
Hartland Consolidated Schools

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

Independent Auditor's Report	1-2
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	3-4
Management's Discussion and Analysis	5-10
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	13
Reconciliation of the Balance Sheet to the Statement of Net Position	14
Statement of Revenue, Expenditures, and Changes in Fund Balances	15
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances to the Statement of Activities	16
Fiduciary Funds:	
Statement of Fiduciary Net Position	17
Statement of Changes in Fiduciary Net Position	18
Notes to Financial Statements	19-37
Required Supplemental Information	38
Budgetary Comparison Schedule - General Fund*	39
Schedule of Proportionate Share of the Net Pension Liability	40
Schedule of Pension Contributions	41
Schedule of Proportionate Share of the Net OPEB Liability	42
Schedule of OPEB Contributions	43
Notes to Required Supplemental Information	44
Other Supplemental Information	45
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances - Combined General Fund	46
Nonmajor Governmental Funds:	
Combining Balance Sheet	47-48
Combining Statement of Revenue, Expenditures, and Changes in Fund Balances	49-50
Schedule of Bonded Indebtedness	51

Independent Auditor's Report

To the Board of Education
Hartland Consolidated 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 Hartland Consolidated 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 Hartland Consolidated Schools' basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Hartland Consolidated 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.

To the Board of Education
Hartland Consolidated 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 Hartland Consolidated 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 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 Hartland Consolidated 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 Hartland Consolidated Schools' internal control over financial reporting and compliance.



September 18, 2020

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Education
Hartland Consolidated Schools

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hartland Consolidated Schools (the "School District") as of and for the year ended June 30, 2020 and the related notes to the financial statements and have issued our report thereon dated September 18, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

To Management and the Board of Education
Hartland Consolidated Schools

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moreau, PLLC

September 18, 2020

This section of Hartland Consolidated 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 Hartland Consolidated 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 2010 Debt Service Fund, and the 2019 Debt Service Fund - with all other funds presented in one column as nonmajor funds. The remaining statements, the statement of fiduciary net position and statement of changes in fiduciary net position, present financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. This report is composed of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplemental Information

Budgetary Information for the General Fund

Schedules of Proportionate Share of the Net Pension and Net OPEB Liabilities

Schedules of Pension and OPEB Contributions

Other Supplemental Information

Hartland Consolidated Schools

Management's Discussion and Analysis (Continued)

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.

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 Food Services 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.

Fiduciary Funds

The School District is the trustee, or fiduciary, for its student activity funds, as well as for the School District's foundation and scholarship assets. All of the School District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Hartland Consolidated Schools

Management's Discussion and Analysis (Continued)

The School District as a Whole

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

	Governmental Activities	
	2020	2019
	(in millions)	
Assets		
Current and other assets	\$ 22.3	\$ 21.1
Capital assets	109.5	114.4
Total assets	131.8	135.5
Deferred Outflows of Resources	37.3	34.8
Liabilities		
Current liabilities	7.1	8.8
Noncurrent liabilities	265.6	261.8
Total liabilities	272.7	270.6
Deferred Inflows of Resources	16.0	16.1
Net Position		
Net investment in capital assets	(29.2)	(28.5)
Restricted	6.5	4.8
Unrestricted	(96.9)	(92.7)
Total net position	\$ (119.6)	\$ (116.4)

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 \$(119.6) million at June 30, 2020. Net investment in capital assets totaling \$(29.2) million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$(96.9) million) was unrestricted.

The \$(96.9) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from adoption of Governmental Accounting Standards Board (GASB) Statement Nos. 68 and 75 (recording the School District's share of the net pension and OPEB liabilities from the state managed retirement system), which is driving the substantial negative net position. 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 from year to year.

Hartland Consolidated Schools

Management's Discussion and Analysis (Continued)

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

	Governmental Activities	
	2020	2019
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 3.8	\$ 4.9
Operating grants	11.8	11.1
General revenue:		
Taxes	16.2	15.4
State aid not restricted to specific purposes	38.2	38.2
Other	0.6	0.5
Total revenue	<u>70.6</u>	<u>70.1</u>
Expenses		
Instruction	38.2	35.6
Support services	18.1	17.1
Athletics	1.0	1.0
Food services	1.8	1.8
Community services	3.5	3.3
Debt service	5.3	5.2
Depreciation expense (unallocated)	5.9	5.9
Total expenses	<u>73.8</u>	<u>69.9</u>
Change in Net Position	(3.2)	0.2
Net Position - Beginning of year	<u>(116.4)</u>	<u>(116.6)</u>
Net Position - End of year	<u><u>\$ (119.6)</u></u>	<u><u>\$ (116.4)</u></u>

As reported in the statement of activities, the cost of all of our governmental activities this year was \$73.8 million. Certain activities were partially funded from those who benefited from the programs (\$3.8 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$11.8 million). We paid for the remaining public benefit portion of our governmental activities with \$16.2 million in taxes, \$38.2 million in state foundation allowance, and our other revenue (i.e., interest and general entitlements).

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

The School District's Funds

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

Hartland Consolidated Schools

Management's Discussion and Analysis (Continued)

As the School District completed this year, the governmental funds reported a combined fund balance of \$15.9 million, which is an increase of \$2.9 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, the fund balance increased from \$6.7 million to \$7.6 million. Despite a reduction in revenue sources as a result of the COVID-19 pandemic, the School District realized a number of expenditure reductions as a result of the early school closure. In addition, diligent spending across all departments and functions also contributed to the positive operating results.

Combined, the fund balance of our debt service funds increased by \$1.7 million. 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 restricted, since they can only be used to pay debt service obligations. The increase in fund balance is due to the 2010 Debt Service Fund, which operates quite differently than conventional tax-exempt bonds. The School District is required to levy taxes and invest the proceeds until the bond is paid in full at maturity, which will in effect continue to increase the School District's fund balance until the maturity date.

Combined, the fund balance of our capital project funds decreased by \$0.4 million. The School District collected \$0.7 million in voter-approved sinking fund millage. This millage is available to fund specific capital projects allowed by state law and approved by the voters. A majority of this millage collected in the current year will be spent in subsequent years. In addition, the School District continues to spend down the remaining proceeds of the 2010 bond issue.

General Fund Budgetary Highlights

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

There were significant revisions made to the 2019-2020 General Fund original budget due to anticipated decreases in state funding as a result of the COVID-19 global pandemic. In addition, expenditures were reduced in a number of areas due to the shortened in-person school year. There were no significant variances between the final budget and actual amounts, except for state revenue, which had a significant favorable variance due to state funding reductions not being as large as originally anticipated.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2020, the School District had \$109.5 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately \$4.9 million, or 4.3 percent, from last year.

