
Birmingham Public Schools

**Financial Report
with Supplemental Information
June 30, 2019**

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Independent Auditor's Report

To the Board of Education
Birmingham Public Schools

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major funds, and the aggregate remaining fund information of Birmingham Public Schools (the "School District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Birmingham Public Schools' basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major funds, and the aggregate remaining fund information of Birmingham Public Schools as of June 30, 2019 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Education
Birmingham Public Schools

Required Supplemental Information

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

Other Information

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

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

The fiduciary funds schedule of cash receipts and disbursements has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2019 on our consideration of Birmingham 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Birmingham Public Schools' internal control over financial reporting and compliance.



October 15, 2019

This section of Birmingham Public Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2019. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Birmingham Public Schools financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term, as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund, 2015 Building & Site Construction Fund, and 2018 Building & Site Construction Fund, with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. This report is composed of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

Required Supplemental Information

Budgetary Comparison Schedule - General Fund

Schedule of Proportionate Share of the Net Pension Liability

Schedule of Pension Contributions

Schedule of Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

Notes to Required Supplemental Information

Other Supplemental Information

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

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

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

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

Reporting the School District's Fund Financial Statements

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

Governmental Funds

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

Fiduciary Funds

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

Birmingham Public Schools

Management's Discussion and Analysis (Continued)

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2019 and 2018:

	Governmental Activities	
	2019	2018
	(in millions)	
Assets		
Current and other assets	\$ 51.6	\$ 66.6
Capital assets	279.5	273.6
Total assets	331.1	340.2
Deferred Outflows of Resources	88.6	51.6
Liabilities		
Current liabilities	20.0	24.6
Noncurrent liabilities	212.7	224.7
Net pension liability	230.9	199.7
Net OPEB liability	61.1	68.2
Total liabilities	524.7	517.2
Deferred Inflows of Resources	41.5	21.6
Net Position		
Net investment in capital assets	80.0	74.9
Restricted	2.3	1.4
Unrestricted	(228.8)	(223.3)
Total net position	<u>\$ (146.5)</u>	<u>\$ (147.0)</u>

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(146.5) million at June 30, 2019. Net investment in capital assets totaling \$80.0 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position, \$(228.8) million, was unrestricted.

The \$(228.8) million in unrestricted net deficit of governmental activities represents the accumulated results of all past years' operations, as well as the net pension and OPEB liabilities at June 30, 2019. Unrestricted net position would enable the School District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund and change in the pension and OPEB liabilities will have a significant impact on the change in unrestricted net position (deficit) from year to year.

Birmingham Public Schools

Management's Discussion and Analysis (Continued)

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2019 and 2018:

	Governmental Activities	
	2019	2018
	(in millions)	
Revenue		
Program revenue:		
Charges for services	\$ 4.8	\$ 4.7
Operating grants	28.8	29.2
General revenue:		
Taxes	73.3	69.0
State aid not restricted to specific purposes	45.0	45.4
Other	6.1	3.2
Total revenue	158.0	151.5
Expenses		
Instruction	88.4	83.4
Support services	53.1	55.2
Athletics	2.1	1.9
Food services	2.2	2.2
Community services	4.0	3.8
Debt service	7.7	7.2
Total expenses	157.5	153.7
Special Item	-	(1.9)
Change in Net Position	0.5	(4.1)
Net Position - Beginning of year, as previously reported	(147.0)	(73.7)
Cumulative Effect of Change in Accounting	-	(69.2)
Net Position - Beginning of year	(147.0)	(142.9)
Net Position - End of year	\$ (146.5)	\$ (147.0)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$157.5 million. Certain activities were partially funded from those who benefited from the programs (\$4.8 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$28.8 million). We paid for the remaining "public benefit" portion of our governmental activities with \$73.3 million in taxes, \$45.0 million in state foundation allowance, and with our other revenue (i.e., interest and general entitlements).

The School District experienced an increase in net position of \$0.5 million.

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

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$32.8 million, which is a decrease of \$10.5 million from last year. The primary reason for the decrease is due to planned expenditures for the 2015 and 2018 Building & Site Construction funds in order to fund ongoing construction projects and project administrative costs.

