fund***

The School Loan Revolving Fund payable represents a direct borrowing from the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be determined annually by the State Administrative Board in accordance with Section 9 of Act No. 92 of the Public Acts of 2005 (the "Act"), as amended. The School Loan Revolving Fund is accessible to school districts for borrowings that initiated after July 19, 2005. Interest during the year ended June 30, 2020 ranged from 3.1 percent to 3.4 percent. Repayment begins as soon as annual tax collections exceed annual debt service payment requirements. The predetermined mandatory final loan repayment date is May 1, 2040. If the School District fails to levy the appropriate debt mills in accordance with the agreement or defaults in loan repayment, the School District shall increase its debt levy in the next succeeding year, and a default late charge of 3 percent will apply. Due to the variability of the factors that affect the timing of repayment, including the future amount of the state equalized value of property in the School District, no provision for repayment has been included in the above debt maturity schedule. If the School District is in default of the loan agreement, the State of Michigan may withhold state aid funding until repayment terms satisfactory with the State of Michigan have been made. As a result of the issuance of the 2019 Refunding bond, the School District repaid \$97,012,850 of the School Loan Revolving Fund balance. The balance at June 30, 2020 is \$34,703,948. Subsequent to year end, the School District initiated the process to refunding this balance.

**Note 9 - 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 all claims except workers' compensation and dental. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. For dental, claims are limited to various maximum amounts, which depend on employee contractual groups.

The School District estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported. Changes in the estimated liability for the past two fiscal years were as follows:

	2020	2019
Estimated liability - Beginning of year	\$ 57,966	\$ 250,426
Estimated claims incurred, including changes in estimates	227,966	(48,435)
Claim payments	(172,706)	(144,025)
Estimated liability - End of year	\$ 113,226	\$ 57,966

**Note 10 - Michigan Public School Employees' Retirement System**

***Plan Description***

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

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

***Benefits Provided***

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

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

Depending on the member's date of hire, MPSERS 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.

MPSERS provides medical, prescription drug, dental, and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by MPSERS, 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.

**Note 10 - Michigan Public School Employees' Retirement System (Continued)**

**Contributions**

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

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

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

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

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2020 were \$28,454,682, which include the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$11,146,865 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2020.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2020 were \$7,485,954, which include the School District's contributions required for those members with a defined contribution benefit.



**Note 10 - Michigan Public School Employees' Retirement System (Continued)**

**Net Pension Liability**

At June 30, 2020, the School District reported a liability of \$332,029,236 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018, which used update procedures to roll forward the estimated liability to September 30, 2019. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2019 and 2018, the School District's proportion was 1.00 and 0.99 percent, respectively, representing a change of 0.95 percent.

**Net OPEB Liability**

At June 30, 2020, the School District reported a liability of \$72,776,529 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2020 was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2018, which used update procedures to roll forward the estimated liability to September 30, 2019. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2019 and 2018, the School District's proportion was 1.01 and 0.99 percent, respectively, representing a change of 2.55 percent.

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

For 2020, the School District recognized pension expense of \$52,261,739, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,488,260	\$ (1,384,530)
Changes in assumptions	65,011,558	-
Net difference between projected and actual earnings on pension plan investments	-	(10,640,973)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	3,063,803	(1,704,807)
The School District's contributions to the plan subsequent to the measurement date	24,014,813	-
Total	\$ 93,578,434	\$ (13,730,310)

The \$11,146,865 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2021	\$ 22,037,478
2022	17,606,518
2023	11,460,889
2024	4,728,426
Total	\$ 55,833,311

June 30, 2020

**Note 10 - Michigan Public School Employees' Retirement System (Continued)**

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

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

For the year ended June 30, 2020, the School District recognized OPEB expense of \$2,029,543.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ (26,703,767)
Changes in assumptions	15,769,201	-
Net difference between projected and actual earnings on OPEB plan investments	-	(1,265,619)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	1,852,061	(786,242)
Employer contributions to the plan subsequent to the measurement date	<u>5,403,234</u>	<u>-</u>
Total	<u>\$ 23,024,496</u>	<u>\$ (28,755,628)</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):