	2020	2019
Land	\$ 2,419,502	\$ 2,419,502
Buildings and improvements	178,138,267	177,946,334
Furniture and equipment	22,990,881	22,334,013
Buses and other vehicles	6,035,194	5,986,840
	<u>209,583,844</u>	<u>208,686,689</u>
Total capital assets	209,583,844	208,686,689
Less accumulated depreciation	<u>100,122,823</u>	<u>94,279,112</u>
Total capital assets - Net of accumulated depreciation	<u><u>\$ 109,461,021</u></u>	<u><u>\$ 114,407,577</u></u>

This year's additions of \$1.0 million included vehicles, computer equipment, and capital improvements to school district facilities. Depreciation expense was \$5.9 million.

Hartland Consolidated Schools

Management's Discussion and Analysis (Continued)

Debt

At the end of this year, the School District had \$134.2 million in bonds outstanding versus \$100.7 million in the previous year, a change of 33.3 percent. The increase in bonded debt is due to the refunding of the School Loan Revolving Fund balance that took place during the year.

Those bonds consisted of the following:

	2020	2019
General obligation bonds	\$ 134,205,000	\$ 100,670,000

The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District has no outstanding unqualified general obligation debt.

Other obligations include bus loans payable, School Loan Revolving Fund, and compensated absences. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budget

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. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. At budget adoption, the per pupil foundation allowance for 2020-2021 was not yet established. Additionally, the effects of the COVID-19 global pandemic may have a significant impact on enrollment. The per pupil foundation allowance and enrollment figures used in preparing the 2020-2021 budget were estimated based on the best available information at the time. Once the final student count and related per pupil funding are validated, the budget will be amended.

The School District put forth a bond proposal to its voters during August 2020, which passed. The bond will be used to renovate, upgrade and construct facilities, provide safety and security improvements, upgrade technology and technology infrastructure, and replace school buses as they reach the end of their useful lives.

In June 2020, the School District negotiated an extension of the master agreement with the Hartland Education Association through 2022-2023. The agreement will enable the School District to favorably manage the General Fund budget during this time of economic uncertainty.

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.

Hartland Consolidated Schools

Statement of Net Position

June 30, 2020

	<u>Governmental Activities</u>
Assets	
Cash and investments (Note 4)	\$ 6,054,703
Receivables	7,772,609
Inventory	134,784
Prepaid costs	260,792
Restricted assets (Note 10)	8,103,355
Capital assets - Net (Note 7)	<u>109,461,021</u>
Total assets	131,787,264
Deferred Outflows of Resources	
Deferred charges on bond refunding (Note 9)	754,075
Deferred pension costs (Note 12)	29,470,602
Deferred OPEB costs (Note 12)	<u>7,075,164</u>
Total deferred outflows of resources	37,299,841
Liabilities	
Accounts payable	297,369
Due to other governmental units	1,204,325
Accrued liabilities and other	3,770,534
State aid anticipation note (Note 13)	1,631,600
Unearned revenue (Note 6)	121,608
Noncurrent liabilities:	
Due within one year - Current portion of bonds and contracts payable	19,284,415
Due in more than one year:	
Compensated absences	35,144
Net pension liability (Note 12)	103,955,501
Net OPEB liability (Note 12)	22,682,569
Bonds and contracts payable - Net of current portion	<u>119,655,666</u>
Total liabilities	272,638,731
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the measurement date (Note 12)	3,473,913
Deferred pension cost reductions (Note 12)	3,830,052
Deferred OPEB cost reductions (Note 12)	<u>8,745,181</u>
Total deferred inflows of resources	<u>16,049,146</u>
Net Position	
Net investment in capital assets	(29,209,118)
Restricted - Debt service	6,495,146
Unrestricted	<u>(96,886,800)</u>
Total net position	<u><u>\$ (119,600,772)</u></u>

Hartland Consolidated Schools

Statement of Activities

Year Ended June 30, 2020

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Change in Net Position
Primary government - Governmental activities:				
Instruction	\$ 38,189,521	\$ 114,991	\$ 7,110,588	\$ (30,963,942)
Support services	18,118,070	85,545	3,350,510	(14,682,015)
Athletics	991,471	414,177	-	(577,294)
Food services	1,772,168	885,387	533,085	(353,696)
Community services	3,502,730	2,281,741	109,852	(1,111,137)
Interest	4,809,812	-	664,760	(4,145,052)
Other	502,747	-	-	(502,747)
Depreciation expense (unallocated)	5,905,217	-	-	(5,905,217)
Total primary government	\$ 73,791,736	\$ 3,781,841	\$ 11,768,795	(58,241,100)
General revenue:				
Taxes:				
Property taxes levied for general purposes				5,335,279
Property taxes levied for debt service				10,849,782
State aid not restricted to specific purposes				38,181,781
Interest and investment earnings				673,311
Penalties, interest, and other taxes				11,257
Gain on sale of capital assets				6,174
Total general revenue				55,057,584
Change in Net Position				(3,183,516)
Net Position - Beginning of year				(116,417,256)
Net Position - End of year				<u>\$(119,600,772)</u>

Hartland Consolidated Schools

Governmental Funds Balance Sheet

June 30, 2020

	Combined General Fund	2010 Debt Service Fund	2019 Debt Service Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	\$ 5,768,943	\$ -	\$ -	\$ 285,760	\$ 6,054,703
Receivables (Note 5)	7,700,051	-	-	38,857	7,738,908
Due from other funds (Note 8)	52,081	-	-	29,286	81,367
Inventory	118,218	-	-	16,566	134,784
Prepaid costs	260,792	-	-	-	260,792
Restricted assets (Note 10)	-	6,625,933	1	1,477,421	8,103,355
Total assets	\$ 13,900,085	\$ 6,625,933	\$ 1	\$ 1,847,890	\$ 22,373,909
Liabilities					
Accounts payable	\$ 261,443	\$ -	\$ -	\$ 35,926	\$ 297,369
Due to other governmental units	1,204,325	-	-	-	1,204,325
Due to other funds (Note 8)	-	-	-	47,666	47,666
Accrued liabilities and other	3,115,133	-	-	25,349	3,140,482
State aid anticipation note (Note 13)	1,631,600	-	-	-	1,631,600
Unearned revenue (Note 6)	49,126	-	-	72,482	121,608
Total liabilities	6,261,627	-	-	181,423	6,443,050
Fund Balances					
Nonspendable:					
Inventory	118,218	-	-	16,566	134,784
Prepays	260,791	-	-	-	260,791
Restricted:					
Debt service	-	6,625,933	1	503,943	7,129,877
Capital projects	-	-	-	980,810	980,810
Food service	-	-	-	165,148	165,148
Assigned - Subsequent year's budget	639,960	-	-	-	639,960
Unassigned	6,619,489	-	-	-	6,619,489
Total fund balances	7,638,458	6,625,933	1	1,666,467	15,930,859
Total liabilities and fund balances	\$ 13,900,085	\$ 6,625,933	\$ 1	\$ 1,847,890	\$ 22,373,909

