



BYRON CENTER PUBLIC SCHOOLS

Helping Students Build Success Stories

Kent County, Michigan

Annual Financial Report

For the year ended June 30, 2020

BYRON CENTER PUBLIC SCHOOLS
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For the year ended June 30, 2020

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FINANCIAL SECTION



INDEPENDENT AUDITOR’S REPORT

November 18, 2020

The Board of Education
Byron Center Public 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 Byron Center Public Schools (the “District”) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Byron Center Public Schools as of June 30, 2020, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information, as listed 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Byron Center Public Schools' basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate 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 combining and individual fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note L to the financial statements, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* for the fiscal year ended June 30, 2020. Our opinion is not modified in respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2020 on our consideration of Byron Center Public 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Byron Center Public Schools' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Hungerford Nichols".

Certified Public Accountants
Grand Rapids, Michigan

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Byron Center Public Schools (“the District”), we provide readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of four parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Position and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District’s operations in more detail than the district-wide statements.
 - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
 - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data; Required Supplementary Information includes pension and OPEB information schedules; Other Supplementary Information follows and includes combining and individual fund statements and schedules.

District-wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year’s revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District’s net position, and how they have changed. Net position – the difference between the District’s assets, deferred outflows of resources, liabilities, and deferred inflow of resources – is one way to measure the District’s financial health or position.

Over time, increases or decreases in the District’s net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the District’s overall health, one should consider additional non-financial factors such as changes in the District’s property tax-base and the condition of school buildings and other facilities.

Management's Discussion and Analysis
June 30, 2020

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

New Accounting Pronouncement Implemented

The District implemented Governmental Accounting Standard Board (GASB) Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2020. This Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. It is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. See Note L for additional details.

Condensed District-wide Financial Information

The Statement of Net Position provides financial information on the District as a whole.

	<u>2020</u>	<u>2019</u>
Assets		
Current assets	\$ 83,316,048	\$ 48,416,615
Net capital assets	<u>130,375,122</u>	<u>110,280,646</u>
Total Assets	<u>213,691,170</u>	<u>158,697,261</u>
Deferred Outflows of Resources	<u>31,357,330</u>	<u>30,603,239</u>
Liabilities		
Current liabilities	15,350,847	13,186,460
Long-term liabilities	178,764,830	127,782,145
Net pension liability	81,539,213	72,423,470
Net OPEB liability	<u>17,901,412</u>	<u>19,411,253</u>
Total Liabilities	<u>293,556,302</u>	<u>232,803,328</u>
Deferred Inflows of Resources	<u>9,927,138</u>	<u>9,906,223</u>
Net Position		
Net investment in capital assets	6,444,753	7,740,826
Restricted	4,535,205	3,638,036
Unrestricted (deficit)	<u>(69,414,898)</u>	<u>(64,787,913)</u>
Total Net Position	<u>\$ (58,434,940)</u>	<u>\$ (53,409,051)</u>

The results of the fiscal year's operations for the District as a whole are presented in the Statement of Activities, which shows the change in total net position for the year.

Management's Discussion and Analysis
June 30, 2020

The Statement of Activities presents changes in net position from operating results:

	<u>2020</u>	<u>2019</u>
Program Revenues		
Charges for services	\$ 3,030,827	\$ 3,792,923
Operating grants	12,523,038	11,410,708
General Revenues		
Property taxes	16,864,582	15,521,133
State school aid, unrestricted	27,579,106	27,263,809
Interest and investment earnings	580,561	1,260,434
Other	2,483,121	663,086
Total Revenues	<u>63,061,235</u>	<u>59,912,093</u>
Expenses		
Instruction	34,455,459	31,032,105
Supporting services	22,285,170	18,928,904
Community services	2,847,417	2,930,136
Food service	2,067,980	1,767,460
Other	2,010,317	162,478
Interest on long-term debt	4,837,803	4,834,537
Total Expenses	<u>68,504,146</u>	<u>59,655,620</u>
Change in Net Position	(5,442,911)	256,473
Net Position, Beginning of Year, as restated (Note L)	<u>(52,992,029)</u>	<u>(53,665,524)</u>
Net Position, End of Year	<u>\$ (58,434,940)</u>	<u>\$ (53,409,051)</u>

Financial Analysis of the District as a Whole

The District's financial position is the product of many factors: changes in State Aid, increased student enrollment and slightly increased costs have contributed to the deficit.

Unrestricted net assets decreased from a deficit of \$64,787,913 at June 30, 2019 to a deficit of \$69,414,898 at June 30, 2020. The District's net pension liability, including deferred outflows and inflows of resources, increased by \$7,135,790 during the fiscal year. In addition, the District's net OPEB liability, including deferred outflows and inflows of resources, decreased by \$1,180,062 during the fiscal year.

The District's total revenues increased by \$3.15 million to \$63 million. Property taxes and unrestricted State aid accounted for most of the District's revenue, contributing about 70 cents of every dollar raised. Another 20% came from state and federal aid for specific programs and the remaining 5% from fees charged for services, interest earnings and other local sources.

Management’s Discussion and Analysis
June 30, 2020

The total cost of all programs and services increased \$8.85 million to \$68.5 million. The District’s expenses are predominantly related to instructing, pupil services, and for the transporting of students (76%). The District’s administrative and business activities accounted for 8%, operation and maintenance and technology services accounted for 7%. Interest on long-term debt accounted for 7% of total District expenses.

- For the nineteenth year in a row the District’s student F.T.E. (full time equivalent) has grown.

September	Increase Student FTE	Percentage Increase
2001	126	5.0%
2002	154	5.8%
2003	92	3.4%
2004	138	4.8%
2005	70	2.3%
2006	74	2.4%
2007	21	0.7%
2008	23	0.7%
2009	85	2.6%
2010	76	2.2%
2011	90	2.6%
2012	100	2.8%
2013	141	3.8%
2014	2	0%
2015	96	2.5%
2016	70	1.8%
2017	59	1.5%
2018	188	4.7%
2019	84	2.0%

Fund Financial Statements

The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District utilizes two kinds of funds:

- *Governmental funds:* Most of the District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District’s programs. Because this information does not encompass the additional long-term focus of the district-wide statements, a reconciliation is provided in separate statements explains the relationship (or differences) between them.
- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as Private Purpose Scholarship Fund. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Byron Center Public School's funds are described as follows:

Major Funds

General Fund

The General Fund is the District's primary operating fund. The General Fund had total revenues of \$45,956,277, other financing sources of \$145,253, total expenditures of \$44,549,564, and other financing uses of \$276,698. The General Fund ended the fiscal year with a \$1,275,538 increase in fund balance for a total fund balance of \$9,019,692, up from \$7,744,154 at June 30, 2019.

Capital Projects Funds

The District has two major Capital Projects Funds. The 2017 and 2020 Construction Capital Projects Funds account for bond proceeds to be used for voter approved capital improvement projects. During fiscal year 2019-20, the funds had total revenues of \$602,979, other financing sources of \$57,216,355 (which includes bond proceeds and premium), total expenditures were \$24,024,417, and other financing uses of \$2,680,000. The ending fund balances were \$62,707,536 at June 30, 2020, up from \$31,592,619 at June 30, 2019.

Nonmajor Funds

Special Revenue Funds

The District operated three Special Revenue Funds during the fiscal year: the Food Service, Community Service, and Student/School Activity funds. The total revenue for all Special Revenue Funds was \$4,106,475, total other financing sources were \$276,698, total expenditures were \$4,456,439. The ending fund balances totaled \$1,507,359. Of the ending fund balances \$339,400 is attributable to the Food Service Fund, \$736,682 is attributable to the Community Service Fund, and \$431,277 is attributable to the Student/School Activity Fund.

Debt Service Funds

The District operates eight Debt Service Funds. Total revenues were \$9,304,042, total other financing sources were \$34,294,558 (which includes \$2,340,432 of School Bond Loan proceeds and \$28,815,000 of refunding bond proceeds), total expenditures were \$24,105,461, and total other financing uses were \$19,745,056 (which includes \$19,668,322 to refund bonds). The ending fund balances in the Debt Service Funds totaled \$95,261.

Capital Projects Fund

There is one nonmajor Capital Projects Fund incorporated into the financial statements of the District. The Building and Site Fund had total revenues of \$1,327,062, other financing sources of \$2,680,000 and total expenditures of \$3,182,328. The ending fund balance was \$3,759,622 at June 30, 2020, up from \$2,934,888 at June 30, 2019.

Fiduciary Funds

Trust and Agency Funds

The Scholarship Funds are operated as Fiduciary Funds of the District. The assets of these funds are being held for the benefit of the District's students. The Scholarship Fund balance at June 30, 2020 was \$12,935.

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget on three (3) separate occasions. The budget amendments were a result of the following:

- The first budget revision in December 2019 reflected the student count and staffing costs based upon actual data in lieu of assumptions. As with all “first” revisions, the assumptions are now supported by factual increases and staffing positions which were unknown at the July 1st budget adoption.
- The second budget revision in May 2020 refined State Aid revenue, local property tax collections from our three major governmental units, Federal revenues, sale of equipment and competitive grants awarded. On the expenditure side, effects of open enrollment for insurance plans, year to date utilities and fluctuations in operating costs were effected by Covid-19.
- The third budget revision in June 2020 again refined State Aid revenue, local property tax collections from our three major governmental units, Federal revenues. On the expenditure side, the refinement of outflows was reviewed and projected.
- This particular year it was determined only three (3) budget revisions were necessary.

Capital Asset and Debt Administration

By the end of 2020, the District had invested \$190.1 million in a broad range of capital assets, including land, school buildings, athletic facilities, vehicles, computer equipment and software, and administrative offices. (More detailed information about capital assets can be found in Note E in the Notes to Basic Financial Statements.) Total depreciation expense for the year was \$3.3 million.

The District’s 2019-20 capital additions totaled \$23,448,993 principally in the following areas:

- \$2,853,357 for land purchase
- \$14,561,885 for construction in progress
- \$52,728 for land improvements
- \$5,454,286 for building improvements
- \$333,523 for furniture and equipment purchases
- \$193,214 for additional vehicles

At June 30, 2020, the District’s investment in capital assets and construction in progress (net of accumulated depreciation), increasing approximately \$20.1 million from the previous year-end, is detailed as follows:

Land	\$ 7,246,787
Construction in progress	34,553,849
Land improvements	4,614,435
Buildings and additions	81,229,349
Furniture and equipment	1,742,723
Vehicles	981,307
Equipment under capital leases	6,672
Net Capital Assets	<u><u>\$ 130,375,122</u></u>

Long-term Obligations

At year end, the District had total long-term obligations totaling \$187.1 million of which the largest portion is \$164.3 million in general obligation bonds. (More detailed information about long-term debt can be found in Note F in the Notes to Basic Financial Statements.)

- The District continued to pay down its debt, retiring \$38,370,038 of outstanding bonds and loans.
- After paying down a significant portion of the outstanding balance, the District obtained \$2,483,636 from the Michigan School Bond Loan Fund for payment of annual maturities of its general obligation bonds during the fiscal year.
- Interest in the amount of \$2,556 was extinguished on the outstanding loan during the fiscal year. The District is not required to make payments to the Michigan School Bond fund until the taxable value of the District increases to a point where it is able to make the debt payments and has funds available.
- The District's other long-term obligation is for Accumulated Sick/Vacation Leave in the amount of \$125,288.

The District's underlying rating on the unlimited tax bonds is AA- by Standard and Poor's. The unlimited bonds also carry the State's credit rating of AA- by Standard & Poor's. Moody's Ratings have been withdrawn for all debt obligations. 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 a district's boundaries. We present more detailed information about our long-term liabilities in the Notes to Basic Financial Statements.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District's student growth count has been beneficial the last nineteen (19) years to maintain programs and staff. Student count is a variable that is difficult to predict during challenging economic times. The District utilizes an outside firm (Stanfred & Assoc.) to analyze existing student count and project future student growth for budget purposes. The District received a net 80.53 new students in October, 2019 compared to the first count in October, 2018. The District had projected an increase of sixty-three (63) students so the increase was greater than anticipated. The enrollment is a result of an additional housing supply and quality educational programs. As a note to the reader, the continued student count has rekindled the District to review its "Growth and Capacity" study and act upon the student growth via additional educational space at the K-6 grades.
- During 2019-20, the District received a net of \$8,293 per student in State funds in the form of a foundation allowance and local operating taxes. The deduction of \$470 per pupil in fiscal year 2009-10 remains permanently deducted from the State Aid Foundation Allowance for 2016-17; effectually "resetting" the Byron Center Public School Foundation Allowance. Prior to the "resetting" Byron Center Public Schools received \$7,886 per student, \$407 per student increase during the eleven year period. However, as a result of the Covid-19 Pandemic the Foundation Allowance was once again prorated by \$175 for the 2019-20 fiscal year. Overall, the State Aid Foundation Allowance is not keeping pace with managed costs within the District.

Management's Discussion and Analysis
June 30, 2020

- Management has taken a proactive approach in protecting top-flight education by continuing “non-instructional” employee out-sourcing. The District has renewed several out-sourcing contracts and will continue to reduce its expenditure outlay for non-instructional services.
- Legislative changes made to the Michigan Public Schools Employee Retirement System increased the operational costs for Byron Center Public Schools fiscal year 2019-20 budget.
- Since the economic downturn of 2008, Byron Center Public Schools have seen strong and sustained commercial and homeowner development. The July 2015 opening of the Tanger Outlet and several finished home development plats (+150 units) are prime examples of strong interest in the Byron Center area. Five (5) year projections of student enrollment show a consistent managed growth.
- During the 2019-20 school year, Byron Center Public Schools had to be very reactive to the COVID-19 Pandemic and reduced as many expenditures as possible without laying off staff within this fiscal year.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Byron Center Public Schools, 8542 Byron Center Avenue SW, Byron Center, Michigan 49315. Contact by e-mail: tpowers@bcpsk12.net. Contact by phone: (616) 878-6100.