In the General Fund, our principal operating fund, the fund balance increased \$0.4 million to \$18.9 million. General Fund fund balance is available to fund costs related to allowable school operating purposes. The change is mainly due to planned expenditure reductions and revenue enhancements that were made in the current year to address an anticipated budget shortfall. These measures allowed for one-time revenue of approximately \$1.5 and \$0.6 million of planned expenditure reductions to be realized and implemented in the 2018-2019 fiscal year. These midyear changes, along with mindful spending habits, allowed us to significantly reduce the planned and continued usage of fund balance.

Fund balance of our special revenue funds increased from \$4.7 million last year to \$5.1 million this year. The Autistic Center Fund, High School Stadium Fund, Cafeteria Fund, and Early Childhood Center Fund all had increases in fund balance of \$277,392, \$80,960, \$48,288, and \$15,597, respectively. However, the Wee Care Fund has a fund balance of \$0 due to the revenue not keeping pace with expenditures. The Building and Site Fund had an increase to fund balance of \$651,825. The increase to the Building and Site Fund is a result of the proceeds from the sale of Meadow Lake Elementary.

Combined, the fund balance of our debt service funds increased \$0.5 million. Debt millage rates remained the same between fiscal years 2018 and 2019. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt service fund balances are restricted since they can only be used to pay debt service obligations. The debt service funds have a combined fund balance of \$2.2 million at June 30, 2019.

The combined capital project funds fund balance decreased by approximately \$11.9 million as the School District continued construction related to the 2015 and 2018 bond issues. The construction projects are estimated to be completed at the end of the 2020-2021 fiscal year.

General Fund Budgetary Highlights

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2019. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

There were significant revisions made to the 2018-2019 General Fund original budget. Budgeted revenue was increased by \$3.2 million due to an unexpected change in Hold Harmless budgeted revenue, one-time revenue that was identified and realized due to midyear budget reduction/enhancement planning, changes in certain categorical revenue from the State, and an unanticipated decrease in student enrollment that greater than original estimates. The School District also realized greater PA18 revenue than anticipated due to an increase in property tax valuations.

Budgeted expenditures were also increased by approximately \$1.0 million to account for an increase in salaries resulting from the School District's negotiated salary increases for all groups.

There was a variance between actual and final budgeted expenditures of approximately \$1.9 million, which was primarily the result of a decrease in anticipated benefit costs, purchased service fees, and unspent supplies and textbooks.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2019 and 2018, the School District had \$279.5 million and \$273.6 million, respectively, invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This represents a net increase (including additions, disposals, and depreciation) of approximately \$5.9 million from 2018 to 2019.

Birmingham Public Schools

Management's Discussion and Analysis (Continued)

	2019	2018
Land	\$ 2,930,560	\$ 2,936,560
Construction in progress	21,377,753	27,063,906
Buildings and improvements	231,993,038	227,743,594
Furniture and equipment	22,797,496	15,420,060
Buses and other vehicles	381,584	396,179
	<u>\$ 279,480,431</u>	<u>\$ 273,560,299</u>
Total capital assets - Net of accumulated depreciation	<u>\$ 279,480,431</u>	<u>\$ 273,560,299</u>

This year's additions of \$15.8 million included construction in progress, building improvements, furniture and equipment, and vehicles. This included building renovations and district-wide computer purchases and technology equipment funded from the 2015 and 2018 Building & Site Construction bonds.

We present more detailed information about our capital assets in the notes to the financial statements.

Debt

At the end of this year, the School District had \$188.0 million in bonds outstanding versus \$199.2 million in the previous year.

The School District's general obligation bond rating is Aa1, downgraded from Aaa due to a reduction in operating reserves. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt" (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District's outstanding unqualified general obligation debt of \$188.0 million is significantly below this \$780.0 million statutorily imposed limit.