<u>Years Ending</u>	<u>Amount</u>
2021	\$ (3,220,007)
2022	(3,220,007)
2023	(2,568,707)
2024	(1,501,016)
2025	<u>(624,629)</u>
Total	<u>\$ (11,134,366)</u>

June 30, 2020

**Note 10 - Michigan Public School Employees' Retirement System (Continued)**

**Actuarial Assumptions**

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

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

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

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

**Discount Rate**

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

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

June 30, 2020

**Note 10 - Michigan Public School Employees' Retirement System (Continued)**

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

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

**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	\$ 431,659,247	\$ 332,029,236	\$ 249,432,523

**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 Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the School District	\$ 89,271,349	\$ 72,776,529	\$ 58,925,462

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

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

	1 Percentage Point Decrease (6.50%)	Health Care Cost Trend Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability of the School District	\$ 58,338,237	\$ 72,776,529	\$ 89,269,392

June 30, 2020

**Note 10 - Michigan Public School Employees' Retirement System (Continued)**

*Pension Plan and OPEB Plan Fiduciary Net Position*

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

*Payable to the Pension Plan and OPEB Plan*

At June 30, 2020, the School District reported a payable of \$4,009,294 and \$832,105 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2020.

**Note 11 - Tax Abatements**

The School District receives reduced property tax revenue as a result of industrial facilities tax exemptions (PA 198 of 1974) 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.

For the fiscal year ended June 30, 2020, the School District's property tax revenue was reduced by \$165,097 under this program.

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 \$111,552 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from the debt service millages. There are no abatements made by the School District.

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## Required Supplemental Information

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# Chippewa Valley Schools

## Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
<b>Revenue</b>				
Local sources	\$ 21,149,752	\$ 19,900,902	\$ 19,436,581	\$ (464,321)
State sources	136,742,474	127,321,659	134,499,345	7,177,686
Federal sources	6,173,561	6,417,308	5,367,258	(1,050,050)
Interdistrict	-	-	39,156	39,156
<b>Total revenue</b>	<b>164,065,787</b>	<b>153,639,869</b>	<b>159,342,340</b>	<b>5,702,471</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	84,309,315	81,313,931	81,063,105	(250,826)
Added needs	20,004,756	21,088,894	20,540,511	(548,383)
Adult/Continuing education	189,260	147,618	153,328	5,710
Support services:				
Pupil	16,479,015	16,318,173	16,108,756	(209,417)
Instructional staff	7,110,212	6,795,791	5,914,331	(881,460)
General administration	903,082	837,676	753,945	(83,731)
School administration	10,304,024	10,190,263	10,038,633	(151,630)
Business	2,344,412	2,251,735	2,187,290	(64,445)
Operations and maintenance	12,187,126	11,291,435	11,110,694	(180,741)
Pupil transportation services	5,104,354	4,881,603	4,562,237	(319,366)
Central	4,026,649	3,950,140	3,809,642	(140,498)
Other	2,358,622	2,307,334	2,123,416	(183,918)
Community services	1,157,482	1,012,596	782,844	(229,752)
<b>Total expenditures</b>	<b>166,478,309</b>	<b>162,387,189</b>	<b>159,148,732</b>	<b>(3,238,457)</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(2,412,522)</b>	<b>(8,747,320)</b>	<b>193,608</b>	<b>8,940,928</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,232,924	1,108,715	1,107,673	(1,042)
Transfers out and other	(1,267,853)	(1,119,158)	(1,025,979)	93,179
<b>Total other financing (uses) sources</b>	<b>(34,929)</b>	<b>(10,443)</b>	<b>81,694</b>	<b>92,137</b>
<b>Net Change in Fund Balance</b>	<b>(2,447,451)</b>	<b>(8,757,763)</b>	<b>275,302</b>	<b>9,033,065</b>
<b>Fund Balance - Beginning of year</b>	<b>29,706,985</b>	<b>29,706,985</b>	<b>29,706,985</b>	<b>-</b>
<b>Fund Balance - End of year</b>	<b>\$ 27,259,534</b>	<b>\$ 20,949,222</b>	<b>\$ 29,982,287</b>	<b>\$ 9,033,065</b>