BASIC FINANCIAL STATEMENTS

BYRON CENTER PUBLIC SCHOOLS
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Cash	\$ 295
Cash equivalents, deposits and investments (Note B)	77,134,354
Accounts receivable	27,168
Due from other governmental units (Note C)	5,945,845
Inventory	25,127
Prepaid expenses	183,259
Capital assets not being depreciated (Note E)	41,800,636
Capital assets being depreciated, net (Note E)	88,574,486
	213,691,170
Deferred Outflows of Resources	
Loss on advance bond refundings, net	298,869
Deferred pension amounts	24,848,512
Deferred OPEB amounts	6,209,949
	31,357,330
Liabilities	
Accounts payable	2,022,051
Due to other governmental units	1,409,279
Accrued interest payable	827,037
Salaries payable	2,440,990
Unearned revenue	354,258
Long-term liabilities (Note F):	
Due within one year	8,297,232
Due in more than one year	178,764,830
Net pension liability	81,539,213
Net OPEB liability	17,901,412
	293,556,302
Deferred Inflows of Resources	
Deferred pension amounts	3,024,608
Deferred OPEB amounts	6,902,530
	9,927,138
Net Position	
Net investment in capital assets	6,444,753
Restricted for:	
Capital projects	3,759,622
Debt service	(731,776)
Community services	736,682
Food service	339,400
Student/school activity	431,277
Unrestricted (deficit)	(69,414,898)
	\$ (58,434,940)

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Position
		Charges for Services	Operating Grants	
Governmental Activities				
Instruction	\$ 34,455,459	\$ 97,998	\$ 10,607,480	\$ (23,749,981)
Supporting services	22,285,170	303,201	932,042	(21,049,927)
Community services	2,847,417	1,989,131	-	(858,286)
Food service	2,067,980	640,497	983,516	(443,967)
Other	2,010,317	-	-	(2,010,317)
Interest on long-term debt	4,837,803	-	-	(4,837,803)
Total Governmental Activities	<u>\$ 68,504,146</u>	<u>\$ 3,030,827</u>	<u>\$ 12,523,038</u>	<u>(52,950,281)</u>
General Revenues				
Taxes:				
				6,286,603
				9,272,956
				1,305,023
				27,579,106
				580,561
				2,483,121
				<u>47,507,370</u>
				(5,442,911)
				<u>(52,992,029)</u>
				<u>\$ (58,434,940)</u>

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2020

	General	2017 Construction	2020 Capital Projects	Nonmajor	Total
Assets					
Cash	\$ 295	\$ -	\$ -	\$ -	\$ 295
Cash equivalents, deposits and investments (Note B)	7,050,775	10,059,874	54,328,117	5,695,588	77,134,354
Accounts receivable	27,168	-	-	-	27,168
Due from other funds (Note D)	398	29,800	-	4,011	34,209
Due from other governmental units (Note C)	5,932,979	-	1,574	11,292	5,945,845
Inventory	-	-	-	25,127	25,127
Prepaid expenditures	183,259	-	-	-	183,259
Total Assets	\$ 13,194,874	\$ 10,089,674	\$ 54,329,691	\$ 5,736,018	\$ 83,350,257
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 282,066	\$ 1,417,372	\$ 294,457	\$ 28,156	\$ 2,022,051
Due to other funds (Note D)	29,800	-	-	4,409	34,209
Due to other governmental units	1,400,269	-	-	9,010	1,409,279
Salaries payable	2,415,568	-	-	25,422	2,440,990
Unearned revenue	47,479	-	-	306,779	354,258
Total Liabilities	4,175,182	1,417,372	294,457	373,776	6,260,787
Fund Balances (Note A)					
Nonspendable	183,259	-	-	25,127	208,386
Restricted	-	5,902,644	54,035,234	4,847,115	64,784,993
Committed for future building improvements	1,189,327	-	-	490,000	1,679,327
Assigned for future expenditures	-	2,769,658	-	-	2,769,658
Unassigned	7,647,106	-	-	-	7,647,106
Total Fund Balances	9,019,692	8,672,302	54,035,234	5,362,242	77,089,470
Total Liabilities and Fund Balances	\$ 13,194,874	\$ 10,089,674	\$ 54,329,691	\$ 5,736,018	\$ 83,350,257

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2020

Total governmental fund balances		\$ 77,089,470
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 therefore are not reported as assets in governmental funds. The cost of assets is \$190,146,077, and accumulated depreciation is \$59,770,955.		130,375,122
Net bond refunding losses are not expensed but are amortized over the life of the new bond issue on the Statement of Activities.		298,869
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	\$ (164,270,000)	
State school bond loan	(2,354,876)	
Bond premium, unamortized	(20,311,898)	
Accumulated sick leave	<u>(125,288)</u>	(187,062,062)
Accrued interest is not included as a liability in governmental funds.		(827,037)
Net pension liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net pension liability	(81,539,213)	
Deferred outflows	24,848,512	
Deferred inflows	<u>(3,024,608)</u>	(59,715,309)
Net OPEB liability and related deferred outflows/inflows of resources are not included as assets/liabilities in governmental funds:		
Net OPEB liability	(17,901,412)	
Deferred outflows	6,209,949	
Deferred inflows	<u>(6,902,530)</u>	<u>(18,593,993)</u>
Total net position - governmental activities		<u><u>\$ (58,434,940)</u></u>

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2020

	General	2017 Construction	2020 Construction	Nonmajor	Total
Revenues					
Local sources	\$ 6,837,649	\$ 601,697	\$ 1,282	\$ 13,538,243	\$ 20,978,871
Non-educational entity sources	50,719	-	-	215,820	266,539
State sources	34,204,733	-	-	74,581	34,279,314
Federal sources	1,138,434	-	-	908,935	2,047,369
Interdistrict sources	3,724,742	-	-	-	3,724,742
Total Revenues	45,956,277	601,697	1,282	14,737,579	61,296,835
Expenditures					
Instruction	29,113,031	-	-	-	29,113,031
Supporting services	15,278,324	200,965	30,178	469,588	15,979,055
Community services	158,209	-	-	2,340,813	2,499,022
Food service	-	-	-	1,646,038	1,646,038
Capital outlay	-	23,321,049	112,760	3,182,328	26,616,137
Debt service:					
Principal repayment	-	-	-	18,990,000	18,990,000
Interest and fiscal charges	-	-	-	4,818,399	4,818,399
Bond issuance costs	-	-	191,812	194,986	386,798
Underwriter's discount	-	-	167,653	102,076	269,729
Total Expenditures	44,549,564	23,522,014	502,403	31,744,228	100,318,209
Excess (Deficiency) of Revenues Over Expenditures	1,406,713	(22,920,317)	(501,121)	(17,006,649)	(39,021,374)
Other Financing Sources (Uses)					
Bond proceeds	-	-	48,595,000	-	48,595,000
Refunding bonds issued	-	-	-	28,815,000	28,815,000
Bond premium	-	-	8,621,355	3,062,392	11,683,747
School bond loan issued	-	-	-	2,340,432	2,340,432
Transfers in	-	-	-	3,033,432	3,033,432
Transfers out	(276,698)	-	(2,680,000)	(76,734)	(3,033,432)
Payments to escrow agent	-	-	-	(19,668,322)	(19,668,322)
Other transactions	145,523	-	-	-	145,523
Total Other Financing Sources (Uses)	(131,175)	-	54,536,355	17,506,200	71,911,380
Net Change in Fund Balances	1,275,538	(22,920,317)	54,035,234	499,551	32,890,006
Fund Balances, Beginning of Year, as restated (Note L)	7,744,154	31,592,619	-	4,862,691	44,199,464
Fund Balances, End of Year	\$ 9,019,692	\$ 8,672,302	\$ 54,035,234	\$ 5,362,242	\$ 77,089,470

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2020

Net change in fund balances - total governmental funds \$ 32,890,006

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, the cost of these assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlays	\$ 23,448,993	
Depreciation expense	<u>(3,349,213)</u>	20,099,780

In the Statement of Activities, only the loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale(s) increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets sold/retired. (5,304)

Proceeds from the sale of bonds, or loans, are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Position.

General obligation bonds	(77,410,000)	
State school bond loan	<u>(2,483,636)</u>	(79,893,636)

Bond premium is amortized over the life of the new bond issue on the Statement of Activities. (10,064,870)

Losses on advanced bond refundings are amortized over the life of the new bond issue on the Statement of Activities. (916,998)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities:

General obligation bonds	26,535,000	
State school bond loan	<u>11,835,038</u>	38,370,038

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid. (19,404)

BYRON CENTER PUBLIC SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2020

In the Statement of Net Position, voluntary severance and accumulated sick leave is measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits used/paid (\$75,355) exceeded the amount earned (\$22,150).	\$ 53,205
The changes in net pension liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.	(7,135,790)
The changes in net OPEB liability and related deferred outflows/inflows of resources are not included as revenues/expenditures in governmental funds.	<u>1,180,062</u>
Total changes in net assets - governmental activities	<u><u>\$ (5,442,911)</u></u>

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Revenues				
Local sources	\$ 7,130,091	\$ 6,712,078	\$ 6,837,649	\$ 125,571
Non-educational entity sources	63,000	50,719	50,719	-
State sources	33,708,970	32,214,334	34,204,733	1,990,399
Federal sources	989,566	1,169,559	1,138,434	(31,125)
Interdistrict sources	3,789,250	3,724,769	3,724,742	(27)
Total Revenues	<u>45,680,877</u>	<u>43,871,459</u>	<u>45,956,277</u>	<u>2,084,818</u>
Expenditures				
Current:				
Instruction:				
Basic programs	25,670,840	25,657,782	25,614,429	43,353
Added needs	3,342,881	3,505,857	3,498,602	7,255
Supporting services:				
Pupil services	2,649,739	2,772,398	2,763,850	8,548
Instructional staff services	895,171	882,886	881,074	1,812
General administrative services	624,181	675,581	663,721	11,860
School administrative services	2,438,954	2,413,548	2,399,243	14,305
Business services	752,067	733,296	702,260	31,036
Operation and maintenance services	3,799,395	3,256,857	3,225,313	31,544
Pupil transportation services	2,479,878	2,225,208	2,196,408	28,800
Central services	1,319,770	1,247,769	1,221,388	26,381
Other supporting services	1,420,279	1,257,501	1,225,067	32,434
Community services	145,172	173,549	158,209	15,340
Total Expenditures	<u>45,538,327</u>	<u>44,802,232</u>	<u>44,549,564</u>	<u>252,668</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>142,550</u>	<u>(930,773)</u>	<u>1,406,713</u>	<u>2,337,486</u>
Other Financing Sources (Uses)				
Transfers in	125,000	-	-	-
Transfers out	(228,532)	(276,698)	(276,698)	-
Other transactions	2,000	175,323	145,523	(29,800)
Total Other Financing Sources (Uses)	<u>(101,532)</u>	<u>(101,375)</u>	<u>(131,175)</u>	<u>(29,800)</u>
Net Change in Fund Balances	41,018	(1,032,148)	1,275,538	2,307,686
Fund Balances, Beginning of Year	<u>7,744,154</u>	<u>7,744,154</u>	<u>7,744,154</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 7,785,172</u></u>	<u><u>\$ 6,712,006</u></u>	<u><u>\$ 9,019,692</u></u>	<u><u>\$ 2,307,686</u></u>

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2020

	<u>Private Purpose Trust Fund</u>
Assets	
Cash equivalents, deposits and investments (Note B)	<u>\$ 12,935</u>
Liabilities	
	<u>-</u>
Net Position	
Restricted for: Individuals and organizations	<u><u>\$ 12,935</u></u>

See accompanying notes to basic financial statements.

BYRON CENTER PUBLIC SCHOOLS
Fiduciary Funds
Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2020

	Private Purpose Trust Fund
Additions	
Interest earnings	\$ 85
Donations	600
Total Additions	<u>685</u>
Deductions	
Endowment activities - scholarships	<u>600</u>
Change in Net Position	85
Net Position, Beginning of Year	<u>12,850</u>
Net Position, End of Year	<u><u>\$ 12,935</u></u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

Note A – Summary of Significant Accounting Policies

Byron Center Public Schools (the “District”) was organized under the School Code of the State of Michigan and services a population of approximately 4,241 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, preschool programs, athletic activities, special education, vocational education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The District’s significant accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-wide and Fund Financial Statements

District-wide Financial Statements - The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The District does not have any *business-type activities*.

The Statement of Net Position is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net position is reported in three parts: investment in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund, the 2017 Construction Capital Projects Fund, and the 2020 Construction Capital Projects Fund are the District's major funds. Non-major funds are aggregated and presented in a single column.

Fund Financial Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate schedules.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, State aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from State sources are primarily governed by the School Aid Act and the School Code of Michigan. The state portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with State law and accounting principles generally accepted in the United States of America.

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

General Fund—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

Special Revenue Funds—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

School Service Funds—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service, Community Service, and the Student/School Activity Funds.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

Capital Projects Funds—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished. The District currently maintains a 2017 Construction Fund, 2020 Capital Projects Fund, and Building and Site Fund.

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan's School Code. For capital project activities funded with sinking fund millage, the District has complied with the applicable provisions of Section 1212 (I) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Trust Funds—Trust Fund net position and results of operations are not included in the district-wide financial statements. Trust funds are reported using the economic resources measurement focus.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Byron Center Public Schools has also adopted budgets for its Special Revenue Funds. A school district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the function level. All appropriations lapse at the end of the fiscal year.