Other obligations include accrued vacation pay, sick leave, and workers' compensation. We present more detailed information about our long-term liabilities in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Our elected officials and administration consider many factors when setting the School District's 2019-2020 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2020 fiscal year is 10 percent and 90 percent of the February 2019 and October 2019 student counts, respectively. The 2019-2020 budget was adopted in June 2019 based on an estimate of students that will be enrolled in September 2019. Approximately 36 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot assess additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2020 school year, we anticipate that the fall student count will be slightly higher than the estimates used in creating the 2020 budget. The budget assumes an increase in 2020 of state aid at an amount of \$120 per pupil. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations. The budget also assumed a decrease to the Hold Harmless millage rate, as compared to last year. The millage rate is recalculated in September 2019 as more information is available regarding student count estimates and updated property taxable values.

Contacting the School District's Management

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

Birmingham Public Schools

Statement of Net Position

June 30, 2019

Governmental
Activities

Assets

Cash and investments (Note 4)	\$ 30,181,996
Receivables:	
Interest receivable	158,769
Accounts receivable - Net of allowance for uncollectibles of \$100,000	341,973
Due from other governments	11,707,608
Inventories	37,374
Prepaid costs	355,209
Restricted assets (Notes 4 and 6)	8,762,644
Capital assets - Net (Note 7)	279,480,431
Total assets	331,026,004

Deferred Outflows of Resources

Deferred charges on bond refunding (Note 10)	4,325,881
Deferred pension costs (Note 12)	73,800,321
Deferred OPEB costs (Note 12)	10,514,754
Total deferred outflows of resources	88,640,956

Liabilities

Accounts payable	3,571,396
Accrued liabilities:	
Accrued salaries and wages	10,254,674
Payroll taxes and withholdings	2,725,296
Accrued interest	1,272,483
Unearned revenue (Note 8)	659,355
Accrued expenditures	1,520,526
Noncurrent liabilities:	
Due within one year (Note 10)	14,489,625
Due in more than one year (Note 10)	198,182,943
Net pension liability (Note 12)	230,895,849
Net OPEB liability (Note 12)	61,086,687
Total liabilities	524,658,834

Deferred Inflows of Resources (Note 12)

Revenue in support of pension contributions made subsequent to measurement date	8,479,600
Deferred pension cost reductions	19,016,989
Deferred OPEB cost reductions	14,045,969
Total deferred inflows of resources	41,542,558

Net Position

Net investment in capital assets	79,969,185
Restricted:	
Debt service	914,714
Capital projects	1,109,998
Food service	233,899
Unrestricted	(228,762,228)
Total net position	\$ (146,534,432)

Birmingham Public Schools

Statement of Activities

Year Ended June 30, 2019

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Activities
				Net (Expense) Revenue and Change in Net Position
Primary government - Governmental activities:				
Instruction	\$ 88,406,843	\$ 827,252	\$ 18,204,811	\$ (69,374,780)
Support services	53,109,296	-	10,464,182	(42,645,114)
Athletics	2,060,899	118,614	-	(1,942,285)
Food services	2,226,886	1,699,827	93,603	(433,456)
Community services	3,962,055	2,121,270	-	(1,840,785)
Interest	7,687,162	-	-	(7,687,162)
Other debt costs	8,842	-	-	(8,842)
Total primary government	\$ 157,461,983	\$ 4,766,963	\$ 28,762,596	(123,932,424)
General revenue:				
Taxes:				
Property taxes, levied for general purposes				53,522,920
Property taxes, levied for debt service				19,793,854
State aid not restricted to specific purposes				44,955,517
Interest and investment earnings				996,424
Penalties, interest, and other taxes				89,290
Gain on sale of capital assets (Note 7)				1,953,573
Other				3,146,760
Total general revenue				124,458,338
Change in Net Position				525,914
Net Position - Beginning of year				(147,060,346)
Net Position - End of year				<u>\$(146,534,432)</u>