Hartland Consolidated Schools

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

June 30, 2020

Fund Balances Reported in Governmental Funds	\$ 15,930,859
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	209,583,844
Accumulated depreciation	<u>(100,122,823)</u>
Net capital assets used in governmental activities	109,461,021
Deferred inflows and outflows related to bond refundings are not reported in the funds	754,075
Bonds payable and bus notes payable are not due and payable in the current period and are not reported in the funds, including bond premiums	(138,940,081)
Accrued interest is not due and payable in the current period and is not reported in the funds	(630,052)
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	(35,144)
Net pension liability and related deferred inflows and outflows	(78,314,951)
Net OPEB liability and related deferred inflows and outflows	(24,352,586)
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>(3,473,913)</u>
Net Position of Governmental Activities	<u>\$ (119,600,772)</u>

Hartland Consolidated Schools

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2020

	Combined General Fund	2010 Debt Service Fund	2019 Debt Service Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 7,635,155	\$ 1,674,902	\$ 113	\$ 11,341,300	\$ 20,651,470
State sources	45,486,376	1,771	-	95,707	45,583,854
Federal sources	276,107	664,760	-	454,355	1,395,222
Interdistrict and other	3,010,486	-	-	-	3,010,486
Total revenue	56,408,124	2,341,433	113	11,891,362	70,641,032
Expenditures					
Current:					
Instruction	33,379,971	-	-	-	33,379,971
Support services	16,632,616	-	-	91	16,632,707
Athletics	920,000	-	-	-	920,000
Food services	-	-	-	1,635,652	1,635,652
Community services	3,104,904	-	-	-	3,104,904
Debt service:					
Principal	549,997	-	38,750,000	28,061,000	67,360,997
Interest	40,489	809,970	435,368	3,442,601	4,728,428
Other	-	4,299	227,770	270,678	502,747
Capital outlay	652,839	-	-	326,308	979,147
Total expenditures	55,280,816	814,269	39,413,138	33,736,330	129,244,553
Excess of Revenue Over (Under) Expenditures	1,127,308	1,527,164	(39,413,025)	(21,844,968)	(58,603,521)
Other Financing Sources (Uses)					
Face value of debt issued	-	-	38,980,000	41,945,000	80,925,000
Proceeds from sale of capital assets	13,008	-	-	-	13,008
School Bond Loan Revolving Fund proceeds	-	-	433,026	11,322,830	11,755,856
Transfers in	-	-	-	350,589	350,589
Payment to bond refunding escrow agent	-	-	-	(31,168,372)	(31,168,372)
Transfers out	(226,016)	-	-	(124,573)	(350,589)
Total other financing (uses) sources	(213,008)	-	39,413,026	22,325,474	61,525,492
Net Change in Fund Balances	914,300	1,527,164	1	480,506	2,921,971
Fund Balances - Beginning of year	6,724,158	5,098,769	-	1,185,961	13,008,888
Fund Balances - End of year	<u>\$ 7,638,458</u>	<u>\$ 6,625,933</u>	<u>\$ 1</u>	<u>\$ 1,666,467</u>	<u>\$ 15,930,859</u>

Hartland Consolidated Schools

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

Year Ended June 30, 2020

Net Change in Fund Balances Reported in Governmental Funds	\$ 2,921,971
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	965,495
Depreciation expense	(5,905,217)
Net book value of assets disposed of	<u>(6,834)</u>
Total	(4,946,556)
Revenue in support of pension contributions made subsequent to the measurement date	(38,986)
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	(92,680,856)
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	98,359,946
Interest expense is recognized in the government-wide statements as it accrues	88,039
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>(6,887,074)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (3,183,516)</u></u>

Hartland Consolidated Schools

Fiduciary Funds Statement of Fiduciary Net Position

June 30, 2020

	Private Purpose Trust - 5/3 Bank	Private Purpose Trust - Ameritrust	Private Purpose Trust - Swann Scholarship	Student Activities Agency Fund
Assets				
Cash and investments	\$ 8,853	\$ 48,984	\$ 27,439	\$ 1,210,059
Receivables	16,705	-	-	1,950
Total assets	25,558	48,984	27,439	<u><u>\$ 1,212,009</u></u>
Liabilities				
Accounts payable	-	-	-	\$ 6,602
Due to student groups	-	-	-	1,144,403
Due to other funds (Note 8)	-	-	-	33,701
Unearned revenue (Note 6)	-	-	-	27,303
Total liabilities	-	-	-	<u><u>\$ 1,212,009</u></u>
Net Position	<u><u>\$ 25,558</u></u>	<u><u>\$ 48,984</u></u>	<u><u>\$ 27,439</u></u>	

Hartland Consolidated Schools

Fiduciary Funds Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2020

	Private Purpose Trust - 5/3 Bank	Private Purpose Trust - Ameritrust	Private Purpose Trust - Swann Scholarship
Additions - Interest and contributions	\$ 16,813	\$ 17,798	\$ 135
Deductions - Scholarships/Projects awarded	17,631	20,302	5,000
Change in Net Position	(818)	(2,504)	(4,865)
Net Position - Beginning of year	26,376	51,488	32,304
Net Position - End of year	<u>\$ 25,558</u>	<u>\$ 48,984</u>	<u>\$ 27,439</u>

June 30, 2020

Note 1 - Nature of Business

Hartland Consolidated 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. 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. 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 and other items not properly included among program revenue are reported instead as general revenue.

For the most part, the effect of interfund activity has been removed from the government-wide statements.

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

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 government has spent its resources.

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

June 30, 2020

Note 2 - Significant Accounting Policies (Continued)

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

Fiduciary funds 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.

Fund Accounting

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

Governmental Funds

Governmental funds include all activities that provide general governmental services that are not business-type activities. This includes the General Fund, special revenue funds, debt service funds, and capital project 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 2010 Debt Service Fund is used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on the 2010 School Building and Site Bonds, Series B.
- The 2019 Debt Service Fund is used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures related to the 2019 Refunding Bonds.