Byron Center Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Chief Financial Officer to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with accounting principles generally accepted in the United States of America.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

7. Inventories/Prepaid Items

Inventories are valued at cost (first-in, first-out), and are accounted for using the consumption method. Inventories of the Food Service Fund consist of food, and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

8. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and improvements, furniture and equipment and vehicles are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10-20 years
Buildings and improvements	40-50 years
Furniture and equipment	3-10 years
Vehicles	5-10 years

9. Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

10. Accumulated Vacation/Sick Leave

Accumulated vacation/sick leave at June 30, 2020 has been computed and recorded in the basic financial statements of the District. Employees who leave the District are entitled to reimbursement for a portion of their unused vacation/sick days. At June 30, 2020, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for accumulated vacation/sick leave was \$125,288.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

11. Retirement Plan

Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, were implemented by the District during the fiscal year ended June 30, 2015. These Statements establish standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Statements identify the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Cost sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans – pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

12. Postemployment Benefits Other Than Pensions

Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, was implemented by the District during the fiscal year ended June 30, 2018. This Statement establishes standards for recognizing and measuring (OPEB) liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB plans, the Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about OPEB are also addressed. Distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet specific criteria. Cost-sharing employers are those whose employees are provided with defined benefit OPEB through cost-sharing multiple-employer OPEB plans—OPEB plans in which the OPEB obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides OPEB through the OPEB plan.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Michigan Public School Employees Retirement System (MPSERS) and additions to/deductions from MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Plan investments are reported at fair value.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

13. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has three such items that qualify for reporting in this category: the deferred charge on a previous year's bond refunding, the deferred outflows relating to the recognition of net pension liability on the financial statements and the deferred outflows relating to the recognition of net OPEB liability on the financial statements.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category: the deferred inflows of resources relating to the recognition of net pension liability on the financial statements and the deferred inflows of resources relating to the recognition of net OPEB liability on the financial statements.

14. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

15. Fund Balances

As of July 1, 2010, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The stated objective of GASB Statement No. 54 is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds, detailed as follows:

- Nondisposable – resources that cannot be spent because they are either (a) not in spendable form (inventories and prepaid amounts) or (b) legally or contractually required to be maintained intact (the principal of a permanent fund).
- Restricted – resources that cannot be spent because of (a) constraints externally imposed by creditors (debt covenants), grantors, contributors, or laws or regulations or (b) imposed by law through constitutional provisions or enabling legislation and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- Committed – resources that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (Board of Education). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified uses by taking the same type of action it employed to previously commit those amounts. Committed fund balance does not lapse at year end.

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- Assigned – resources that are constrained by the government’s *intent* to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body or official to which the governing body has designated the authority to assign amounts to be used for specific purposes. Byron Center Public Schools’ Board of Education has delegated authority to assign fund balances for a specific purpose to the CFO. Assigned fund balance does not lapse at year end.
- Unassigned – unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount.

Byron Center Public Schools has established a policy for its use of unrestricted fund balance amounts, and the District considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The District’s Unassigned General Fund Balance will be maintained to provide the District with sufficient working capital and a margin of safety to address local and regional emergencies without unnecessary borrowing. The Unassigned General Fund Balance may only be appropriated by resolution of the Board of Education. It is recognized that it will not always be possible to avoid borrowing to provide cash flow.

The Board recognizes that good fiscal management comprises the foundational support of the entire District. To make that support as effective as possible, the Board intends to maintain a fund balance of 10% of the District General Fund annual operating expenditures.

16. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

17. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.

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- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for the direct investment by a school district in Michigan.

Balances at June 30, 2020 related to cash equivalents and investments are detailed in the Basic Financial Statements as follows:

Statement of Net Position:	
Governmental activities	\$ 77,134,354
Fiduciary Funds:	
Trust and Agency Funds	<u>12,935</u>
	<u><u>\$ 77,147,289</u></u>

Cash Equivalents

Depositories actively used by the District during the year are detailed as follows:

1. Chemical Bank
2. Salt Lake City Bank

Cash equivalents consist of bank interest-earning super NOW accounts. Chemical Bank is utilized by all funds of the District. Salt Lake City Bank is used to pay referees in the District's athletics programs.

Balances at June 30, 2020 related to cash equivalents are detailed in the Basic Financial Statements as follows:

Cash equivalents	<u>\$ 8,563,532</u>
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Notes to Basic Financial Statements
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Custodial Credit Risk Related to Cash Equivalents

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District cash equivalents is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents was \$8,563,532 and the bank balance was \$10,367,209. Of the bank balance, \$349,714 was covered by federal depository insurance and \$10,017,495 was uninsured and uncollateralized.

Investments

As of June 30, 2020, the District had the following investments:

	<u>Fair Value</u>
Surplus Funds Investment Pool Accounts:	
Michigan Liquid Asset Fund	\$ 59,107,471
Repurchase Agreements	<u>9,476,286</u>
	<u>\$ 68,583,757</u>

The Michigan Liquid Asset Fund (MILAF) is an external pooled investment fund that includes qualified investments in accordance with the applicable sections of the School Code. MILAF is not regulated or registered with the Securities Exchange Commission and reported the same value of the pool shares as the fair value of the District's investments at June 30, 2020. The MILAF Fund is rated AAAM by Standard and Poor's.

Of the districts investments in repurchase agreements, underlying Government bonds of the entire amount are held by the investment's counterparty, Chemical Bank, not in the name of the District. The District's investment policy does not limit securities underlying repurchase agreements.

Custodial Credit Risk Related to Investments

Custodial credit risk is the risk that, in the event of a failure of the counterparty, the District may not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District minimizes custodial credit risk by limiting investments to the types of securities allowed by State statute, and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business. At June 30, 2020, the District had no investments that were subject to custodial credit risk.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District's investment policy does not specifically address credit risk, but minimizes its credit risk by limiting investments to the types allowed by the State.

Interest Rate Risk

In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market, and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market funds, or similar investment pools and limiting the average maturity in accordance with the District's cash requirements. The District's investment policy requires that maturities do not exceed two years.

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Concentration of Credit Risk

The District minimizes concentration of credit risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The District's investment policy places no restrictions on the amount or percentage that may be invested in any one type of security. Excluding U.S. Government guaranteed investments, and mutual fund and pooled investments, no single investment exceeded 5% of total investments at June 30, 2020.

Foreign Currency Risk

The District is not authorized to invest in investments which have this type of risk.

Note C – State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February 2019 and October 2019. The 2019-20 "Foundation Allowance" for Byron Center Public Schools was \$8,293 for 4,232 "Full Time Equivalent" students, generating \$33,209,683 in state aid payments to the District of which \$5,428,743 was paid to the District in July and August 2020 and included in "Due From Other Governmental Units" of the General Fund and Food Service Special Revenue Fund of the District.

Property taxes for the District are levied July 1 and December 1 (the tax lien date) under a split-levy system by the City of Wyoming, the Townships of Byron and Dorr, and the Charter Township of Gaines, and are due 75 days after the levy date. The taxes are then collected by each governmental unit and remitted to the District. The Counties of Kent and Allegan, through their Delinquent Tax Revolving Fund, advance all delinquent real property taxes at March 1 to the District each year prior to June 30.

Section 1211(1) of 1993 PA 312 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

As Byron Center Public Schools' electors had previously (May 7, 2019) approved an 18 mill non-homestead property tax operating millage extension.

The District levied 7.0 mills in 2019 for debt service purposes and 0.9853 mills for building and site, applied on all taxable property in the District.

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Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A and Public Act 36, taxable property is now divided into two categories: PRE and NPRE.

A principal residence exemption property (PRE) is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage" nor any additional voted millage for the retirement of debt.

Non-principal residence exemption property (NPRE) is subject to all District levies. However, since Public Act 36, establishing the Michigan Business Tax, was signed into law, Public Acts 37-40 of 2007 now exempt Industrial Personal Property from the 6 mill State Education Tax and up to 18 mills of local school district operating millage (includes property under Industrial Facilities Tax exemptions); and exempt Commercial Personal Property from up to 12 mills of local school district operating millage (exceptions may apply).

The District is subject to tax abatements granted by the County of Kent with local businesses under the Plant Rehabilitation and Industrial Development Districts Act, (known as the Industrial Facilities Exemption) PA 198 of 1974, as amended, provides a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assists in the building of new facilities, and promotes the establishment of high tech facilities. An Industrial Facilities Exemption (IFE) certificate entitles the facility to exemption from ad valorem real and/or personal property taxes for a term up to 12 years as determined by the local unit of government. The agreements entered into by each local unit include claw back provisions should the recipient of the tax abatement fail to fully meet its commitments, such as employment levels and timelines for relocation. The tax abated property taxes are calculated by applying half the local property tax millage rate on the total IFT taxable value. This amounts to a reduction in property tax revenue of approximately 50%.

For the year ended June 30, 2020, the District's property tax revenues were reduced by approximately \$121,288 under these agreements.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

Note D – Interfund Receivables/Payables and Transfers

Amounts due from/to other funds representing interfund receivables and payables for cash flow advances at June 30, 2020 are detailed as follows:

	Due From	Due To
Major Funds		
General Fund:		
Special Revenue Fund:		
Food Service Fund	\$ 398	\$ -
Capital Projects Fund:		
2017 Construction Fund	-	29,800
Capital Projects Fund:		
2017 Construction Fund		
General Fund	29,800	-
Total Major Funds	30,198	29,800
Nonmajor Funds		
Special Revenue Funds:		
Food Service Fund:		
General Fund	-	398
Community Service Fund	4,011	-
Community Service Fund:		
Food Service Fund	-	4,011
Total Nonmajor Funds	4,011	4,409
Total All Funds	\$ 34,209	\$ 34,209

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

Interfund transfers during the year ended June 30, 2020 were as follows:

	Transfers In	Transfers Out
Major Funds		
General Fund:		
Special Revenue Funds:		
Community Service Fund	\$ -	\$ 276,698
Capital Projects Funds:		
2020 Construction		
Building and Site	-	2,680,000
	-	2,680,000
Total Major Funds	-	2,956,698
Nonmajor Funds		
Special Revenue Funds:		
Community Service Fund:		
General Fund	276,698	-
Debt Service Funds:		
2010 Refinancing Debt Service Fund:		
2020 Refunding Debt Service Fund	-	76,734
2020 Refunding Debt Service Fund:		
2010 Refinancing Debt Service Fund	76,734	-
Capital Projects Funds:		
Building and Site		
2020 Construction	2,680,000	-
	2,680,000	-
Total Nonmajor Funds	3,033,432	76,734
Total All Funds	\$ 3,033,432	\$ 3,033,432

Interfund transfers are essential to maintain the Special Revenue Funds of the District. The transfers assist the fund with cash flow, payroll, and employee benefits. The District's intent is to appropriate expenditures to these funds on an actual basis to show the true costs of operation for these programs. By making the interfund transfers these expenditures can be allocated to each program as they occur. The transfer between debt service funds was made to close the 2010 Refinancing Debt Fund.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balances July 1, 2019	Additions	Deductions	Balances June 30, 2020
Capital assets not being depreciated:				
Land	\$ 4,393,430	\$ 2,853,357	\$ -	\$ 7,246,787
Construction in progress	19,991,964	19,986,648	5,424,763	34,553,849
Total capital assets not being depreciated	<u>24,385,394</u>	<u>\$ 22,840,005</u>	<u>\$ 5,424,763</u>	<u>41,800,636</u>
Capital assets being depreciated:				
Land improvements	17,939,636	\$ 52,728	\$ -	17,992,364
Buildings and improvements	109,399,540	5,454,286	-	114,853,826
Furniture and equipment	11,217,232	333,523	-	11,550,755
Vehicles	3,392,809	193,214	106,070	3,479,953
Equipment under capital leases	468,543	-	-	468,543
Total capital assets being depreciated	<u>142,417,760</u>	<u>\$ 6,033,751</u>	<u>\$ 106,070</u>	<u>148,345,441</u>
Less accumulated depreciation for:				
Land improvements	12,745,563	\$ 632,366	\$ -	13,377,929
Buildings and improvements	31,591,902	2,032,575	-	33,624,477
Furniture and equipment	9,384,402	423,630	-	9,808,032
Vehicles	2,342,105	257,307	100,766	2,498,646
Equipment under capital leases	458,536	3,335	-	461,871
Total accumulated depreciation	<u>56,522,508</u>	<u>\$ 3,349,213</u>	<u>\$ 100,766</u>	<u>59,770,955</u>
Total capital assets being depreciated, net	<u>85,895,252</u>			<u>88,574,486</u>
Net Capital Assets	<u>\$ 110,280,646</u>			<u>\$ 130,375,122</u>

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 1,971,452
Supporting services	1,119,284
Community services	155,809
Food service	102,668
	<u>\$ 3,349,213</u>

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

Note F – Long-term Obligations

Changes in long-term obligations for the year ended June 30, 2020 are summarized as follows:

	Debt Outstanding July 1, 2019	Debt Added	Debt Retired	Debt Outstanding June 30, 2020
General obligation bonds:				
November 15, 2010	\$ 21,280,000	\$ -	\$ 21,280,000	\$ -
February 27, 2012	18,100,000	-	1,100,000	17,000,000
February 24, 2015	1,120,000	-	380,000	740,000
May 18, 2016	10,530,000	-	1,600,000	8,930,000
June 28, 2017	56,535,000	-	965,000	55,570,000
February 27, 2018	5,830,000	-	1,210,000	4,620,000
October 30, 2019	-	11,960,000	-	11,960,000
February 5, 2020	-	16,855,000	-	16,855,000
June 29, 2020	-	48,595,000	-	48,595,000
Bond premium	10,247,028	11,683,747	1,618,877	20,311,898
State school bond loan	11,706,278	2,483,636	11,835,038	2,354,876
Accumulated vacation/sick leave	178,493	22,150	75,355	125,288
	<u>\$ 135,526,799</u>	<u>\$ 91,599,533</u>	<u>\$ 40,064,270</u>	<u>\$ 187,062,062</u>

Long-term bonds, installment purchase agreements and other obligations at June 30, 2020 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$22,750K Building & Site February 27, 2012:				
Annual maturities of \$1,125K to \$1,550K	May 1, 2033	3.00 - 5.00	\$ 17,000,000	\$ 1,125,000
\$2,645K Refunding February 24, 2015:				
Annual maturities of \$370K	May 1, 2022	1.85 - 2.05	740,000	370,000
\$10,530K Refunding May 18, 2016:				
Annual maturities of \$1,850K to \$2,500K	May 1, 2024	1.88 - 2.55	8,930,000	1,850,000
\$56,535K Building & Site June 28, 2017:				
Annual maturities of \$1,015K to \$3,615K	May 1, 2047	5.00	55,570,000	1,015,000
\$7,005K Refunding February 27, 2018:				
Annual maturities of \$1,125K to \$1,210K	May 1, 2024	5.00	4,620,000	1,185,000
\$11,960K Refunding October 30, 2019:				
Annual maturities of \$1,860K to \$2,050K	May 1, 2030	2.20	11,960,000	-
\$16,855K Refunding February 5, 2020:				
Annual maturities of \$1,460K to \$1,590K	May 1, 2031	5.00	16,855,000	1,590,000
\$48,595K Building & Site June 29, 2020:				
Annual maturities of \$895K to \$2,775K	May 1, 2050	4.00 - 5.00	48,595,000	-
Bond premium		N/A	20,311,898	1,033,446
Other Obligations				
State school bond loan			2,354,876	-
Accumulated vacation/sick leave			125,288	80,000
			<u>\$ 187,062,062</u>	<u>\$ 8,248,446</u>

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
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The District is required to obtain loans from the Michigan School Loan Revolving fund for the payment of the annual maturities of its general obligation bonds. There is no fixed maturity schedule for the repayment of these loans. Instead, the principal and interest are payable when taxes levied for debt service are no longer needed to retire bonded debt. During the year the District borrowed \$2,340,432, and accrued interest of \$143,204 was added to the District's outstanding liability to the Fund. At June 30, 2020, the District owed the Fund a total of \$2,354,876.