Birmingham Public Schools

Governmental Funds Balance Sheet

June 30, 2019

	General Fund	2015 Building & Site Construction Fund	2018 Building & Site Construction Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	\$ 23,248,228	\$ -	\$ -	\$ 6,933,768	\$ 30,181,996
Receivables:					
Interest receivable	104,130	-	54,639	-	158,769
Accounts receivable - Net of allowance for uncollectibles of \$100,000	304,907	-	-	37,066	341,973
Due from other governments	11,696,705	-	-	10,903	11,707,608
Inventories	-	-	-	37,374	37,374
Prepaid costs	348,399	-	-	6,810	355,209
Restricted assets (Notes 4 and 6)	-	319,076	6,256,371	2,187,197	8,762,644
	<u>\$ 35,702,369</u>	<u>\$ 319,076</u>	<u>\$ 6,311,010</u>	<u>\$ 9,213,118</u>	<u>\$ 51,545,573</u>
Total assets					
Liabilities					
Accounts payable	\$ 2,486,441	\$ 52,800	\$ 918,631	\$ 113,524	\$ 3,571,396
Accrued liabilities - Payroll related	12,501,991	-	-	477,979	12,979,970
Unearned revenue (Note 8)	407,809	-	-	251,546	659,355
Accrued expenditures	1,450,291	-	-	70,235	1,520,526
	<u>16,846,532</u>	<u>52,800</u>	<u>918,631</u>	<u>913,284</u>	<u>18,731,247</u>
Total liabilities					
Fund Balances					
Nonspendable:					
Inventories	-	-	-	37,374	37,374
Prepaid costs	348,399	-	-	6,810	355,209
Restricted:					
Debt service	-	-	-	2,187,197	2,187,197
2015 and 2018 Building and Site construction	-	266,276	5,392,379	-	5,658,655
Food service	-	-	-	189,715	189,715
Autistic center program operations	-	-	-	2,916,143	2,916,143
Committed:					
Building and site and capital equipment	-	-	-	1,021,917	1,021,917
Cash flow stabilization	7,411,149	-	-	-	7,411,149
High school stadium operations	-	-	-	899,964	899,964
Early childhood center operations	-	-	-	1,040,714	1,040,714
Assigned - Budgeted use of fund balance in subsequent year	2,635,248	-	-	-	2,635,248
Unassigned	8,461,041	-	-	-	8,461,041
	<u>18,855,837</u>	<u>266,276</u>	<u>5,392,379</u>	<u>8,299,834</u>	<u>32,814,326</u>
Total fund balances					
Total liabilities and fund balances	<u>\$ 35,702,369</u>	<u>\$ 319,076</u>	<u>\$ 6,311,010</u>	<u>\$ 9,213,118</u>	<u>\$ 51,545,573</u>

Governmental Funds

Reconciliation of the Balance Sheet to the Statement of Net Position

June 30, 2019

Fund Balances Reported in Governmental Funds	\$ 32,814,326
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	472,004,688
Accumulated depreciation	<u>(192,524,257)</u>
Net capital assets used in governmental activities	279,480,431
Deferred outflows related to bond refundings are not reported in the funds	4,325,881
Bonds payable and the related unamortized premiums are not due and payable in the current period and are not reported in the funds	(208,385,784)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,272,483)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(3,507,154)
Early termination incentive obligations	(570,000)
Provision for workers' compensation claims	(209,630)
Net pension liability and related deferred inflows and outflows	(176,112,517)
Net OPEB liability and related deferred inflows and outflows	(64,617,902)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	<u>(8,479,600)</u>
Net Position of Governmental Activities	<u><u>\$ (146,534,432)</u></u>