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.
- Capital project 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.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts will not be used to operate our government's programs. Activities that are reported as fiduciary include the following:

- The private purpose trust funds are used to account for resources legally held, including contributions received by the School District to be awarded in the form of scholarships.
- The Student Activities Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund is used to record the transactions of student groups for school and school-related purposes. The fund is segregated and held for the students.

Note 2 - Significant Accounting Policies (Continued)

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 are eliminated so that only the net amount is included as internal balances in the governmental activities column.

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

Specific Balances and Transactions

Cash and Investments

Cash and investments 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. Investment income is recorded in the fund for which the investment account was established.

Inventories and Prepaid Items

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

Restricted Assets

The unspent bond proceeds and related interest of the capital project funds require amounts to be set aside for technology upgrades. In addition, the unspent property taxes levied in the debt service funds and the Sinking Fund are required to be set aside for future bond principal and interest and approved sinking fund projects, respectively. These amounts have been classified as restricted assets.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental 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 \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

	<u>Depreciable Life - Years</u>
Buildings and building additions	20 to 50
Buses and other vehicles	5 to 10
Furniture and equipment	5 to 10

Note 2 - Significant Accounting Policies (Continued)

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed at the time they are incurred. In the fund financial statements, governmental fund types recognize bond issuances as other financing sources, as well as bond premiums and discounts. The 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 a future period and will not be recognized as an outflow of resources (expenditure) until then. The School District reports deferred outflows of resources related to deferred charges on bond refundings and deferred pension and OPEB costs.

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 a future period and will not be recognized as an inflow of resources (revenue) until that time. The School District reports deferred inflows of resources 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, net of related debt, consists of capital assets, net of accumulated depreciation, and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted net position is the remaining net position that does not meet the definition of invested in capital or restricted.

Net Position Flow Assumption

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government'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.

Note 2 - Significant Accounting Policies (Continued)

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose. The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The School District has, by resolution, authorized the superintendent 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

Properties are assessed as of December 31, and the related property taxes become a lien on July 1 of the following year. Tax collections are forwarded to the School District as collected by the assessing municipalities through March 1, at which time they are considered delinquent and added to county tax rolls. Any delinquent taxes collected by the county are remitted to the School District by June 30. The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Pension and Other Postemployment Benefit (OPEB) Plans

For purposes of measuring the net pension 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 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 Leave)

It is the School District's policy to permit employees to accumulate earned but unused vacation pay benefits. The liability reported in the government-wide statements consists of earned but unused accumulated vacation benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included.

Note 2 - Significant Accounting Policies (Continued)

Use of Estimates

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

Upcoming Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the School District's financial statements for the year ending June 30, 2020; however, the implementation date was extended to the School District's year ending June 30, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*. The School District has evaluated the impact this standard will have on the financial statements. As of July 1, 2020, the School District will report the activities and related balances currently reported as fiduciary in a newly created special revenue fund.

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

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, except that the budget for the athletics program (a subfund of the General Fund) was adopted separately from the General Fund. In accordance with GASB Statement No. 54, the statement of revenue, expenditures, and changes in fund balances reports the combined activity of the General Fund and the athletics program. The budgetary comparison schedule - General Fund is presented consistent with the budgets adopted and, accordingly, excludes athletics.

All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The School District amended its General Fund budget during June 2020 to consider anticipated state funding reductions due to the COVID-19 global pandemic.

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

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 Project Fund Compliance

The Sinking Fund capital project fund records capital project activities funded with sinking fund millage. For this fund, authorized on or after March 29, 2017, the School District has complied with the applicable provisions of §1212(1) of the State of Michigan School Code and the State of Michigan Department of Treasury Letter No. 01-95.

The 2010 Capital Projects Combined capital project 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. 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 are in accordance with statutory authority.

The School District has designated two banks for the deposit of its 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 does not have a deposit policy for custodial credit risk. At year end, the School District had \$7,761,306 of bank deposits (checking and money market accounts) that was uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

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

Note 4 - Deposits and Investments (Continued)

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by requiring structuring of the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools; and limiting the average maturity in accordance with the School District's cash requirements.

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices.

At year end, the maturities of investments and the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Maturities	Rating	Rating Organization
U.S. Treasury STRIPS	\$ 6,259,430	2/15/2027	Aaa	Moody's

Concentration of Credit Risk

The School District places no limit on the amount the School District may invest in any one issuer. Any investment over 5 percent of total investments is a concentration. The School District's investment in U.S. Treasury STRIPS, listed above, is considered a concentration.

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.

The School District has \$6,259,430 in U.S. Treasury STRIPS that are measured using Level 1 inputs.

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

Note 5 - Receivables

	Combined General Fund	Nonmajor Funds	Total
Receivables:			
Other receivables	\$ 165,710	\$ 18,627	\$ 184,337
Due from other governments	7,534,341	20,230	7,554,571
Net receivables	<u>\$ 7,700,051</u>	<u>\$ 38,857</u>	<u>\$ 7,738,908</u>

June 30, 2020

Note 6 - 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 no unavailable revenue and the following components of unearned revenue:

	Governmental Funds	Fiduciary Funds
	Liability - Unearned	Liability - Unearned
Grant and categorical aid payment received prior to meeting all eligibility requirements	\$ 49,126	\$ -
Payments received but not yet earned	72,482	27,303
Total	<u>\$ 121,608</u>	<u>\$ 27,303</u>

Note 7 - 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	\$ 2,419,502	\$ -	\$ -	\$ 2,419,502
Capital assets being depreciated:				
Buildings and improvements	177,946,334	191,933	-	178,138,267
Furniture and equipment	22,334,013	656,868	-	22,990,881
Buses and other vehicles	5,986,840	116,694	(68,340)	6,035,194
Subtotal	206,267,187	965,495	(68,340)	207,164,342
Accumulated depreciation:				
Buildings and improvements	74,036,644	4,546,792	-	78,583,436
Furniture and equipment	17,002,533	806,578	-	17,809,111
Buses and other vehicles	3,239,935	551,847	(61,506)	3,730,276
Subtotal	94,279,112	5,905,217	(61,506)	100,122,823
Net capital assets being depreciated	111,988,075	(4,939,722)	(6,834)	107,041,519
Net governmental activities capital assets	<u>\$ 114,407,577</u>	<u>\$ (4,939,722)</u>	<u>\$ (6,834)</u>	<u>\$ 109,461,021</u>

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

Note 8 - Interfund Receivables, Payables, and Transfers

The interfund payables 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.