The annual requirements to pay principal and interest on long-term bonds outstanding at June 30, 2020 are as follows:

Year Ended June 30	Principal	Interest	Total
2021	\$ 7,135,000	\$ 6,622,847	\$ 13,757,847
2022	8,300,000	6,654,418	14,954,418
2023	8,450,000	6,319,583	14,769,583
2024	8,530,000	5,985,607	14,515,607
2025	6,875,000	5,654,157	12,529,157
2026	7,130,000	5,400,770	12,530,770
2027	7,275,000	5,136,167	12,411,167
2028	7,400,000	4,862,447	12,262,447
2029	7,610,000	4,569,359	12,179,359
2030	7,755,000	4,265,223	12,020,223
2031	5,850,000	3,951,438	9,801,438
2032	4,605,000	3,689,850	8,294,850
2033	4,795,000	3,488,250	8,283,250
2034	3,390,000	3,278,200	6,668,200
2035	3,545,000	3,123,450	6,668,450
2036	3,710,000	2,961,550	6,671,550
2037	3,880,000	2,792,000	6,672,000
2038	4,055,000	2,614,600	6,669,600
2039	4,240,000	2,429,100	6,669,100
2040	4,435,000	2,235,050	6,670,050
2041	4,640,000	2,031,950	6,671,950
2042	4,850,000	1,819,350	6,669,350
2043	5,075,000	1,597,000	6,672,000
2044	5,310,000	1,364,250	6,674,250
2045	5,555,000	1,120,600	6,675,600
2046	5,810,000	865,600	6,675,600
2047	6,075,000	598,750	6,673,750
2048	2,555,000	319,600	2,874,600
2049	2,660,000	217,400	2,877,400
2050	2,775,000	111,000	2,886,000
	<u>\$ 164,270,000</u>	<u>\$ 96,079,565</u>	<u>\$ 260,349,565</u>

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On February 5, 2020, the District issued \$16,855,000 in general obligation bonds to advance refund \$19,380,000 of outstanding 2010 refunding serial bonds. The trust interest cost of the refunding bonds were 1.880874% resulting in a total net present value savings of \$1,987,721, or 1.7110698%. The net proceeds of \$19,917,393 after premium of \$3,062,392, underwriter’s discount of \$63,206, and bond issuance costs of \$110,689, were deposited with an escrow agent and used to retire the outstanding obligations described above. This procedure relieves the District from being primarily liable for the debt and the District is virtually assured of not being required to make further payments with respect to the debt. The final payment of outstanding principal and interest was made on May 5, 2020 from the escrow account. This defeasance procedure allows the District to remove the related assets and liabilities from its financial statements, which it has done for the fiscal year end June 30, 2020.

Note G – Retirement Plan

Plan Description

The Michigan Public School Employees' Retirement System (MPSERS) (the “System”), is a cost sharing, multiple employer, state-wide, defined benefit public employee retirement system governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board’s authority to promulgate or amend the provisions of the System. The board consists of twelve members – eleven appointed by the Governor, and the State Superintendent of Instruction, who serves as the ex-officio member.

The System’s pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System’s health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees’ Retirement Act.

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management and Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System’s financial statements are available at www.michigan.gov/orsschools.

Participants are enrolled in one of multiple plans based on date of hire and certain voluntary elections. A summary of pension plans offered by MPSERS are detailed as follows:

Plan Name	Plan Type	Plan Status
Basic	Defined Benefit	Closed
Member Investment Plan (MIP)	Defined Benefit	Closed
Pension Plus	Hybrid	Closed
Defined Contribution	Defined Contribution	Open
Pension Plus 2	Hybrid	Open

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Membership

At September 30, 2019, the System's membership consisted of the following:

Inactive plan members or their beneficiaries currently receiving benefits:	
Regular benefits	194,374
Survivor benefits	18,588
Disability benefits	5,975
Total	218,937
Inactive plan members entitled to but not yet receiving benefits:	18,279
Active plan members:	
Vested	96,319
Non-vested	81,362
Total	177,681
Total plan members	414,897

Benefits Provided

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Depending on the plan option selected, member retirement benefits for DB plan members are determined by final average compensation, years of service, and a pension factor ranging from 1.25 percent to 1.50 percent. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account if applicable. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of MPSERS who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's *transition date*, which is defined as the first day of the pay period that begins on or after February 1, 2013. Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

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Option 1 members voluntarily elected to increase their contributions to the pension fund as noted below, and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic Plan members; 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic Plan members, 3.9% for MIP-Fixed, up to 4% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

Option 4 members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to a tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k) account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in the 457 account. Upon retirement, if they meet age and service requirements (including their total years of service), they would also receive a pension (calculated based on years of service and Final Average Compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a Defined Contribution (DC) plan that provides a 50% employer match (up to 3% of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law, The legislation closed the Pension Plus plan to newly hired employees as of February 1, 2018 and created a new, optional Pension Plus 2 plan with similar plan benefit calculations but containing a 50/50 contribution share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 plan would close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law includes other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

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Regular Retirement

The retirement benefit for DB and Pension Plus plan members is based on a member's years of credited service (employment) and final average compensation (FAC). The FAC is calculated based on the member's highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same time period. For a Member Investment Plan (MIP) member, who became a member of MPSERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member, who became a member of MPSERS after June 30, 2010, the averaging period is 60 consecutive months. For a Basic Plan member, this is the 60 consecutive months yielding the highest total wages. The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member's pension is determined by their pension election under PA 300 of 2012 and is shown below:

Option 1: $FAC \times \text{total years of service} \times 1.5\%$

Option 2: $FAC \times 30 \text{ years of service} \times 1.5\% + FAC \times \text{years of service beyond 30} \times 1.25\%$

Option 3: $FAC \times \text{years of service as of transition date} \times 1.5\% + FAC \times \text{years of service after transition date} \times 1.25\%$

Option 4: $FAC \text{ as of transition date} \times \text{years of service as of transition date} \times 1.5\%$

A MIP member who became a member of MPSERS prior to July 1, 2010 may retire at:

- age 46 with 30 or more years of credited service; or
- age 60 with 10 or more years of credited service; or
- age 60 with 5 years of credited service provided the member has worked through his or her 60th birthday and has credited service in each of the five school fiscal years immediately preceding the retirement effective date.

A Pension Plus member may retire at age 60 with 10 or more years of credited service.

A Pension Plus 2 member may retire at age 60 with 10 or more years of credited service. Section 81c(5) of PA 300 as amended requires the regular retirement age to be increased in whole year increments based on the results of mortality analysis five-year actuarial experience studies performed after October 1, 2019 and the actuarial funding status of the plan. If the regular retirement age for Pension Plus 2 members is increased in accordance with this provision, members within five years of retirement from the effective date of the increase are automatically exempted and the retirement board may additionally authorize those between five and eight years of the then current retirement age to be exempted.

A Basic Plan member may retire at:

- age 55 with 30 or more years of service; or
- age 60 with 10 or more years of service.

There is no mandatory retirement age.

Early Retirement

A MIP or Basic member may retire with an early permanently reduced pension:

- after completing at least 15 but less than 30 years of credited service; and
- after attaining age 55; and
- with credited service in each of the 5 school years immediately preceding the pension effective date.

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The early pension is computed in the same manner as a regular pension, but is permanently reduced 0.5% for each full and partial month between the pension effective date and the date the member will attain age 60.

Deferred Retirement

If a member terminates employment before attaining the age qualification, but after accruing 10 or more years of credited service, the member becomes a deferred member and is eligible for a pension at the time the age qualification is attained.

Non-Duty Disability Benefit

A member with 10 or more years of credited service who becomes totally and permanently disabled due to any non-duty related cause and who has not met the age requirement for a regular pension is eligible for a non-duty disability pension computed in the same manner as an age and service pension, upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by two percent for each year retired; first year 100%, next year 102%, etc.).

Duty Disability Benefit

A member who becomes totally and permanently disabled as a result of a duty-related cause, who has not met the age and service requirement for a regular pension, and who is in receipt of weekly workers' compensation is eligible for a duty disability pension computed in the same manner as an age and service pension (but based upon a minimum of 10 years of service) upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).

Pension Payment Options

The election of a pension option is made at the time of application. Once a member has retired, the option choice is irrevocable. The pension effective date is the first of the calendar month following the date the member has satisfied the age and service requirements, has terminated public school employment and has the completed application forms on file with the System for a period of 15 days. A retroactive pension can be paid for no more than 12 calendar months. Thus, delay in filing the application can result in a loss of some retroactive pension benefits. An applicant may select only one of the following options.

Straight Life Pension – the Straight Life Pension pays the largest level pension a retiree can receive during his or her lifetime and stops with the month of the retiree's death. There are no monthly benefits for a beneficiary. The pension benefit is computed with no beneficiary rights. If the retiree made contributions while an employee and has not received the total accumulated contributions before death, a refund of the balance of the contributions is made to the beneficiary of record. If the retiree did not make any contributions, there will not be payments to any beneficiaries.

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Survivor Options - Under the Survivor Options, 100% Survivor Pension, 100% Equated, 75% Survivor Pension, 75% Equated, 50% Survivor Pension and 50% Equated, the reduction is an actuarial determination dependent upon the combined life expectancies of a retiree and a beneficiary, and varies from case to case. A beneficiary may only be a spouse, brother, sister, parent or child (including an adopted child) of a retiring member. If the beneficiary predeceases a retiree, the pension will revert to either the Straight Life or Straight Life Equated amount (“pop-up” provision). If, however, a retiree was single at the time of retirement and subsequently married, the retiree can request to nominate a new spouse if they elected the straight life option at retirement. Also, if a retiree was married at the time of retirement and has since been widowed and remarried, the retiree can request to nominate a new spouse as a pension beneficiary as long as they elected a survivor option for the spouse at the time of retirement.

100% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree’s death, the same amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

75% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree’s death, 75% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

50% Survivor Pension – pays a reduced pension to a retiree. The month after a retiree’s death, 50% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

Equated Plan – The Equated Plan may be combined with the Straight Life, 100% Survivor, 75% Survivor, or 50% Survivor pension by any member under age 61, except a disability applicant. The Equated Plan provides a higher pension every month until age 62, at which time the monthly pension is permanently decreased to a lower amount than the Straight Life, 100%, 75%, or 50% Survivor alone would provide.

The intent of the Equated Plan is for the retiree’s pension to decrease at age 62 by approximately the same amount as that person’s Social Security benefit will provide. The System pension until age 62 should be about the same as the combined System pension and Social Security after age 62.

The projected Social Security pension the retiring member obtains from the Social Security Administration and furnishes to the System is used in the Equated Plan calculation. The actual Social Security pension may vary from the estimate.

NOTE: The reduction in the pension at age 62 pertains to the Equated Plan only and affects only the retiree. A beneficiary under 100% Equated, 75% Equated or 50% Equated will receive the 100%, 75%, or 50% Survivor amount the month following the retiree’s death as if the Equated Plan had not been chosen. A beneficiary does not participate in the Equated Plan.

Survivor Benefit

A non-duty survivor pension is available if a Member Investment Plan (MIP) member has 10 years of credited service or, if age 60 or older, with five years of credited service; the date they became a MIP member does not matter. The Basic Plan provides a survivor pension with 15 years of credited service or, if age 60 or older, with 10 years of credited service. An active member may nominate as a survivor beneficiary a spouse, child(ren) (including adopted child(ren)), brother, sister, or parent. If other than the spouse is nominated and a spouse exists, the spouse must waive this benefit. If no beneficiary has been nominated, the beneficiary is automatically the spouse; or, if there is no spouse, unmarried children under age 18 share the benefit equally until age 18. The benefit is computed as a regular pension but reduced in accordance with an Option 2 (100% survivor pension factor). The pension begins the first of the month following the member’s death. In the event of death of a deferred member, the System begins payment to the nominated beneficiary at the time the member would have attained the minimum age qualification.

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A duty survivor pension is payable if weekly Workers' Compensation is being paid to the eligible beneficiary due to the member's death. A spouse receives the benefit (based on a minimum of 10 years of service credit) reduced in accordance with a 100% survivor pension factor. If there is no spouse, unmarried children under age 18 share the benefit equally until age 18; if there is no spouse or child(ren), a disabled and dependent parent is eligible.

Post-Retirement Adjustments

A retiree who became a Member Investment Plan (MIP) member prior to July 1, 2010, receives an annual post-retirement non-compounded increase of three percent of the initial pension in the October following twelve months of retirement. Basic Plan members do not receive an annual post-retirement increase, but are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions. Pension Plus members do not receive an annual post-retirement increase.