# Chippewa Valley Schools

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

### Last Six Plan Years Plan Years Ended September 30

	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	1.00261 %	0.99316 %	0.99438 %	0.98027 %	0.99317 %	0.96771 %
School District's proportionate share of the net pension liability	\$ 332,029,236	\$ 298,562,931	\$ 257,686,252	\$ 244,568,269	\$ 242,581,555	\$ 213,151,629
School District's covered payroll	\$ 88,448,866	\$ 84,056,325	\$ 83,996,191	\$ 84,418,371	\$ 84,653,222	\$ 86,058,137
School District's proportionate share of the net pension liability as a percentage of its covered payroll	375.39 %	355.19 %	306.78 %	289.71 %	286.56 %	247.68 %
Plan fiduciary net position as a percentage of total pension liability	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %



## Chippewa Valley Schools

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

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#### Last Three Plan Years Plan Years Ended September 30

	2019	2018	2017
School District's proportion of the net OPEB liability	1.01392 %	0.98867 %	0.99333 %
School District's proportionate share of the net OPEB liability	\$ 72,776,529	\$ 78,588,796	\$ 87,963,785
School District's covered payroll	\$ 88,448,866	\$ 84,056,325	\$ 83,996,191
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	82.28 %	93.50 %	104.72 %
Plan fiduciary net position as a percentage of total OPEB liability	48.67 %	43.10 %	36.53 %

# Chippewa Valley Schools

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

**Last Six Fiscal Years  
Years Ended June 30**

	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 28,053,141	\$ 26,686,572	\$ 25,438,468	\$ 23,691,561	\$ 23,205,511	\$ 18,136,572
Contributions in relation to the statutorily required contribution	28,053,141	26,686,572	25,438,468	23,691,561	23,205,511	18,136,572
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>School District's Covered Payroll</b>	<b>\$ 89,224,121</b>	<b>\$ 87,580,874</b>	<b>\$ 83,860,548</b>	<b>\$ 85,661,493</b>	<b>\$ 84,189,404</b>	<b>\$ 86,964,485</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>31.44 %</b>	<b>30.47 %</b>	<b>30.33 %</b>	<b>27.66 %</b>	<b>27.56 %</b>	<b>20.86 %</b>

**Chippewa Valley Schools**

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

**Last Three Fiscal Years  
Years Ended June 30**

	2020	2019	2018
Statorily required contribution	\$ 7,169,693	\$ 6,879,500	\$ 6,106,190
Contributions in relation to the statorily required contribution	7,169,693	6,879,500	6,106,190
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>School District's Covered Payroll</b>	<b>\$ 89,224,121</b>	<b>\$ 87,580,874</b>	<b>\$ 83,860,548</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>8.04 %</b>	<b>7.86 %</b>	<b>7.28 %</b>

June 30, 2020

### ***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 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 the periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

### ***OPEB Information***

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

### **Benefit Changes**

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

### **Changes in Assumptions**

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

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

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## Other Supplemental Information