June 30, 2020

Note 8 - Interfund Receivables, Payables, and Transfers (Continued)

Transfers from the General Fund to the nonmajor funds represent payments from the General Fund to the Food Services Fund to support operations given the negative financial impact of the COVID-19 global pandemic on the Food Services Fund.

Note 9 - Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds and contracts payable:					
Direct borrowings and direct placements:					
School bond loan revolving fund (including accrued interest)	\$ 37,020,192	\$ 12,240,869	\$ (49,256,000)	\$ 5,061	\$ -
Bus loans payable	1,673,284	-	(549,997)	1,123,287	468,196
Other debt - General obligations	100,670,000	80,925,000	(47,390,000)	134,205,000	18,565,000
Unamortized bond premiums	4,501,620	-	(894,887)	3,606,733	251,219
Total bonds and contracts payable	143,865,096	93,165,869	(98,090,884)	138,940,081	19,284,415
Compensated absences	35,696	-	(552)	35,144	-
Total governmental activities long-term debt	<u>\$ 143,900,792</u>	<u>\$ 93,165,869</u>	<u>\$ (98,091,436)</u>	<u>\$ 138,975,225</u>	<u>\$ 19,284,415</u>

The School District had deferred outflows of \$754,075 related to deferred charges on bond refundings at June 30, 2020.

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds pledge the full faith and credit of the School District. The School District's general obligation bonds are qualified bonds and 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. Notes and installment purchase agreements are also general obligations of the School District. Other long-term obligations include compensated absences.

General obligations outstanding at June 30, 2020 are as follows:

Purpose	Remaining Annual Installments	Interest Rate(s) (Percent)	Maturing May 1	Outstanding at June 30, 2020
\$12,180,000 - 2010 serial bonds	\$12,180,000	6.65	2027*	\$ 12,180,000
\$36,960,000 - 2011 refunding bonds	\$3,730,000	3.50	2021	3,730,000
\$6,770,000 - 2015 refunding bonds	\$1,000,000 - \$1,050,000	2.00	2022	2,050,000
\$55,770,000 - 2015 refunding bonds	\$12,100,000	2.48	2021	12,100,000
\$26,615,000 - 2016 refunding bonds	\$870,000 - \$2,185,000	4.00 - 5.00	2035	23,220,000
\$38,980,000 - 2019 refunding bonds	\$2,340,000 - \$7,565,000	1.79 - 2.56	2031**	38,980,000
\$41,945,000 - 2020 refunding bonds	\$525,000 - \$5,950,000	0.91 - 2.08	2029	41,945,000
Total				<u>\$ 134,205,000</u>

Note 9 - Long-term Debt (Continued)

*Balloon payment due upon maturity

**Annual installments begin in 2023

Bus loans payable consist of the following:

Date	Original Amount	Interest Rate	Due Date	Principal - Remaining to Maturity	Interest - Remaining to Maturity
April 9, 2015	\$ 810,436	1.78%	5/1/2021	\$ 141,279	\$ 1,889
March 8, 2016	839,546	1.99%	11/1/2021	238,819	4,769
March 13, 2018	282,636	3.37%	11/1/2023	186,637	12,789
April 8, 2019	669,269	2.97%	11/1/2024	556,552	42,137
Total	<u>\$ 2,601,887</u>			<u>\$ 1,123,287</u>	<u>\$ 61,584</u>

Debt Service Requirements to Maturity

The School District issued Build America Bonds in 2010. Build America Bonds, a program under the American Recovery and Reinvestment Act of 2009, provides funding for state and local governments at lower borrowing costs. The program is designed to provide a federal subsidy for a larger portion of the borrowing costs of state and local governments than traditional tax-exempt bonds. The federal interest subsidy is indicated in the table below.

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

Years Ending June 30	Governmental Activities					
	Direct Borrowings and Direct Placements		Other Debt			Total
	Principal	Interest	Principal	Interest	Interest Subsidy	
2021	\$ 468,196	\$ 27,384	\$ 18,565,000	\$ 4,129,881	\$ (706,440)	\$ 22,484,021
2022	254,139	17,078	8,620,000	3,374,117	(706,440)	11,558,894
2023	179,157	10,865	9,845,000	3,212,054	(706,440)	12,540,636
2024	156,250	5,282	10,065,000	3,020,416	(706,440)	12,540,508
2025	65,545	975	10,285,000	2,810,833	(706,440)	12,455,913
2026-2030	-	-	64,755,000	7,726,659	(1,412,880)	71,068,779
2031-2034	-	-	12,070,000	874,990	-	12,944,990
Total	<u>\$ 1,123,287</u>	<u>\$ 61,584</u>	<u>\$ 134,205,000</u>	<u>\$ 25,148,950</u>	<u>\$ (4,945,080)</u>	<u>\$ 155,593,741</u>

Note 9 - Long-term Debt (Continued)

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 annually determined 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 3.06 percent to 3.41 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, 2035. 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 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 to the State of Michigan have been made.

Advance Bond Refunding

During the year, the School District issued \$41,945,000 in general obligation bonds with an average interest rate of 1.6 percent. The proceeds of these bonds were used to advance refund \$10,408,432 of outstanding Michigan School Loan Revolving Fund debt and to advance refund \$29,835,000 of outstanding 2011 Refunding Bond debt. The net proceeds of \$31,168,372 (after payment of \$267,000 in underwriting fees, insurance, and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the original bonds. As a result, the bonds are considered to be defeased, and the liability for the bonds has been removed from long-term debt. The advance refunding reduced total debt service payments by approximately \$3,670,000, which represents an economic gain of approximately \$3,430,000. Deferred outflow charges related to this transaction were \$754,075 at June 30, 2020.

Current Bond Refunding

During the year, the School District issued \$38,980,000 in general obligation bonds with an average interest rate of 2.2 percent. The net proceeds of these bonds (after payment of \$230,000 in underwriting fees, insurance, and other issuance costs) were used to immediately refund \$38,750,000 of outstanding Michigan School Loan Revolving Fund debt. As a result, the liability for the bonds has been removed from long-term debt.

As a result of the issuance of the 2019 Refunding Bonds and 2020 Refunding Bonds, the School District repaid \$49,256,000 toward the School Loan Revolving Fund balance. The School District's Michigan School Loan Revolving Fund balance at June 30, 2020 was \$5,061.