On January 1, 1990, pre-October 1, 1981 retirees received an increase that ranged from 1% to 22% dependent upon the pension effective date. On October 1, 1990, the base pension of all retirees with an effective pension date of January 1, 1987, or earlier was increased to include all prior post-retirement adjustments.

On January 1, 1986, all recipients through calendar year 1985 received a permanent 8% increase that established the 1986 base pension. In addition, each October, retirees with a pension effective date of January 1, 1987, or earlier receive a fixed increase equal to 3% of the base pension. Both increases are deducted from the distribution of excess investment income, if any. Beginning in 1983, eligible recipients receive an annual distribution of excess investment income, if any.

Contributions and Funded Status

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under the method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2018 valuation will be amortized over a 20-year period beginning October 1, 2018 and ending September 30, 2038.

The schedule below summarized pension contribution rate in effect for the plan fiscal year 2019.

Plan Name	Pension Contribution Rates:	
	Member	District
Basic	0.0 – 4.0%	18.25%
Member Investment Plan (MIP)	3.0 – 7.0%	18.25%
Pension Plus	3.0 – 6.4%	16.46%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

The District's contributions to MPSERS under all pension plans for the year ended June 30, 2020, inclusive of the MSPERS UAAL Stabilization, totaled \$7,006,280.

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MPSERS Plan Net Pension Liability (in thousands)

Total Pension Liability	\$ 84,643,399
Plan Fiduciary Net Position	50,857,170
Net Pension Liability	\$ 33,786,229
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	60.08%
Net Pension Liability as a Percentage of Covered Employee Payroll	377.13%
Total Covered Payroll	\$ 8,958,777

Proportionate Share of Reporting Unit's Net Pension Liability

At June 30, 2020, the District reported a liability of \$81,539,213 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 rolled forward from September 2018. The District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the System during the measurement period by the percent of the pension contributions required from all applicable employers during the measurement period. At September 30, 2019 the District's proportion was 0.24621827%, which was an increase from 0.24091524% at September 30, 2018.

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

For the year ended June 30, 2020, the District recognized pension expense of \$14,040,379. At June 30, 2020, the 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	\$ 365,485	\$ 340,011
Changes of assumptions	15,965,435	—
Net difference between projected and actual earnings on pension plan investment earnings	—	2,613,193
Changes in proportion and differences between District contributions and proportionate share of contributions	2,104,852	71,404
District contributions subsequent to the measurement date*	6,412,740	—
Total	\$ 24,848,512	\$ 3,024,608

* This amount, reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30	Amount
2021	\$ 6,254,417
2022	4,800,971
2023	3,112,677
2024	1,243,099

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2018
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	
MIP and Basic Plans (Non-Hybrid):	6.80%
Pension Plus Plan (Hybrid):	6.80%
Pension Plus 2:	6.00%
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Cost-of-Living Adjustments:	3% annual non-compounded for MIP members
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017 valuation. The total pension liability as of September 30, 2019, is based on the results of an actuarial valuation date of September 30, 2018, and rolled forward using generally accepted actuarial procedures, including the experience study.

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- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [4.4977 for non-university employers or 1.0000 for university employers]
- Recognition period for assets in years: 5.0000
- Full actuarial assumptions are available in the 2019 MPSERS Comprehensive Annual Financial Report found on the ORS website at (www.michigan.gov/orsschools).

Long-Term Expected Rate of Return on Investments

The long-term expected rate of return on pension 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 pension 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2019 are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	28.0%	5.5%
Private Equity Pools	18.0%	8.6%
International Equity Pools	16.0%	7.3%
Fixed Income Pools	10.5%	1.2%
Real Estate & Infrastructure Pools	10.0%	4.2%
Absolute Return Pools	15.5%	5.4%
Short-term Investment Pools	2.0%	0.8%
Total	100.0%	

*Long-term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return

For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 5.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changed amounts actually invested.

Discount Rate

A discount rate of 6.80% was used to measure the total pension liability (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan provided through non-university employers only). This discount rate was based on the long-term expected rate of return on pension plan investments of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan). The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80% (6.80% for the Pension Plus plan, 6.0% for the Pension Plus 2 plan), as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease 5.8%/5.8%/5.0%	Current Single Discount Rate Assumption 6.8%/6.8%/6.0%	1% Increase 7.8%/7.8%/7.0%
District's proportionate share of the net pension liability	\$ 106,006,193	\$ 81,539,213	\$ 61,255,243

Michigan Public School Employees Retirement System (MPERS) Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Michigan Public School Employees Retirement System September 30, 2019 Comprehensive Annual Financial Report, available here: (www.michigan.gov/orsschools).

Payables to the Michigan Public School Employee Retirement System (MPERS)

Payables to the pension plan totaling \$947,170 at June 30, 2020 arise from the normal legally required contributions based on the accrued salaries payable at year-end, expected to be liquidated with expendable available financial resources.

Note H – Other Postemployment Benefits

Plan Description

The Michigan Public School Employees' Retirement System (MPERS or "System") is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan governed by the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members— eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member.

The System's health plan provides all eligible retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State Treasurer serves as the investment officer and custodian for the System.

The System's financial statements are available on the ORS website at www.michigan.gov/orsschools.

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Plan Participants

At September 30, 2019, the System's membership consisted of the following:

Eligible participants:	
Retirees and survivors	198,380
Vested plan members:	
Active	197,982
Non-active	2,458
Participants receiving benefits:	
Health	152,757
Dental/Vision	165,542

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Retiree Healthcare Reform of 2012

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012 or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

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

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Contributions

Employers are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer OPEB contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The portion of this cost allocated to the current valuation year is called the normal cost. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis. The unfunded (overfunded) actuarial accrued liability as of the September 30, 2018 valuation will be amortized over a 20-year period beginning October 1, 2018 and ending September 30, 2038.

The schedule below summarizes OPEB contribution rates in effect for fiscal year ended September 30, 2019:

OPEB Contribution Rates:

Benefit Structure	Member	District
Premium Subsidy	3.0%	7.93%
Personal Healthcare Fund (PHF)	0.0%	7.57%

Required contributions to the OPEB plan from the District were \$1,840,452 for the year ended September 30, 2019.

Net OPEB Liability (in thousands)

Total OPEB Liability	\$ 14,161,627
Plan Fiduciary Net Position	6,892,099
 Net OPEB Liability	 \$ 7,269,528
 Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	48.67%
Net OPEB Liability as a Percentage of Covered Employee Payroll	81.14%
 Total Covered Payroll	 \$ 8,958,777

At June 30, 2020, the District reported a liability of \$17,901,412 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability 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 rolled forward from September 2018. The District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the System during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2019 the District's proportion was 0.24940151%, which was an increase from 0.24419890% at September 30, 2018.

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June 30, 2020

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$630,835. At June 30, 2020, the 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	\$ —	\$ 6,568,534
Changes of assumptions	3,878,874	—
Net difference between projected and actual earnings on OPEB plan investment earnings	—	311,314
Changes in proportion and differences between District contributions and proportionate share of contributions	730,471	22,682
District contributions subsequent to the measurement date*	1,600,604	—
Total	\$ 6,209,949	\$ 6,902,530

* This amount, reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30	Amount
2021	\$ (660,438)
2022	(660,438)
2023	(505,169)
2024	(302,073)
2025	(165,067)

Actuarial Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

Valuation Date:	September 30, 2018
Actuarial Cost Method:	Entry Age, Normal
Wage Inflation Rate:	2.75%
Investment Rate of Return:	6.95%
Projected Salary Increases:	2.75% - 11.55%, including wage inflation of 2.75%
Healthcare Cost Trend Rate:	7.5% Year 1 graded 3.5% Year 12
Mortality:	
Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions:	
Opt Out Assumptions	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death.
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for one or more dependents.

Notes:

- Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual OPEB valuations beginning with the September 30, 2017 valuation. The total OPEB liability as of September 30, 2019, is based on the results of an actuarial valuation date of September 30, 2018, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years: [5.7101 for non-university employers or 1.1641 for university employers].
- Recognition period for assets in years: 5.0000
- Full actuarial assumptions are available in the 2019 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

Long-Term Expected Rate of Return on Investments

The long-term expected rate of return on 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2019, are summarized in the following table:

Investment Category	Target Allocation	Long-term Expected Real Rate of Return*
Domestic Equity Pools	28.0%	5.5%
Private Equity Pools	18.0%	8.6%
International Equity Pools	16.0%	7.3%
Fixed Income Pools	10.5%	1.2%
Real Estate & Infrastructure Pools	10.0%	4.2%
Absolute Return Pools	15.5%	5.4%
Short-term Investment Pools	2.0%	0.8%
Total	100.0%	

* Long-term rates of return are net of administrative expenses and 2.3% inflation.

Rate of Return

For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 5.37%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

A discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 6.95%, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
District's proportionate share of the net OPEB liability	\$ 21,958,772	\$ 17,901,412	\$ 14,494,357

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Healthcare Cost Trend Rate

The following presents the District's proportionate share of the net OPEB liability calculated using assumed trend rates, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 14,349,912	\$ 17,901,412	\$ 21,958,290

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued 2019 MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools.

Payables to the OPEB Plan

Payables to the OPEB plan totaling \$195,223 at June 30, 2020 arise from the normal legally required contributions based on the accrued salaries payable at year-end, expected to be liquidated with expendable available financial resources.

Note I – Risk Management and Benefits

The 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 District has purchased commercial insurance for property loss, errors and omissions, workers' compensation, health benefits, and dental and vision benefits provided to employees. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

There were no significant reductions in insurance coverage in fiscal 2019-20 and as of year ended June 30, 2020, there were no material pending claims against the District.

BYRON CENTER PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2020

Note J – Stewardship, Compliance and Accountability

The District has an unrestricted net position deficit of \$69,414,898 and a total net position deficit of \$58,434,940, as of June 30, 2020. These deficit net positions result primarily from the net pension liability of \$59,715,309 and the net OPEB liability of \$18,593,993 (including deferred outflows and inflows of resources) related to the pension plan and OPEB plan.

Note K – Commitments

On June 28, 2017, the District issued \$56,535,000 of general obligations 2017 Construction Bonds whose proceeds are being used for land improvements, building renovations and additions, and furniture and equipment purchases. At June 30, 2020, unspent balances committed to these construction projects totaled \$8,672,302, which are expected to be fully expended by the year ended June 30, 2021.

On June 29, 2020, the District issued \$48,595,000 of general obligations 2020 Construction Bonds whose proceeds are being used for land improvements, building renovations and additions, and for purchases of furniture and equipment and new school buses. At June 30, 2020, unspent balances committed to these construction projects totaled \$54,035,234, which are expected to be fully expended by the year ended June 30, 2022.

Note L – New Accounting Pronouncement Adopted

Governmental Accounting Standards Board (GASB) Statement No. 84 *Fiduciary Activities*, was adopted by the District during the fiscal year ended June 30, 2020. This Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. It is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. Changes in fund balance and net position required by the Statement increased the beginning balance by \$417,022 at July 1, 2019.

Note M – Risks and Uncertainties

During the fiscal year Michigan school districts were closed in response to the COVID-19 pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. It is uncertain as to the full magnitude that the pandemic will have on the District's financial condition and its access to state, federal and local funding. The Board and Management is actively monitoring the situation.

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") was enacted to provide payment to State, Local, and Tribal governments navigating the impact of the COVID-19 outbreak. The US Department of Treasury distributed these funds to the State of Michigan for distribution to local governmental units. During the 2019-20 fiscal year, the District received \$89,152 in Elementary and Secondary School Emergency Relief (ESSER) funds. In July and August 2020, the District received \$1,533,519 in CARES funding that will be recognized in the 20-21 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

BYRON CENTER PUBLIC SCHOOLS
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2020

	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>
District's proportion of the net pension liability	0.24621827%	0.24091524%	0.23773689%
District's proportionate share of the net pension liability	\$ 81,539,213	\$ 72,423,470	\$ 61,607,735
District's covered-employee payroll	\$ 21,852,001	\$ 20,820,987	\$ 20,055,824
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	373.14%	347.84%	307.18%
Plan fiduciary net position as a percentage of the total pension liability	60.31%	62.12%	63.96%

The amounts presented for each fiscal year were determined as of September 30th of the preceding year.

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
0.23274125%	0.22550901%	0.21439511%
\$ 58,067,038	\$ 55,080,636	\$ 47,223,746
\$ 19,972,998	\$ 18,908,348	\$ 18,273,073
290.73%	291.30%	258.43%
63.01%	66.20%	66.15%

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BYRON CENTER PUBLIC SCHOOLS
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net OPEB Liability
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2020

	<u>Year Ended June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>
District's proportion of the net OPEB liability	0.24910151%	0.24419890%	0.23829060%
District's proportionate share of the net OPEB liability	\$ 17,901,412	\$ 19,411,253	\$ 21,101,755
District's covered-employee payroll	\$ 21,852,001	\$ 20,820,987	\$ 20,055,824
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	81.92%	93.23%	105.22%
Plan fiduciary net position as a percentage of the total OPEB liability	48.46%	43.10%	36.53%

The amounts presented for each fiscal year were determined as of September 30 of the preceding year.

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

See accompanying notes to required supplementary information.