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# Chippewa Valley Schools

	Special Revenue Funds			
	Cafeteria	International Academy	District Child Care	Student/ School Activities
<b>Assets</b>				
Cash and cash equivalents	\$ 1,638,880	\$ 511,001	\$ 320,410	\$ 2,452,468
Receivables - Other receivables	125,230	263,615	-	-
Due from other funds	-	-	-	38,607
Inventory	73,895	-	-	-
Restricted assets	-	-	-	-
<b>Total assets</b>	<b>\$ 1,838,005</b>	<b>\$ 774,616</b>	<b>\$ 320,410</b>	<b>\$ 2,491,075</b>
<b>Liabilities</b>				
Due to other funds	\$ 514,911	\$ -	\$ 320,410	\$ 173,766
Unearned revenue	182,580	-	-	-
<b>Total liabilities</b>	<b>697,491</b>	<b>-</b>	<b>320,410</b>	<b>173,766</b>
<b>Fund Balances</b>				
Nonspendable - Inventory	73,895	-	-	-
Restricted:				
Debt service	-	-	-	-
Capital projects	-	-	-	-
Food service	1,066,619	-	-	-
International Academy	-	774,616	-	-
Committed - Student/School Activities	-	-	-	2,317,309
<b>Total fund balances</b>	<b>1,140,514</b>	<b>774,616</b>	<b>-</b>	<b>2,317,309</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,838,005</b>	<b>\$ 774,616</b>	<b>\$ 320,410</b>	<b>\$ 2,491,075</b>

Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2020

Debt Service Funds						Capital Project Funds			
2013 Refunding	2015 Refunding Series A	2016 Refunding Series A	2016 Refunding Series B	2018 Debt Fund	2019 Refunding	2005 Building and Site	Manthey Capital Projects	Total	
\$ -	\$ -	\$ -	\$ -	\$ 19,308	\$ 14,964	\$ -	\$ -	\$ 4,957,031	
-	-	-	-	-	-	-	-	388,845	
-	-	-	-	-	-	-	344,690	383,297	
-	-	-	-	-	-	-	-	73,895	
<u>83,837</u>	<u>14,825</u>	<u>38,852</u>	<u>59,811</u>	<u>1,140</u>	<u>883</u>	<u>3,150,355</u>	<u>-</u>	<u>3,349,703</u>	
<b><u>\$ 83,837</u></b>	<b><u>\$ 14,825</u></b>	<b><u>\$ 38,852</u></b>	<b><u>\$ 59,811</u></b>	<b><u>\$ 20,448</u></b>	<b><u>\$ 15,847</u></b>	<b><u>\$ 3,150,355</u></b>	<b><u>\$ 344,690</u></b>	<b><u>\$ 9,152,771</u></b>	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,009,087	
-	-	-	-	-	-	-	-	182,580	
-	-	-	-	-	-	-	-	1,191,667	
-	-	-	-	-	-	-	-	73,895	
<u>83,837</u>	<u>14,825</u>	<u>38,852</u>	<u>59,811</u>	<u>20,448</u>	<u>15,847</u>	<u>-</u>	<u>-</u>	<u>233,620</u>	
-	-	-	-	-	-	3,150,355	344,690	3,495,045	
-	-	-	-	-	-	-	-	1,066,619	
-	-	-	-	-	-	-	-	774,616	
-	-	-	-	-	-	-	-	2,317,309	
<u>83,837</u>	<u>14,825</u>	<u>38,852</u>	<u>59,811</u>	<u>20,448</u>	<u>15,847</u>	<u>3,150,355</u>	<u>344,690</u>	<u>7,961,104</u>	
<b><u>\$ 83,837</u></b>	<b><u>\$ 14,825</u></b>	<b><u>\$ 38,852</u></b>	<b><u>\$ 59,811</u></b>	<b><u>\$ 20,448</u></b>	<b><u>\$ 15,847</u></b>	<b><u>\$ 3,150,355</u></b>	<b><u>\$ 344,690</u></b>	<b><u>\$ 9,152,771</u></b>	