Note 10 - Restricted Assets

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

Description	Governmental Activities
Unspent bond proceeds	\$ 207,433
Bond debt service reserve	7,125,199
Unspent property taxes of the Sinking Fund	770,723
Total	<u>\$ 8,103,355</u>

Note 11 - Risk Management

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

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

Note 12 - Michigan Public School Employees' Retirement System

Plan Description

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

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

Benefits Provided

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

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

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

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

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

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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.

Contributions

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

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

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

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

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2020 were \$8,565,606, 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 \$3,473,913 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.

Note 12 - Michigan Public School Employees' Retirement System (Continued)

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2020 were \$2,159,309, which include the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2020, the School District reported a liability of \$103,955,501 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018, which used update procedures to roll forward the estimated liability to September 30, 2019. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2019 and 2018, the School District's proportion was 0.31391 percent and 0.30992 percent, respectively, representing a change of 1.28 percent.

Net OPEB Liability

At June 30, 2020, the School District reported a liability of \$22,682,569 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2020 was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2018, which used update procedures to roll forward the estimated liability to September 30, 2019. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2019 and 2018, the School District's proportion was 0.31601 percent and 0.31139 percent, respectively, representing a change of 1.48 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 \$16,891,661, 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	\$ 465,962	\$ (433,484)
Changes in assumptions	20,354,560	-
Net difference between projected and actual earnings on pension plan investments	-	(3,331,597)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	1,300,705	(64,971)
The School District's contributions to the plan subsequent to the measurement date	7,349,375	-
Total	<u>\$ 29,470,602</u>	<u>\$ (3,830,052)</u>

June 30, 2020

Note 12 - Michigan Public School Employees' Retirement System (Continued)

The \$3,473,913 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	\$ 7,297,642
2022	5,727,308
2023	3,754,815
2024	1,511,410
Total	<u>\$ 18,291,175</u>

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 \$699,761.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (8,322,876)
Changes in assumptions	4,914,854	-
Net difference between projected and actual earnings on OPEB plan investments	-	(394,461)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	533,008	(27,844)
Employer contributions to the plan subsequent to the measurement date	1,627,302	-
Total	<u>\$ 7,075,164</u>	<u>\$ (8,745,181)</u>

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

Years Ending	Amount
2021	\$ (936,388)
2022	(936,388)
2023	(739,316)
2024	(454,422)
2025	(230,805)
Total	<u>\$ (3,297,319)</u>

Note 12 - Michigan Public School Employees' Retirement System (Continued)

Actuarial Assumptions

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

Actuarial cost method		Entry age normal cost actuarial cost method
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% for 2019
Health care cost trend rate - OPEB	7.50%	Year 1 graded to 3.0 percent 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 that resulted in a lower than projected per person health benefit cost for OPEB, and favorable investment experience for both plans. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2018.

Discount Rate

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

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

June 30, 2020

Note 12 - 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 %	

Long-term rates of return are net of administrative expense and inflation of 2.30 percent.

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

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

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the School District	\$ 135,148,801	\$ 103,955,501	\$ 78,095,180

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

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

	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the School District	\$ 27,823,580	\$ 22,682,569	\$ 18,365,549

June 30, 2020

Note 12 - Michigan Public School Employees' Retirement System (Continued)

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

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

	1 Percentage Point Decrease (6.50%)	Current Discount Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability of the School District	\$ 18,182,526	\$ 22,682,569	\$ 27,822,970

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 \$766,172 and \$188,974 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2020.

Note 13 - State Aid Anticipation Note

The School District has direct borrowings from local banks to provide sufficient resources before receiving its scheduled state aid. This liability is recorded as a fund liability in the General Fund.

During the year, the School District borrowed \$1,600,000 in a state aid anticipation note. The current note bears interest at 2.25 percent and is due on August 20, 2020. At June 30, 2020, the School District has accrued interest of \$31,600 on this note.

In the event of default, the notes are fully collateralized by the School District's future state aid funding, and the lender has the authority to intercept state aid payments at its discretion.

In August 2020, the School District borrowed \$3,000,000 in a state aid anticipation note with an interest rate of 0.83 percent. The note matures on August 20, 2021 and has similar terms and provisions as the note outstanding at June 30, 2020.

Note 14 - Tax Abatements

For the fiscal year ended June 30, 2020, the School District had no significant tax abatements.

Note 15 - Subsequent Events

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 effects of 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 \$1.9 million of these restricted CRF funds from the Michigan Department of Education. The CRF funds can be used only for eligible costs and are subject to certain Uniform Guidance and grant-specific reporting requirements.

Required Supplemental Information

Hartland Consolidated Schools

Required Supplemental Information Budgetary Comparison Schedule General Fund*

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	\$ 8,295,329	\$ 7,313,711	\$ 7,388,758	\$ 75,047
State sources	45,112,786	42,590,629	45,486,376	2,895,747
Federal sources	246,971	275,332	276,107	775
Interdistrict and other	4,005,767	3,001,901	3,010,486	8,585
Total revenue	57,660,853	53,181,573	56,161,727	2,980,154
Expenditures				
Current:				
Instruction:				
Basic programs	27,044,048	26,624,235	26,535,011	(89,224)
Added needs	7,094,814	6,867,418	6,845,348	(22,070)
Support services:				
Pupil	1,682,929	1,607,807	1,603,855	(3,952)
Instructional staff	1,637,792	1,460,577	1,421,650	(38,927)
General administration	1,389,334	1,415,405	1,344,588	(70,817)
School administration	3,408,667	3,464,926	3,448,755	(16,171)
Business	633,107	671,905	652,025	(19,880)
Operations and maintenance	5,672,301	5,298,640	5,138,742	(159,898)
Pupil transportation services	3,679,012	2,493,196	2,419,090	(74,106)
Central	793,478	781,334	740,751	(40,583)
Other	170,300	173,849	150,080	(23,769)
Community services	3,160,833	3,171,575	3,104,904	(66,671)
Debt service	590,487	590,487	590,486	(1)
Capital outlay	420,000	330,000	324,225	(5,775)
Total expenditures	57,377,102	54,951,354	54,319,510	(631,844)
Excess of Revenue Over (Under) Expenditures	283,751	(1,769,781)	1,842,217	3,611,998
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	7,000	9,008	13,008	4,000
Transfers out	(795,499)	(994,439)	(940,925)	53,514
Total other financing uses	(788,499)	(985,431)	(927,917)	57,514
Net Change in Fund Balance	(504,748)	(2,755,212)	914,300	3,669,512
Fund Balance - Beginning of year	6,016,410	6,518,923	6,518,923	-
Fund Balance - End of year	\$ 5,511,662	\$ 3,763,711	\$ 7,433,223	\$ 3,669,512