BYRON CENTER PUBLIC SCHOOLS
Required Supplementary Information
Schedule of District Pension Contributions
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2020

	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018
Contractually required contribution	\$ 7,006,280	\$ 6,658,442	\$ 6,137,356
Contributions in relation to the contractually required contribution	<u>7,006,280</u>	<u>6,658,442</u>	<u>6,137,356</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 22,914,671	\$ 21,476,041	\$ 20,718,663
Contributions as a percentage of covered employee payroll	30.58%	31.00%	29.62%

Note: GASB Statement No 68 was implemented in fiscal year 2015. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

<u>Year Ended June 30, 2017</u>	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>
\$ 6,251,498	\$ 5,818,830	\$ 5,872,421
<u>6,251,498</u>	<u>5,818,830</u>	<u>5,872,421</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 19,868,739	\$ 19,186,215	\$ 18,881,489
31.46%	30.33%	31.10%

BYRON CENTER PUBLIC SCHOOLS
Required Supplementary Information
Schedule of District OPEB Contributions
MPSERS Cost-sharing Multiple-employer Plan
June 30, 2020

	<u>Year Ended</u> <u>June 30, 2020</u>	<u>Year Ended</u> <u>June 30, 2019</u>	<u>Year Ended</u> <u>June 30, 2018</u>
Contractually required contribution	\$ 1,840,452	\$ 1,679,863	\$ 1,516,494
Contributions in relation to the contractually required contribution	<u>1,840,452</u>	<u>1,679,863</u>	<u>1,516,494</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 22,914,671	\$ 21,476,041	\$ 20,718,663
Contributions as a percentage of covered employee payroll	8.03%	7.82%	7.32%

Note: GASB Statement No 75 was implemented in fiscal year 2018. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

BYRON CENTER PUBLIC SCHOOLS
Notes to Required Supplementary Information
June 30, 2020

Note A - Net Pension Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2019-20.

Changes of assumptions: There were no changes of benefit assumptions in 2019-20.

Note B - Net Pension OPEB Liability and Contributions

Changes of benefit terms: There were no changes of benefit terms in 2019-20.

Changes of assumptions: There were no changes of benefit assumptions in 2019-20.

SUPPLEMENTARY INFORMATION

GENERAL FUND

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Balance Sheet
June 30, 2020 and 2019

	2020	2019
Assets		
Cash	\$ 295	\$ -
Cash equivalents, deposits and investments	7,050,775	5,561,280
Accounts receivable	27,168	19,929
Due from other funds	398	16,750
Due from other governmental units	5,932,979	6,366,182
Prepaid expenditures	183,259	167,210
Total Assets	\$ 13,194,874	\$ 12,131,351
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 282,066	\$ 427,704
Due to other funds	29,800	10,992
Due to other governmental units	1,400,269	1,659,423
Salaries payable	2,415,568	2,268,399
Unearned revenue	47,479	20,679
Total Liabilities	4,175,182	4,387,197
Fund Balances		
Nonspendable	183,259	167,210
Committed for future building expansion	1,189,327	889,327
Assigned for future expenditures	-	29,800
Unassigned	7,647,106	6,657,817
Total Fund Balances	9,019,692	7,744,154
Total Liabilities and Fund Balances	\$ 13,194,874	\$ 12,131,351

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2020 and 2019

	2020	2019
Local sources:		
Property taxes:		
Current property taxes	\$ 6,278,937	\$ 5,621,697
Delinquent and other property taxes	4,989	5,433
Interest on delinquent taxes	2,677	4,480
	<u>6,286,603</u>	<u>5,631,610</u>
Tuition	63	6,088
Interest earnings:		
Interest on deposits and investments	80,490	97,834
Revenue from student activities:		
Admissions	97,086	94,004
Pay to participate	55,665	92,626
Entry fees	14,169	5,978
Miscellaneous	48,372	141,555
	<u>215,292</u>	<u>334,163</u>
Other local revenue:		
Field trips	29,419	34,153
Student insurance	97,998	95,998
Universal service credit	58,490	13,225
Rental of school property	3,171	3,853
Sale of school property	6,360	10,065
Refunds of expenditures	26,827	71,562
Miscellaneous	32,936	15,494
	<u>255,201</u>	<u>244,350</u>
Total local sources	6,837,649	6,314,045
Non-educational entity sources:		
Crossing guard	22,702	22,566
Resource officer	28,017	37,652
Total non-educational entity sources	<u>50,719</u>	<u>60,218</u>
State sources:		
State aid	33,125,640	32,147,876
Technology infrastructure grant	306,885	261,124
Special education - transportation	675,571	445,125
Special education - itinerants	92,718	84,315
Other grants	3,919	6,271
Total state sources	<u>34,204,733</u>	<u>32,944,711</u>
Federal sources:		
Title I	142,263	254,868
Title II-A	76,520	105,528
Title III	12,283	10,963
Title IV-A	13,216	17,370
ESSER stabilization funds	89,152	-
I.D.E.A.	790,506	787,427
Medicaid - school based	14,494	4,892
Total federal sources	<u>1,138,434</u>	<u>1,181,048</u>

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2020 and 2019

	2020	2019
Interdistrict sources:		
ISD collected millage	\$ 3,066,004	\$ 2,915,454
Special education - other local districts	328,690	358,909
MPSERS - itinerants	77,013	92,954
Medicaid fee for service	245,995	271,743
GSRP	7,040	7,040
Total interdistrict sources	3,724,742	3,646,100
 Total Revenues	\$ 45,956,277	\$ 44,146,122

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2020 and 2019

	2020	2019
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries	\$ 5,220,419	\$ 4,850,069
Employee benefits	3,980,211	3,677,616
Purchased services	240,995	283,516
Supplies	549,793	257,382
	<u>10,003,063</u>	<u>9,231,320</u>
Middle school:		
Salaries	4,395,386	4,049,476
Employee benefits	3,351,568	3,104,947
Purchased services	137,413	214,599
Supplies	191,615	132,922
Miscellaneous	128,417	26,600
	<u>8,204,399</u>	<u>7,528,544</u>
High school:		
Salaries	3,874,374	3,758,624
Employee benefits	2,968,898	2,829,315
Purchased services	235,733	236,697
Supplies	225,625	247,983
Miscellaneous	56,362	54,838
	<u>7,397,115</u>	<u>7,235,911</u>
Pre-kindergarten:		
Bright beginnings	8,478	8,273
Payments to other districts	10	-
	<u>8,488</u>	<u>8,273</u>
Summer school:		
Salaries	1,005	3,319
Employee benefits	359	1,140
	<u>1,364</u>	<u>4,459</u>
Total basic programs	<u>25,614,429</u>	<u>24,008,507</u>
Added needs:		
Special education:		
Salaries	1,391,178	1,343,144
Employee benefits	752,603	720,845
Purchased services	63,035	60,605
Supplies	2,906	7,260
Payments to other districts	457,102	421,892
	<u>2,666,824</u>	<u>2,553,746</u>
Compensatory education:		
Salaries	595,941	592,314
Employee benefits	234,946	227,239
Purchased services	-	688
Supplies	891	9,878
	<u>831,778</u>	<u>830,119</u>
Total added needs	<u>3,498,602</u>	<u>3,383,865</u>
Total instruction	<u>29,113,031</u>	<u>27,392,372</u>

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2020 and 2019

	2020	2019
Supporting services:		
Pupil services:		
Guidance services:		
Salaries	\$ 673,597	\$ 644,789
Employee benefits	370,042	346,219
Purchased services	35	-
Supplies	-	30
Miscellaneous	-	4,739
	<u>1,043,674</u>	<u>995,777</u>
Health services:		
Purchased services	85,571	90,124
Supplies	1,961	6,141
Payments to other districts	144,807	143,060
	<u>232,339</u>	<u>239,325</u>
Psychological services:		
Purchased services	186	210
Supplies	1,370	812
Payments to other districts	191,306	182,298
	<u>192,862</u>	<u>183,320</u>
Speech pathology services:		
Purchased services	42,222	1,427
Supplies	2,311	2,691
Payments to other districts	532,284	557,726
	<u>576,817</u>	<u>561,844</u>
Social worker services:		
Purchased services	312	222
Supplies	192	45
Payments to other districts	451,037	358,877
	<u>451,541</u>	<u>359,144</u>
Other pupil services:		
Salaries	183,041	171,671
Employee benefits	66,686	60,307
Purchased services	16,170	24,050
Supplies	720	-
	<u>266,617</u>	<u>256,028</u>
Total pupil services	<u>2,763,850</u>	<u>2,595,438</u>
Instructional staff services:		
Improvement of instruction:		
Salaries	35,020	37,000
Employee benefits	21,253	20,976
Purchased services	106,250	120,818
Supplies	3,004	2,710
Miscellaneous	1,240	3,049
	<u>166,767</u>	<u>184,553</u>
Educational media services:		
Salaries	117,954	114,165
Employee benefits	42,351	40,289
Purchased services	135	135
Supplies	10,660	6,523
	<u>171,100</u>	<u>161,112</u>

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2020 and 2019

	2020	2019
Supervision and direction of instruction:		
Salaries	\$ 324,811	\$ 308,535
Employee benefits	205,918	192,769
Purchased services	6,530	6,627
Supplies	5,799	109
Miscellaneous	149	265
	<u>543,207</u>	<u>508,305</u>
Total instructional staff services	881,074	853,970
General administrative services:		
Board of education:		
Salaries	4,830	4,140
Employee benefits	385	334
Purchased services	126,077	122,814
Miscellaneous	12,578	11,254
	<u>143,870</u>	<u>138,542</u>
Executive administration:		
Salaries	357,441	293,853
Employee benefits	143,754	141,106
Purchased services	10,272	24,649
Supplies	6,502	7,476
Miscellaneous	1,882	1,912
	<u>519,851</u>	<u>468,996</u>
Total general administrative services	663,721	607,538
School administrative services:		
Office of the principal:		
Salaries	1,473,396	1,363,378
Employee benefits	809,252	736,913
Purchased services	62,030	102,138
Supplies	52,020	18,476
Miscellaneous	2,545	1,530
	<u>2,399,243</u>	<u>2,222,435</u>
Total school administrative services	2,399,243	2,222,435
Business services:		
Fiscal services:		
Salaries	315,080	297,068
Employee benefits	218,099	199,844
Purchased services	5,974	17,049
Maintenance	25,554	23,606
Supplies	4,803	5,282
Miscellaneous	860	883
	<u>570,370</u>	<u>543,732</u>
Internal Services:		
Salaries	899	1,612
Employee benefits	301	516
Purchased services	825	63
	<u>2,025</u>	<u>2,191</u>
Other business services:		
Purchased services	42,926	47,498
Miscellaneous	69,264	63,613
Payments to other districts	17,675	17,106
	<u>129,865</u>	<u>128,217</u>
Total business services	702,260	674,140

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2020 and 2019

	2020	2019
Operation and maintenance services:		
Operation and maintenance:		
Salaries	\$ 412,169	\$ 395,472
Employee benefits	244,146	211,629
Purchased services	1,416,482	1,512,967
Supplies	1,046,533	1,183,455
Capital outlay	44,749	-
Miscellaneous	1,589	9,053
Payments to other districts	3,611	2,966
	<u>3,169,279</u>	<u>3,315,542</u>
Security services:		
Purchased services	56,034	75,303
Total operation and maintenance services	<u>3,225,313</u>	<u>3,390,845</u>
Pupil transportation services:		
Pupil transportation:		
Salaries	853,820	870,403
Employee benefits	354,841	357,097
Purchased services	175,618	179,440
Supplies	153,083	229,443
Miscellaneous	2,813	1,850
Payments to other districts	656,233	805,820
Total pupil transportation services	<u>2,196,408</u>	<u>2,444,053</u>
Central services:		
Planning, research, development, and evaluation:		
Salaries	25,500	20,000
Employee benefits	8,934	6,829
	<u>34,434</u>	<u>26,829</u>
Advertising:		
Salaries	12,500	10,000
Employee benefits	993	806
Purchased services	29,078	19,878
Supplies	-	889
	<u>42,571</u>	<u>31,573</u>
Personnel services:		
Salaries	129,803	185,528
Employee benefits	69,824	100,421
Purchased services	74,101	41,216
Supplies	3,446	996
Miscellaneous	909	1,115
Payments to other districts	-	40
	<u>278,083</u>	<u>329,316</u>

(Continued)

BYRON CENTER PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2020 and 2019

	2020	2019
Technology services:		
Salaries	\$ 240,677	\$ 219,381
Employee benefits	162,074	142,010
Purchased services	351,981	274,961
Supplies	10,741	22,390
Capital outlay	6,345	-
Dues and Fees	265	272
	<u>772,083</u>	<u>659,014</u>
Pupil accounting:		
Supplies	69,126	66,300
Employee benefits	23,721	22,077
Purchased services	1,285	1,244
Miscellaneous	85	85
	<u>94,217</u>	<u>89,706</u>
Total central services	<u>1,221,388</u>	<u>1,136,438</u>
Other supporting services:		
Athletics:		
Salaries	645,811	596,172
Employee benefits	268,169	220,358
Purchased services	145,764	179,817
Supplies	148,955	126,409
Capital outlay	6,470	-
Miscellaneous	9,898	16,218
Total other supporting services	<u>1,225,067</u>	<u>1,138,974</u>
Total supporting services	15,278,324	15,063,831
Community services:		
Community pool:		
Salaries	66,509	65,192
Employee benefits	42,543	30,105
Purchased services	8,019	7,429
Supplies	24,010	16,420
Miscellaneous	250	292
	<u>141,331</u>	<u>119,438</u>
Community activities:		
Salaries	-	106
Employee benefits	-	36
Supplies	-	800
	<u>-</u>	<u>942</u>
Non-public school pupils:		
Purchased services	13,274	12,086
Payments to other districts	3,604	1,191
	<u>16,878</u>	<u>13,277</u>
Total community services	<u>158,209</u>	<u>133,657</u>
Total Expenditures	<u><u>\$ 44,549,564</u></u>	<u><u>\$ 42,589,860</u></u>

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NONMAJOR GOVERNMENTAL FUNDS

BYRON CENTER PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2020

	Special Revenue			Debt Service		
	Food Service	Community Service	Student/School Activity	2010 Refunding	2012 Debt	2015 Refunding
Assets						
Cash equivalents, deposits and investments	\$ 386,232	\$ 1,015,067	\$ 431,277	\$ -	\$ 14,303	\$ 4,035
Due from other funds	4,011	-	-	-	-	-
Due from other governmental units	10,691	-	-	-	83	21
Inventory	25,127	-	-	-	-	-
Total Assets	\$ 426,061	\$ 1,015,067	\$ 431,277	\$ -	\$ 14,386	\$ 4,056
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 204	\$ 19,222	\$ -	\$ -	\$ -	\$ -
Due to other funds	398	4,011	-	-	-	-
Due from other governmental units	867	8,143	-	-	-	-
Salaries payable	2,446	22,976	-	-	-	-
Unearned revenue	82,746	224,033	-	-	-	-
Total Liabilities	86,661	278,385	-	-	-	-
Fund Balances						
Nonspendable	25,127	-	-	-	-	-
Restricted	314,273	736,682	431,277	-	14,386	4,056
Committed	-	-	-	-	-	-
Total Fund Balances	339,400	736,682	431,277	-	14,386	4,056
Total Liabilities and Fund Balances	\$ 426,061	\$ 1,015,067	\$ 431,277	\$ -	\$ 14,386	\$ 4,056