# Chippewa Valley Schools

	Special Revenue Funds			
	Cafeteria	International Academy	District Child Care	Student/ School Activities
<b>Revenue</b>				
Local sources	\$ 1,481,440	\$ -	\$ 1,167,087	\$ 4,474,417
State sources	135,907	-	-	-
Federal sources	2,047,023	-	-	-
Interdistrict	-	3,120,791	-	-
<b>Total revenue</b>	<b>3,664,370</b>	<b>3,120,791</b>	<b>1,167,087</b>	<b>4,474,417</b>
<b>Expenditures</b>				
Current:				
Support services	-	-	-	4,368,630
Food services	3,714,160	-	-	-
International Academy	-	3,124,777	-	-
District child care	-	-	1,218,283	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Other debt costs	-	-	-	-
Capital outlay	84,710	117,450	-	-
Interdistrict payments	-	35,094	-	-
<b>Total expenditures</b>	<b>3,798,870</b>	<b>3,277,321</b>	<b>1,218,283</b>	<b>4,368,630</b>
<b>Excess of Revenue (Under) Over Expenditures</b>	<b>(134,500)</b>	<b>(156,530)</b>	<b>(51,196)</b>	<b>105,787</b>
<b>Other Financing Sources (Uses)</b>				
Face value of debt issued	-	-	-	-
School Bond Loan Revolving Fund proceeds	-	-	-	-
Transfers in	-	966,160	59,819	447,477
Repayment of School Bond Loan Revolving Fund	-	-	-	-
Transfers out	(250,000)	(857,673)	(447,477)	-
<b>Total other financing (uses) sources</b>	<b>(250,000)</b>	<b>108,487</b>	<b>(387,658)</b>	<b>447,477</b>
<b>Net Change in Fund Balances</b>	<b>(384,500)</b>	<b>(48,043)</b>	<b>(438,854)</b>	<b>553,264</b>
<b>Fund Balances - Beginning of year, as restated</b>	<b>1,525,014</b>	<b>822,659</b>	<b>438,854</b>	<b>1,764,045</b>
<b>Fund Balances - End of year</b>	<b>\$ 1,140,514</b>	<b>\$ 774,616</b>	<b>\$ -</b>	<b>\$ 2,317,309</b>



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

**Year Ended June 30, 2020**

Debt Service Funds					Capital Project Funds			Total
2013 Refunding	2015 Refunding Series A	2016 Refunding Series A	2016 Refunding Series B	2018 Debt Fund	2019 Refunding	2005 Building and Site	Manthey Capital Projects	
\$ 6,455,460	\$ 786,660	\$ 2,463,640	\$ 2,401,596	\$ 2,423,927	\$ 1,209,922	\$ -	\$ -	\$ 22,864,149
37,673	5,762	19,947	22,148	12,845	-	-	-	234,282
-	-	-	-	-	-	-	-	2,047,023
-	-	-	-	-	-	-	-	3,120,791
6,493,133	792,422	2,483,587	2,423,744	2,436,772	1,209,922	-	-	28,266,245
1,278	651	328	852	142	404,166	-	-	4,776,047
-	-	-	-	-	-	-	-	3,714,160
-	-	-	-	-	-	-	-	3,124,777
-	-	-	-	-	-	-	-	1,218,283
8,510,000	-	3,465,000	4,305,000	1,200,000	-	-	-	17,480,000
5,021,152	1,869,917	2,783,243	2,191,427	3,607,551	1,200,909	-	-	16,674,199
10,900	1,667	6,465	6,409	3,717	-	-	-	29,158
-	-	-	-	-	-	-	-	202,160
-	-	-	-	-	-	-	-	35,094
13,543,330	1,872,235	6,255,036	6,503,688	4,811,410	1,605,075	-	-	47,253,878
(7,050,197)	1,079,813)	(3,771,449)	(4,079,944)	(2,374,638)	(395,153)	-	-	(18,987,633)
-	-	-	-	-	97,425,000	-	-	97,425,000
7,024,633	1,074,398	3,719,343	4,129,827	2,395,086	-	-	-	18,343,287
-	-	-	-	-	-	-	-	1,473,456
-	-	-	-	-	(97,014,000)	-	-	(97,014,000)
-	-	-	-	-	-	-	-	(1,555,150)
7,024,633	1,074,398	3,719,343	4,129,827	2,395,086	411,000	-	-	18,672,593
(25,564)	(5,415)	(52,106)	49,883	20,448	15,847	-	-	(315,040)
109,401	20,240	90,958	9,928	-	-	3,150,355	344,690	8,276,144
<b>\$ 83,837</b>	<b>\$ 14,825</b>	<b>\$ 38,852</b>	<b>\$ 59,811</b>	<b>\$ 20,448</b>	<b>\$ 15,847</b>	<b>\$ 3,150,355</b>	<b>\$ 344,690</b>	<b>\$ 7,961,104</b>