*Does not include Athletics Subfund

Hartland Consolidated 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					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.31391 %	0.30992 %	0.30821 %	0.30621 %	0.30230 %	0.29457 %
School District's proportionate share of the net pension liability	\$ 103,955,501	\$ 93,167,832	\$ 79,869,067	\$ 76,396,790	\$ 73,836,008	\$ 64,883,693
School District's covered payroll	\$ 27,566,352	\$ 26,467,896	\$ 25,791,629	\$ 25,961,095	\$ 25,208,712	\$ 24,770,772
School District's proportionate share of the net pension liability as a percentage of its covered payroll	377.11 %	352.00 %	309.67 %	294.27 %	292.50 %	261.94 %
Plan fiduciary net position as a percentage of total pension liability	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.15 %

Hartland Consolidated Schools

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

	Last Six Fiscal Years					
	Years Ended June 30					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 8,565,606	\$ 8,353,601	\$ 7,905,937	\$ 7,424,055	\$ 7,182,838	\$ 5,401,001
Contributions in relation to the statutorily required contribution	<u>8,565,606</u>	<u>8,353,601</u>	<u>7,905,937</u>	<u>7,424,055</u>	<u>7,182,838</u>	<u>5,401,001</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 26,871,786	\$ 27,298,635	\$ 26,227,843	\$ 26,765,504	\$ 25,875,781	\$ 24,676,189
Contributions as a Percentage of Covered Payroll	31.88 %	30.60 %	30.14 %	27.74 %	27.76 %	21.89 %

Hartland Consolidated Schools

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

	Last Three Plan Years Plan Years Ended September 30		
	2019	2018	2017
School District's proportion of the net OPEB liability	0.31601 %	0.31139 %	0.30810 %
School District's proportionate share of the net OPEB liability	\$ 22,682,569	\$ 24,752,065	\$ 27,283,294
School District's covered payroll	\$ 27,566,352	\$ 26,467,896	\$ 25,791,629
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	82.28 %	93.52 %	105.78 %
Plan fiduciary net position as a percentage of total OPEB liability	48.67 %	43.10 %	36.53 %

Hartland Consolidated 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
Statutorily required contribution	\$ 2,159,309	\$ 2,144,315	\$ 1,894,365
Contributions in relation to the statutorily required contribution	2,159,309	2,144,315	1,894,365
Contribution Deficiency	\$ -	\$ -	\$ -
School District's Covered Payroll	\$ 26,871,786	\$ 27,298,635	\$ 26,227,843
Contributions as a Percentage of Covered Payroll	8.04 %	7.86 %	7.22 %

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 benefit assumptions for each of the reported plan years ended September 30, except for the following:

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

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

Other Supplemental Information

Hartland Consolidated Schools

Other Supplemental Information Combining Statement of Revenue, Expenditures, and Changes in Fund Balances Combined General Fund

Year Ended June 30, 2020

	General Fund	Athletics	Eliminating Entries	Total
Revenue				
Local sources	\$ 7,388,758	\$ 246,397	\$ -	\$ 7,635,155
State sources	45,486,376	-	-	45,486,376
Federal sources	276,107	-	-	276,107
Interdistrict and other	3,010,486	-	-	3,010,486
Total revenue	56,161,727	246,397	-	56,408,124
Expenditures				
Current:				
Instruction:				
Basic programs	26,534,623	-	-	26,534,623
Added needs	6,845,348	-	-	6,845,348
Support services:				
Pupil	1,603,855	-	-	1,603,855
Instructional staff	1,421,650	-	-	1,421,650
General administration	1,344,588	-	-	1,344,588
School administration	3,448,755	-	-	3,448,755
Business	652,025	-	-	652,025
Operations and maintenance	4,997,130	-	-	4,997,130
Pupil transportation services	2,419,090	-	-	2,419,090
Central	595,443	-	-	595,443
Other	150,080	-	-	150,080
Athletics	-	920,000	-	920,000
Community services	3,104,904	-	-	3,104,904
Debt service	590,486	-	-	590,486
Capital outlay	611,533	41,306	-	652,839
Total expenditures	54,319,510	961,306	-	55,280,816
Excess of Revenue Over (Under)				
Expenditures	1,842,217	(714,909)	-	1,127,308
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	13,008	-	-	13,008
Transfers in	-	714,909	(714,909)	-
Transfers out	(940,925)	-	714,909	(226,016)
Total other financing (uses) sources	(927,917)	714,909	-	(213,008)
Net Change in Fund Balances	914,300	-	-	914,300
Fund Balances - Beginning of year	6,518,923	205,235	-	6,724,158
Fund Balances - End of year	<u>\$ 7,433,223</u>	<u>\$ 205,235</u>	<u>\$ -</u>	<u>\$ 7,638,458</u>

Hartland Consolidated Schools

	Special Revenue Fund	Debt Service Funds				
	Food Services	2011 Refunding	2011 Refunding, Series B	2015 Refunding, Series A	2015 Refunding, Series B	2016 Refunding
Assets						
Cash and investments	\$ 285,760	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables	34,179	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Inventory	16,566	-	-	-	-	-
Restricted assets	-	73,057	-	15,648	187,748	98,239
Total assets	\$ 336,505	\$ 73,057	\$ -	\$ 15,648	\$ 187,748	\$ 98,239
Liabilities						
Accounts payable	\$ 9,294	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	47,666	-	-	-	-	-
Accrued liabilities and other	25,349	-	-	-	-	-
Unearned revenue	72,482	-	-	-	-	-
Total liabilities	154,791	-	-	-	-	-
Fund Balances						
Nonspendable	16,566	-	-	-	-	-
Restricted:						
Debt service	-	73,057	-	15,648	187,748	98,239
Capital projects	-	-	-	-	-	-
Food service	165,148	-	-	-	-	-
Total fund balances	181,714	73,057	-	15,648	187,748	98,239
Total liabilities and fund balances	\$ 336,505	\$ 73,057	\$ -	\$ 15,648	\$ 187,748	\$ 98,239