2016 SBLF Refunding	Debt Service				Capital Projects	Total
	2017 Debt	2018 Refunding	2019 SBLF Refunding	2020 Refunding	Building and Site	
\$ 10,114	\$ 31,586	\$ 8,319	\$ 500	\$ 25,877	\$ 3,768,278	\$ 5,695,588
-	-	-	-	-	-	4,011
60	188	47	-	128	74	11,292
-	-	-	-	-	-	25,127
<u>\$ 10,174</u>	<u>\$ 31,774</u>	<u>\$ 8,366</u>	<u>\$ 500</u>	<u>\$ 26,005</u>	<u>\$ 3,768,352</u>	<u>\$ 5,736,018</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,730	\$ 28,156
-	-	-	-	-	-	4,409
-	-	-	-	-	-	9,010
-	-	-	-	-	-	25,422
-	-	-	-	-	-	306,779
-	-	-	-	-	8,730	373,776
-	-	-	-	-	-	25,127
10,174	31,774	8,366	500	26,005	3,269,622	4,847,115
-	-	-	-	-	490,000	490,000
<u>10,174</u>	<u>31,774</u>	<u>8,366</u>	<u>500</u>	<u>26,005</u>	<u>3,759,622</u>	<u>5,362,242</u>
<u>\$ 10,174</u>	<u>\$ 31,774</u>	<u>\$ 8,366</u>	<u>\$ 500</u>	<u>\$ 26,005</u>	<u>\$ 3,768,352</u>	<u>\$ 5,736,018</u>

BYRON CENTER PUBLIC SCHOOLS
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2020

	Special Revenue			Debt Service	
	Food Service	Community Service	Student/School Activity	2010 Refunding	2012 Debt
Revenues					
Local sources:					
Property taxes	\$ -	\$ -	\$ -	\$ 2,231,374	\$ 1,457,714
Interest earnings	2,304	7,184	-	6,986	4,524
Food sales	640,497	-	-	-	-
Revenue from student activities	-	-	483,843	-	-
Other local sources	-	1,773,311	-	-	-
Total local sources	642,801	1,780,495	483,843	2,238,360	1,462,238
Non-educational sources	-	215,820	-	-	-
State sources	74,581	-	-	-	-
Federal sources	908,935	-	-	-	-
Total Revenues	1,626,317	1,996,315	483,843	2,238,360	1,462,238
Expenditures					
Current:					
Supporting services	-	-	469,588	-	-
Community services	-	2,340,813	-	-	-
Food service	1,646,038	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal repayment	-	-	-	1,900,000	1,100,000
Interest and fiscal charges	-	-	-	439,781	689,236
Bond issuance costs	-	-	-	110,689	-
Underwriter's discount	-	-	-	63,206	-
Total Expenditures	1,646,038	2,340,813	469,588	2,513,676	1,789,236
Excess (Deficiency) of Revenues Over Expenditures	(19,721)	(344,498)	14,255	(275,316)	(326,998)
Other Financing Sources (Uses)					
Refunding bonds issued	-	-	-	16,855,000	-
Bond premium	-	-	-	3,062,392	-
School bond loan issued	-	-	-	88,153	328,770
Transfers in	-	276,698	-	-	-
Transfers out	-	-	-	(76,734)	-
Payments to bond escrow agent	-	-	-	(19,668,322)	-
Total Other Financing Sources (Uses)	-	276,698	-	260,489	328,770
Net Change in Fund Balances	(19,721)	(67,800)	14,255	(14,827)	1,772
Fund Balances, Beginning of Year	359,121	804,482	417,022	14,827	12,614
Fund Balances, End of Year	\$ 339,400	\$ 736,682	\$ 431,277	\$ -	\$ 14,386

Debt Service						Capital Projects	
2015 Refunding	2016 SBLF Refunding	2017 Debt	2018 Refunding	2019 SBLF Refunding	2020 Refunding	Building and Site	Total
\$ 371,175	\$ 1,059,355	\$ 3,311,755	\$ 821,175	\$ -	\$ 20,408	\$ 1,305,023	\$ 10,577,979
1,381	3,360	12,183	2,579	3	70	22,039	62,613
-	-	-	-	-	-	-	640,497
-	-	-	-	-	-	-	483,843
-	-	-	-	-	-	-	1,773,311
372,556	1,062,715	3,323,938	823,754	3	20,478	1,327,062	13,538,243
-	-	-	-	-	-	-	215,820
-	-	-	-	-	-	-	74,581
-	-	-	-	-	-	-	908,935
372,556	1,062,715	3,323,938	823,754	3	20,478	1,327,062	14,737,579
-	-	-	-	-	-	-	469,588
-	-	-	-	-	-	-	2,340,813
-	-	-	-	-	-	-	1,646,038
-	-	-	-	-	-	3,182,328	3,182,328
380,000	1,600,000	965,000	1,210,000	11,835,000	-	-	18,990,000
21,035	227,818	2,827,505	279,940	131,760	201,324	-	4,818,399
-	-	-	-	84,297	-	-	194,986
-	-	-	-	38,870	-	-	102,076
401,035	1,827,818	3,792,505	1,489,940	12,089,927	201,324	3,182,328	31,744,228
(28,479)	(765,103)	(468,567)	(666,186)	(12,089,924)	(180,846)	(1,855,266)	(17,006,649)
-	-	-	-	11,960,000	-	-	28,815,000
-	-	-	-	-	-	-	3,062,392
12,282	773,414	208,235	669,037	130,424	130,117	-	2,340,432
-	-	-	-	-	76,734	2,680,000	3,033,432
-	-	-	-	-	-	-	(76,734)
-	-	-	-	-	-	-	(19,668,322)
12,282	773,414	208,235	669,037	12,090,424	206,851	2,680,000	17,506,200
(16,197)	8,311	(260,332)	2,851	500	26,005	824,734	499,551
20,253	1,863	292,106	5,515	-	-	2,934,888	4,862,691
\$ 4,056	\$ 10,174	\$ 31,774	\$ 8,366	\$ 500	\$ 26,005	\$ 3,759,622	\$ 5,362,242

BYRON CENTER PUBLIC SCHOOLS
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local sources	\$ 641,065	\$ 642,801	\$ 1,736
State sources	72,586	74,581	1,995
Federal sources	895,893	908,935	13,042
Total Revenues	<u>1,609,544</u>	<u>1,626,317</u>	<u>16,773</u>
Expenditures			
Food service	<u>1,652,091</u>	<u>1,646,038</u>	<u>6,053</u>
Deficiency of Revenues Over Expenditures	(42,547)	(19,721)	22,826
Fund Balances, Beginning of Year	<u>359,121</u>	<u>359,121</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 316,574</u>	<u>\$ 339,400</u>	<u>\$ 22,826</u>

BYRON CENTER PUBLIC SCHOOLS
Community Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local sources	\$ 1,739,892	\$ 1,780,495	\$ 40,603
Non-educational sources	215,985	215,820	(165)
Total Revenues	<u>1,955,877</u>	<u>1,996,315</u>	<u>40,438</u>
Expenditures			
Current:			
Community services	<u>2,394,125</u>	<u>2,340,813</u>	<u>53,312</u>
Deficiency of Revenues Over Expenditures	<u>(438,248)</u>	<u>(344,498)</u>	<u>93,750</u>
Other Financing Sources			
Transfers in	<u>276,698</u>	<u>276,698</u>	<u>-</u>
Net Change in Fund Balances	<u>(161,550)</u>	<u>(67,800)</u>	<u>93,750</u>
Fund Balances, Beginning of Year	<u>804,482</u>	<u>804,482</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 642,932</u></u>	<u><u>\$ 736,682</u></u>	<u><u>\$ 93,750</u></u>

BYRON CENTER PUBLIC SCHOOLS
Student/School Activity Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Local sources	\$ 450,679	\$ 483,843	\$ 33,164
Expenditures			
Current:			
Supporting services	<u>483,009</u>	<u>469,588</u>	<u>13,421</u>
Excess (Deficiency) of Revenues Over Expenditures	(32,330)	14,255	46,585
Fund Balances, Beginning of Year	<u>417,022</u>	<u>417,022</u>	<u>-</u>
Fund Balances, End of Year	<u><u>\$ 384,692</u></u>	<u><u>\$ 431,277</u></u>	<u><u>\$ 46,585</u></u>

SPECIAL REVENUE FUNDS

Food Service — to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

Community Service — to account for fees received for use in childcare and preschool services for residents, as well as, admission fees, donations and interest earnings for use in the operation and maintenance of the District's fine arts performance center.

Student/School Activity Fund — to account for monies held for the benefit of the District's students.

BYRON CENTER PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2020 and 2019

	2020	2019
Assets		
Cash equivalents, deposits and investments	\$ 386,232	\$ 348,672
Due from other funds	4,011	19,324
Due from other governmental units	10,691	11,047
Inventory	25,127	22,248
Total Assets	\$ 426,061	\$ 401,291
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 204	\$ 271
Due to other funds	398	1,403
Due to other governmental units	867	1,092
Salaries payable	2,446	2,837
Unearned revenue	82,746	36,567
Total Liabilities	86,661	42,170
Fund Balances		
Nonspendable	25,127	22,248
Restricted	314,273	336,873
Total Fund Balances	339,400	359,121
Total Liabilities and Fund Balances	\$ 426,061	\$ 401,291

BYRON CENTER PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 2,304	\$ 2,861
Food sales:		
Children's breakfasts	7,085	9,001
Children's lunches	439,167	577,989
Adult lunches	7,469	16,184
Milk	7,734	8,151
Ala carte	110,924	142,440
Catering	68,118	86,560
Other	-	4,439
	<u>640,497</u>	<u>844,764</u>
Total local sources	642,801	847,625
State sources	74,581	66,396
Federal sources	<u>908,935</u>	<u>776,044</u>
Total Revenues	<u>1,626,317</u>	<u>1,690,065</u>
Expenditures		
Current:		
Food service:		
Salaries	464,294	431,791
Employee benefits	250,302	231,293
Purchased services	138,697	141,705
Supplies	735,213	804,026
Capital outlay	44,365	-
Miscellaneous	<u>13,167</u>	<u>10,034</u>
Total Expenditures	<u>1,646,038</u>	<u>1,618,849</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(19,721)</u>	<u>71,216</u>
Other Financing Sources		
Transfers in	<u>-</u>	<u>16,005</u>
Net Change in Fund Balances	(19,721)	87,221
Fund Balances, Beginning of Year	<u>359,121</u>	<u>271,900</u>
Fund Balances, End of Year	<u>\$ 339,400</u>	<u>\$ 359,121</u>

BYRON CENTER PUBLIC SCHOOLS
Community Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2020 and 2019

	2020	2019
Assets		
Cash equivalents, deposits and investments	\$ 1,015,067	\$ 1,006,169
Due from other governmental units	-	239
Prepaid expenditures	-	10,000
Total Assets	\$ 1,015,067	\$ 1,016,408
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 19,222	\$ 53,196
Due to other funds	4,011	15,113
Due to other governmental units	8,143	10,140
Salaries payable	22,976	29,853
Unearned revenue	224,033	103,624
Total Liabilities	278,385	211,926
Fund Balances		
Nonspendable	-	10,000
Restricted for programs:		
Driver education	114,308	131,094
Preschool	130,485	154,973
Childcare	316,273	431,300
BCTV	85,915	29,667
Pool	7,356	7,167
Van Singel	82,345	40,281
Total Fund Balances	736,682	804,482
Total Liabilities and Fund Balances	\$ 1,015,067	\$ 1,016,408

BYRON CENTER PUBLIC SCHOOLS
Community Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues		
Local sources:		
Interest earnings:		
Interest on deposits and investments	\$ 7,184	\$ 9,047
Other local sources:		
Ticket sales	37,388	-
Donations	83,615	-
Facility rental	27,566	-
Underwriting	26,000	-
Preschool fees	231,634	249,573
Driver education fees	5,690	50,765
Scholarship	-	485
Daycare fees	1,288,400	1,596,216
Pool fees	70,578	119,324
Other	2,440	-
	<u>1,773,311</u>	<u>2,016,363</u>
Total local sources	1,780,495	2,025,410
Non-educational sources:		
BCTV	<u>215,820</u>	<u>140,129</u>
Total Revenues	<u>1,996,315</u>	<u>2,165,539</u>
Expenditures		
Community services:		
Community recreation:		
Salaries	243,114	127,863
Employee benefits	102,931	35,315
Purchased services	136,403	74,623
Supplies	47,352	1,119
Miscellaneous	17,264	20,307
	<u>547,064</u>	<u>259,227</u>
Preschool:		
Salaries	182,335	170,992
Employee benefits	64,687	59,108
Purchased services	8,201	2,659
Supplies	1,692	3,614
Miscellaneous	989	612
	<u>257,904</u>	<u>236,985</u>
Child care:		
Salaries	484,238	461,354
Employee benefits	267,373	252,742
Purchased services	556,501	630,649
Supplies	34,800	47,490
Miscellaneous	10,436	12,164
	<u>1,353,348</u>	<u>1,404,399</u>

(Continued)

BYRON CENTER PUBLIC SCHOOLS
Community Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2020 and 2019