Other Supplemental Information  
Schedule of Bonded Indebtedness

June 30, 2020

Years Ending June 30	2013 Refunding Principal	2015 Refunding Series A Principal	2015 Refunding Series B Principal	2016 Refunding Series A Principal	2016 Refunding Series B Principal	2018 Building and Site - Series 1 Principal	2019 Refunding Principal	Total
2021	\$ 8,530,000	\$ -	\$ 30,175,000	\$ 3,510,000	\$ 6,950,000	\$ 1,200,000	\$ -	\$ 50,365,000
2022	5,775,000	-	34,375,000	3,450,000	7,075,000	1,200,000	-	51,875,000
2023	5,860,000	5,430,000	-	3,490,000	8,310,000	1,250,000	-	24,340,000
2024	5,950,000	9,480,000	-	3,540,000	4,265,000	1,350,000	1,000,000	25,585,000
2025	6,035,000	9,555,000	-	3,485,000	4,255,000	1,450,000	2,000,000	26,780,000
2026	6,145,000	9,730,000	-	3,505,000	4,245,000	1,550,000	2,900,000	28,075,000
2027	6,235,000	3,975,000	-	3,530,000	1,660,000	1,700,000	14,425,000	31,525,000
2028	6,330,000	-	-	3,550,000	-	1,950,000	20,800,000	32,630,000
2029	6,425,000	-	-	3,565,000	-	2,100,000	21,600,000	33,690,000
2030	6,520,000	-	-	3,585,000	-	2,250,000	22,450,000	34,805,000
2031	6,625,000	-	-	3,605,000	-	2,400,000	6,000,000	18,630,000
2032	6,730,000	-	-	3,625,000	-	2,550,000	6,250,000	19,155,000
2033	6,840,000	-	-	3,640,000	-	2,700,000	-	13,180,000
2034	6,845,000	-	-	3,655,000	-	2,850,000	-	13,350,000
2035	-	-	-	3,675,000	-	3,100,000	-	6,775,000
2036	-	-	-	-	-	3,325,000	-	3,325,000
2037	-	-	-	-	-	3,475,000	-	3,475,000
2038	-	-	-	-	-	3,650,000	-	3,650,000
2039	-	-	-	-	-	3,800,000	-	3,800,000
2040	-	-	-	-	-	3,975,000	-	3,975,000
2041	-	-	-	-	-	4,125,000	-	4,125,000
2042	-	-	-	-	-	4,300,000	-	4,300,000
2043	-	-	-	-	-	4,425,000	-	4,425,000
<b>Total remaining payments</b>	<b>\$ 90,845,000</b>	<b>\$ 38,170,000</b>	<b>\$ 64,550,000</b>	<b>\$ 53,410,000</b>	<b>\$ 36,760,000</b>	<b>\$ 60,675,000</b>	<b>\$ 97,425,000</b>	<b>\$ 441,835,000</b>
Principal payments due	May 1	May 1	May 1	May 1	May 1	May 1	May 1	
Interest rate	3.5% to 5.25%	3.13% to 5.00%	2.73% to 2.98%	2.00% to 5.00%	5.00%	4.00% to 5.00%	1.92% to 2.59%	
Original issue	<b>\$ 132,945,000</b>	<b>\$ 38,170,000</b>	<b>\$ 195,675,000</b>	<b>\$ 63,915,000</b>	<b>\$ 45,295,000</b>	<b>\$ 61,875,000</b>	<b>\$ 97,425,000</b>	

Interest payments for the bond issues are due on May 1 and November 1 of each year.