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

Debt Service Funds		Capital Project Funds			Total Nonmajor Governmental Funds
2020 Refunding	Total Debt Service Funds	2010 Capital Projects Combined	Sinking Fund	Total Capital Project Funds	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 285,760
4,678	4,678	-	-	-	38,857
-	-	-	29,286	29,286	29,286
-	-	-	-	-	16,566
124,573	499,265	207,433	770,723	978,156	1,477,421
\$ 129,251	\$ 503,943	\$ 207,433	\$ 800,009	\$ 1,007,442	\$ 1,847,890
\$ -	\$ -	\$ 17,840	\$ 8,792	\$ 26,632	\$ 35,926
-	-	-	-	-	47,666
-	-	-	-	-	25,349
-	-	-	-	-	72,482
-	-	17,840	8,792	26,632	181,423
-	-	-	-	-	16,566
129,251	503,943	-	-	-	503,943
-	-	189,593	791,217	980,810	980,810
-	-	-	-	-	165,148
129,251	503,943	189,593	791,217	980,810	1,666,467
\$ 129,251	\$ 503,943	\$ 207,433	\$ 800,009	\$ 1,007,442	\$ 1,847,890

Hartland Consolidated Schools

	Special Revenue Fund	Debt Service Funds				
	Food Services	2011 Refunding	2011 Refunding, Series B	2015 Refunding, Series A	2015 Refunding, Series B	2016 Refunding
Revenue						
Local sources	\$ 886,683	\$ 1,889,677	\$ 810,018	\$ 404,929	\$ 4,859,072	\$ 1,822,168
State sources	79,659	3,099	1,328	664	7,969	2,988
Federal sources	454,355	-	-	-	-	-
Total revenue	1,420,697	1,892,776	811,346	405,593	4,867,041	1,825,156
Expenditures						
Current:						
Support services	-	-	-	-	-	-
Food services	1,635,652	-	-	-	-	-
Debt service:						
Principal	-	3,775,000	-	1,075,000	11,575,000	1,130,000
Interest	-	262,675	1,372,775	62,500	548,701	1,195,950
Other	-	776	476	613	1,856	1,007
Capital outlay	11,061	-	-	-	-	-
Total expenditures	1,646,713	4,038,451	1,373,251	1,138,113	12,125,557	2,326,957
Excess of Revenue (Under) Over Expenditures	(226,016)	(2,145,675)	(561,905)	(732,520)	(7,258,516)	(501,801)
Other Financing Sources (Uses)						
Face value of debt issued	-	-	-	-	-	-
School Bond Loan Revolving Fund proceeds	-	2,158,457	601,554	734,736	7,286,129	541,954
Transfers in	226,016	-	-	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-	-
Transfers out	-	-	(124,573)	-	-	-
Total other financing sources (uses)	226,016	2,158,457	476,981	734,736	7,286,129	541,954
Net Change in Fund Balances	-	12,782	(84,924)	2,216	27,613	40,153
Fund Balances - Beginning of year	181,714	60,275	84,924	13,432	160,135	58,086
Fund Balances - End of year	<u>\$ 181,714</u>	<u>\$ 73,057</u>	<u>\$ -</u>	<u>\$ 15,648</u>	<u>\$ 187,748</u>	<u>\$ 98,239</u>

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

Year Ended June 30, 2020

Debt Service Funds		Capital Project Funds			Total Nonmajor Governmental Funds
2020 Refunding	Total Debt Service Funds	2010 Capital Projects Combined	Sinking Fund	Total Capital Project Funds	
\$ -	\$ 9,785,864	\$ 1,054	\$ 667,699	\$ 668,753	\$ 11,341,300
-	16,048	-	-	-	95,707
-	-	-	-	-	454,355
-	9,801,912	1,054	667,699	668,753	11,891,362
-	-	-	91	91	91
-	-	-	-	-	1,635,652
10,506,000	28,061,000	-	-	-	28,061,000
-	3,442,601	-	-	-	3,442,601
265,950	270,678	-	-	-	270,678
-	-	81,339	233,908	315,247	326,308
10,771,950	31,774,279	81,339	233,999	315,338	33,736,330
(10,771,950)	(21,972,367)	(80,285)	433,700	353,415	(21,844,968)
41,945,000	41,945,000	-	-	-	41,945,000
-	11,322,830	-	-	-	11,322,830
124,573	124,573	-	-	-	350,589
(31,168,372)	(31,168,372)	-	-	-	(31,168,372)
-	(124,573)	-	-	-	(124,573)
10,901,201	22,099,458	-	-	-	22,325,474
129,251	127,091	(80,285)	433,700	353,415	480,506
-	376,852	269,878	357,517	627,395	1,185,961
\$ 129,251	\$ 503,943	\$ 189,593	\$ 791,217	\$ 980,810	\$ 1,666,467

Hartland Consolidated Schools

Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2020

Years Ending June 30	2010 School Building and Site Bonds, Series B	2011 Refunding Bonds	2015 Refunding Bonds, Series A	2015 Refunding Bonds, Series B (SBLF)	2016 Refunding Bonds	2019 Refunding Bonds	2020 Refunding Bonds
	Principal	Principal	Principal	Principal	Principal	Principal	Principal
2021	\$ -	\$ 3,730,000	\$ 1,050,000	\$ 12,100,000	\$ 1,160,000	\$ -	\$ 525,000
2022	-	-	1,000,000	-	1,670,000	-	5,950,000
2023	-	-	-	-	1,730,000	2,340,000	5,775,000
2024	-	-	-	-	1,815,000	2,625,000	5,625,000
2025	-	-	-	-	1,895,000	2,925,000	5,465,000
2026	-	-	-	-	1,970,000	3,325,000	5,220,000
2027	12,180,000	-	-	-	2,035,000	3,725,000	5,110,000
2028	-	-	-	-	2,100,000	5,000,000	4,985,000
2029	-	-	-	-	2,155,000	5,375,000	3,290,000
2030	-	-	-	-	2,185,000	6,100,000	-
2031	-	-	-	-	870,000	7,565,000	-
2032	-	-	-	-	900,000	-	-
2033	-	-	-	-	905,000	-	-
2034	-	-	-	-	910,000	-	-
2035	-	-	-	-	920,000	-	-
Total remaining payments	<u>\$ 12,180,000</u>	<u>\$ 3,730,000</u>	<u>\$ 2,050,000</u>	<u>\$ 12,100,000</u>	<u>\$ 23,220,000</u>	<u>\$ 38,980,000</u>	<u>\$ 41,945,000</u>
Interest rate	6.65% (excluding subsidized portion)	3.50%	2.00%	2.478%	4.00% to 5.00%	1.794% to 2.561%	0.913% to 2.079%
Original issue	<u>\$ 12,180,000</u>	<u>\$ 36,960,000</u>	<u>\$ 6,770,000</u>	<u>\$ 55,770,000</u>	<u>\$ 26,615,000</u>	<u>\$ 38,980,000</u>	<u>\$ 41,945,000</u>

Principal payments for the bond issues are due on May 1 of each year.

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