	2020	2019
Driver education:		
Salaries	\$ 10,461	\$ 15,817
Employee benefits	3,236	5,162
Purchased services	8,270	4,372
Supplies	922	1,690
Miscellaneous	145	-
	<u>23,034</u>	<u>27,041</u>
BCTV:		
Salaries	99,058	75,392
Employee benefits	51,248	37,663
Purchased services	1,619	515
Supplies	7,538	7,888
Capital outlay	-	8,360
	<u>159,463</u>	<u>129,818</u>
Total Expenditures	<u>2,340,813</u>	<u>2,057,470</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(344,498)</u>	<u>108,069</u>
Other Financing Sources (Uses)		
Transfers in	276,698	125,981
Transfers out	-	(125,000)
	<u>276,698</u>	<u>981</u>
Total Other Financing Sources (Uses)	<u>276,698</u>	<u>981</u>
Net Change in Fund Balances	<u>(67,800)</u>	<u>109,050</u>
Fund Balances, Beginning of Year	<u>804,482</u>	<u>695,432</u>
Fund Balances, End of Year	<u><u>\$ 736,682</u></u>	<u><u>\$ 804,482</u></u>

BYRON CENTER PUBLIC SCHOOLS
Student/School Activity Special Revenue Fund
Comparative Balance Sheet
June 30, 2020 and 2019

	2020	2019
Assets		
Cash equivalents, deposits and investments	\$ 431,277	\$ 425,589
Due from other funds	-	68
Total Assets	\$ 431,277	\$ 425,657
Liabilities and Fund Balances		
Liabilities		
Due to other funds	\$ -	\$ 8,635
Fund Balances		
Restricted	431,277	417,022
Total Liabilities and Fund Balances	\$ 431,277	\$ 425,657

BYRON CENTER PUBLIC SCHOOLS
Student/School Activity Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2020 and 2019

	2020	2019
Revenues		
Local sources:		
Other student activity	\$ 483,843	\$ 615,844
Expenditures		
Current:		
Supporting services	469,588	574,808
Net Change in Fund Balances	14,255	41,036
Fund Balances, Beginning of Year, as restated (Note L)	417,022	375,986
Fund Balances, End of Year	\$ 431,277	\$ 417,022

DEBT SERVICE FUNDS

To accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

BYRON CENTER PUBLIC SCHOOLS
Debt Service Funds
Combining Balance Sheet
June 30, 2020

	<u>2010</u> <u>Refunding</u>	<u>2012</u> <u>Debt</u>	<u>2015</u> <u>Refunding</u>	<u>2016 SBLF</u> <u>Refunding</u>
Assets				
Cash equivalents, deposits and investments	\$ -	\$ 14,303	\$ 4,035	\$ 10,114
Due from other governmental units	-	83	21	60
Total Assets	<u>\$ -</u>	<u>\$ 14,386</u>	<u>\$ 4,056</u>	<u>\$ 10,174</u>
Liabilities and Fund Balances				
Liabilities				
Due to other governmental units	\$ -	\$ -	\$ -	\$ -
Fund Balances				
Restricted	-	14,386	4,056	10,174
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 14,386</u>	<u>\$ 4,056</u>	<u>\$ 10,174</u>

2017 Debt	2018 Refunding	2019 SBLF Refunding	2020 Refunding	Totals	
				2020	2019
\$ 31,586 188	\$ 8,319 47	\$ 500 -	\$ 25,877 128	\$ 94,734 527	\$ 352,778 -
<u>\$ 31,774</u>	<u>\$ 8,366</u>	<u>\$ 500</u>	<u>\$ 26,005</u>	<u>\$ 95,261</u>	<u>\$ 352,778</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,600
<u>31,774</u>	<u>8,366</u>	<u>500</u>	<u>26,005</u>	<u>95,261</u>	<u>347,178</u>
<u>\$ 31,774</u>	<u>\$ 8,366</u>	<u>\$ 500</u>	<u>\$ 26,005</u>	<u>\$ 95,261</u>	<u>\$ 352,778</u>

BYRON CENTER PUBLIC SCHOOLS
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2020

	2010 Refunding	2012 Debt	2015 Refunding	2016 SBLF Refunding
Revenues				
Local sources:				
Property taxes:				
Current property taxes	\$ 2,224,657	\$ 1,452,959	\$ 369,691	\$ 1,056,045
Industrial facilities taxes	4,951	3,203	815	2,330
Delinquent and other property taxes	1,334	992	520	602
Interest on delinquent taxes	432	560	149	378
	<u>2,231,374</u>	<u>1,457,714</u>	<u>371,175</u>	<u>1,059,355</u>
Interest earnings:				
Interest on deposits and investments	6,986	4,524	1,381	3,360
	<u>6,986</u>	<u>4,524</u>	<u>1,381</u>	<u>3,360</u>
Other local revenues:				
Refunds of expenditures	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>2,238,360</u>	<u>1,462,238</u>	<u>372,556</u>	<u>1,062,715</u>
Expenditures				
Debt service:				
Principal repayment	1,900,000	1,100,000	380,000	1,600,000
Interest and fiscal charges:				
Interest expense	439,497	688,844	20,510	227,302
Paying agent fees	150	150	500	500
Tax refunds	134	242	25	16
Bond issuance costs	110,689	-	-	-
Underwriter's discount	63,206	-	-	-
	<u>63,206</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>2,513,676</u>	<u>1,789,236</u>	<u>401,035</u>	<u>1,827,818</u>
Deficiency of Revenues Over Expenditures	<u>(275,316)</u>	<u>(326,998)</u>	<u>(28,479)</u>	<u>(765,103)</u>
Other Financing Sources (Uses)				
Refunding bonds issued	16,855,000	-	-	-
Bond premium	3,062,392	-	-	-
School bond loan issued	88,153	328,770	12,282	773,414
Transfers in	-	-	-	-
Transfers out	(76,734)	-	-	-
Payment to escrow agent	(19,668,322)	-	-	-
	<u>(19,668,322)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>260,489</u>	<u>328,770</u>	<u>12,282</u>	<u>773,414</u>
Net Change in Fund Balances	(14,827)	1,772	(16,197)	8,311
Fund Balances, Beginning of Year	14,827	12,614	20,253	1,863
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 14,386</u>	<u>\$ 4,056</u>	<u>\$ 10,174</u>

2017 Debt	2018 Refunding	2019 SBLF Refunding	2020 Refunding	Totals	
				2020	2019
\$ 3,300,964	\$ 818,549	\$ -	\$ 19,875	\$ 9,242,740	\$ 8,630,435
7,280	1,805	-	-	20,384	32,201
2,283	522	-	139	6,392	(888)
1,228	299	-	394	3,440	3,950
<u>3,311,755</u>	<u>821,175</u>	<u>-</u>	<u>20,408</u>	<u>9,272,956</u>	<u>8,665,698</u>
12,183	2,579	3	70	31,086	28,003
-	-	-	-	-	1,952
<u>3,323,938</u>	<u>823,754</u>	<u>3</u>	<u>20,478</u>	<u>9,304,042</u>	<u>8,695,653</u>
965,000	1,210,000	11,835,000	-	18,990,000	7,770,000
2,826,750	279,400	131,760	201,324	4,815,387	5,150,967
500	500	-	-	2,300	2,450
255	40	-	-	712	7,422
-	-	84,297	-	194,986	1,000
-	-	38,870	-	102,076	-
<u>3,792,505</u>	<u>1,489,940</u>	<u>12,089,927</u>	<u>201,324</u>	<u>24,105,461</u>	<u>12,931,839</u>
<u>(468,567)</u>	<u>(666,186)</u>	<u>(12,089,924)</u>	<u>(180,846)</u>	<u>(14,801,419)</u>	<u>(4,236,186)</u>
-	-	11,960,000	-	28,815,000	-
-	-	-	-	3,062,392	-
208,235	669,037	130,424	130,117	2,340,432	4,481,288
-	-	-	76,734	76,734	17,980
-	-	-	-	(76,734)	(17,980)
-	-	-	-	(19,668,322)	-
<u>208,235</u>	<u>669,037</u>	<u>12,090,424</u>	<u>206,851</u>	<u>14,549,502</u>	<u>4,481,288</u>
(260,332)	2,851	500	26,005	(251,917)	245,102
<u>292,106</u>	<u>5,515</u>	<u>-</u>	<u>-</u>	<u>347,178</u>	<u>102,076</u>
<u>\$ 31,774</u>	<u>\$ 8,366</u>	<u>\$ 500</u>	<u>\$ 26,005</u>	<u>\$ 95,261</u>	<u>\$ 347,178</u>

CAPITAL PROJECTS FUNDS

Building and Site — to account for property tax revenues and interest earnings used to finance building improvements projects.

2017 Construction — to account for bond proceeds used to finance building construction and improvement projects.

2020 Construction — to account for bond proceeds used to finance building construction and improvement projects.

BYRON CENTER PUBLIC SCHOOLS
Building and Site Capital Projects Fund
Comparative Balance Sheet
June 30, 2020 and 2019

	2020	2019
Assets		
Cash equivalents, deposits and investments	\$ 3,768,278	\$ 2,949,468
Due from other govt units	74	207
Total Assets	\$ 3,768,352	\$ 2,949,675
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 8,730	\$ 13,996
Due to other governmental units	-	791
Total Liabilities	8,730	14,787
Fund Balances		
Restricted	3,269,622	2,544,888
Committed	490,000	390,000
Total Fund Balances	3,759,622	2,934,888
Total Liabilities and Fund Balances	\$ 3,768,352	\$ 2,949,675

BYRON CENTER PUBLIC SCHOOLS
Building and Site Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues		
Local sources:		
Property taxes:		
Current property taxes	\$ 1,300,977	\$ 1,218,365
Industrial facilities taxes	2,869	4,821
Delinquent and other property taxes	702	73
Interest on delinquent taxes	475	566
Total property taxes	<u>1,305,023</u>	<u>1,223,825</u>
Interest earnings:		
Interest on deposits and investments	<u>22,039</u>	<u>24,068</u>
Total Revenues	<u><u>1,327,062</u></u>	<u><u>1,247,893</u></u>
Expenditures		
Capital outlay:		
Site acquisition services	2,852,232	85,025
Site improvement services	37,298	9,500
Building improvements	284,248	533,158
Tax refunds	100	1,057
Total Expenditures	<u><u>3,182,328</u></u>	<u><u>628,740</u></u>
Excess (Deficiency) of Revenues Over Expenditures	<u><u>(1,855,266)</u></u>	<u><u>619,153</u></u>
Other Financing Sources		
Transfers in	<u>2,680,000</u>	<u>-</u>
Net Change in Fund Balances	<u>824,734</u>	<u>619,153</u>
Fund Balances, Beginning of Year	<u>2,934,888</u>	<u>2,315,735</u>
Fund Balances, End of Year	<u><u>\$ 3,759,622</u></u>	<u><u>\$ 2,934,888</u></u>

BYRON CENTER PUBLIC SCHOOLS
2017 Construction Capital Projects Fund
Comparative Balance Sheet
June 30, 2020 and 2019

	2020	2019
Assets		
Cash equivalents, deposits and investments	\$ 10,059,874	\$ 31,592,619
Due from other funds	29,800	-
Total Assets	\$ 10,089,674	\$ 31,592,619
Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 1,417,372	\$ -
Fund Balances		
Restricted	5,902,644	29,201,954
Assigned for future expenditures	2,769,658	2,390,665
Total Fund Balances	8,672,302	31,592,619
Total Liabilities and Fund Balances	\$ 10,089,674	\$ 31,592,619

BYRON CENTER PUBLIC SCHOOLS
2017 Construction Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenues		
Local sources:		
Interest earnings:		
Interest on cash equivalents, deposits and investments	\$ 436,176	\$ 1,097,856
Other local revenue	165,521	
Total Revenues	<u>601,697</u>	<u>1,097,856</u>
Expenditures		
Supporting services:		
Operations and maintenance:		
Operating building services:		
Property and liability	7,751	762
Other purchased services	-	4,542
Pupil transportation services:		
New school buses	193,214	395,625
Total supporting services	<u>200,965</u>	<u>400,929</u>
Capital outlay:		
Site improvement	-	13,613
Improvements other than buildings	2,234,035	2,060,533
Building improvements	16,587,586	16,530,581
Bond consultant fees	-	74
Architect fees	469,082	513,621
Other facilities acquisition and construction services	2,309,988	246,834
Technology hardware	1,720,358	2,453,580
Total capital outlay	<u>23,321,049</u>	<u>21,818,836</u>
Total Expenditures	<u>23,522,014</u>	<u>22,219,765</u>
Deficiency of Revenues Over Expenditures	<u>(22,920,317)</u>	<u>(21,121,909)</u>
Fund Balances, Beginning of Year	<u>31,592,619</u>	<u>52,714,528</u>
Fund Balances, End of Year	<u><u>\$ 8,672,302</u></u>	<u><u>\$ 31,592,619</u></u>

BYRON CENTER PUBLIC SCHOOLS
2020 Construction Capital Projects Fund
Balance Sheet
June 30, 2020

Assets	<u>2020</u>
Cash equivalents, deposits and investments	\$ 54,328,117
Due from other governmental units	<u>1,574</u>
Total Assets	<u><u>\$ 54,329,691</u></u>
Liabilities and Fund Balances	
Liabilities	
Accounts payable	<u>\$ 294,457</u>
Fund Balances	
Restricted	<u>54,035,234</u>
Total Liabilities and Fund Balances	<u><u>\$ 54,329,691</u></u>

BYRON CENTER PUBLIC SCHOOLS
2020 Construction Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
June 30, 2020

	2020
Revenues	
Local sources:	
Interest earnings:	
Interest on cash equivalents, deposits and investments	\$ 1,282
Expenditures	
Supporting services:	
General Administration:	
Board of Education:	
Election costs	30,178
Capital outlay:	
Architect fees	112,760
Debt Service:	
Bond issuance costs	191,812
Underwriter's discount	167,653
	359,465
Total Expenditures	502,403
Deficiency of Revenues Over Expenditures	(501,121)
Other Financing Sources (Uses)	
Bond proceeds	48,595,000
Bond premium	8,621,355
Transfers out	(2,680,000)
Total Other Financing Sources (Uses)	54,536,355
Net Change in Fund Balance	54,035,234
Fund Balances, Beginning of Year	-
Fund Balances, End of Year	\$ 54,035,234