Birmingham Public Schools

Governmental Funds

Statement of Revenue, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2019

	General Fund	2015 Building & Site Construction Fund	2018 Building & Site Construction Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	\$ 58,139,712	\$ 189,486	\$ 349,523	\$ 23,637,490	\$ 82,316,211
State sources	60,907,568	-	-	1,980,546	62,888,114
Federal sources	2,296,359	-	-	333,359	2,629,718
Interdistrict sources	4,479,093	-	-	4,327,840	8,806,933
Total revenue	125,822,732	189,486	349,523	30,279,235	156,640,976
Expenditures					
Current:					
Instruction	75,264,475	-	-	3,309,705	78,574,180
Support services	46,991,859	-	522,267	2,147,985	49,662,111
Athletics	1,984,928	-	-	-	1,984,928
Food services	-	-	-	2,027,864	2,027,864
Community services	1,669,836	-	-	1,745,879	3,415,715
Debt service:					
Principal	-	-	-	11,185,000	11,185,000
Interest	-	-	-	8,255,432	8,255,432
Other debt costs	-	5,392	-	3,450	8,842
Capital outlay	210,426	5,156,261	7,087,847	1,545,134	13,999,668
Total expenditures	126,121,524	5,161,653	7,610,114	30,220,449	169,113,740
Excess of Revenue (Under) Over Expenditures	(298,792)	(4,972,167)	(7,260,591)	58,786	(12,472,764)
Other Financing Sources (Uses)					
Proceeds from sale of capital assets (Note 7)	-	-	-	1,998,628	1,998,628
Transfers in (Note 9)	738,141	-	-	36,206	774,347
Transfers out (Note 9)	-	-	-	(774,347)	(774,347)
Total other financing sources	738,141	-	-	1,260,487	1,998,628
Net Change in Fund Balances	439,349	(4,972,167)	(7,260,591)	1,319,273	(10,474,136)
Fund Balances - Beginning of year	18,416,488	5,238,443	12,652,970	6,980,561	43,288,462
Fund Balances - End of year	\$ 18,855,837	\$ 266,276	\$ 5,392,379	\$ 8,299,834	\$ 32,814,326

Birmingham Public Schools

Governmental Funds

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

Year Ended June 30, 2019

Net Change in Fund Balances Reported in Governmental Funds	\$ (10,474,136)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	15,848,897
Depreciation expense	(9,883,710)
Net book value of assets disposed of	<u>(45,055)</u>
Total	5,920,132
Revenue in support of pension contributions made subsequent to the measurement date	(606,652)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt); amortization of premiums and deferred inflows related to bond refundings are not expenses in the governmental funds	11,649,848
Interest expense is recognized in the government-wide statements as it accrues	103,422
Some employee costs (pension, OPEB, early retirement incentives, self-insurance liabilities, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	<u>(6,066,700)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 525,914</u></u>

Fiduciary Funds
Statement of Fiduciary Assets and Liabilities

June 30, 2019

	Student Activities and Community Service Organizations Funds
Assets - Cash	\$ 2,192,109
Liabilities	
Due to student activities	\$ 1,117,479
Due to community service organizations	1,074,630
Total liabilities	\$ 2,192,109

June 30, 2019**Note 1 - Nature of Business**

Birmingham Public Schools (the "School District") is a school district in the state of Michigan that provides educational services to students.

Note 2 - Significant Accounting Policies***Accounting and Reporting Principles***

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

Reporting Entity

The School District is governed by an elected seven-member Board of Education. In accordance with government accounting principles, there are no separate legal entities appropriate to be reported within these financial statements.

Report Presentation

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

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

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

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

June 30, 2019

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

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

Governmental Funds

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund. The General Fund includes a cash flow stabilization provision, which requires the School District to maintain adequate fund balance so that, when cash flow is at its lowest point during the year, the School District does not have to borrow from a financial institution. The amount, as determined on an annual basis, is classified as a component of committed fund balance in the General Fund. The General Fund also includes the athletics and federal programs activity.
- The 2015 Building & Site Construction Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for the voter-approved capital projects associated with the 2015 bond projects. The fund operates until the purpose for which it was created is accomplished.
- The 2018 Building & Site Construction Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for the voter-approved capital projects associated with the 2018 bond projects. The fund operates until the purpose for which it was created is accomplished.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's special revenue funds include the Wee Care Fund, Early Childhood Center Fund, Cafeteria Fund, Autistic Center Fund, and the High School Stadium Fund. Any operating deficit generated by these activities is the responsibility of the General Fund.
- Capital projects funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, equipment, and technology upgrades, as well as for remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the School District). The School District does not have any enterprise or internal service funds.

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

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

- The Student Activities Fund and the Community Service Organizations Fund are used to record the transactions of student and community service groups for school and school-related purposes. The funds are segregated and are held for the students and community service organizations.

Interfund Activity

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

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

Basis of Accounting

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

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

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

Proprietary funds and fiduciary funds, as applicable, use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions**Cash and Investments**

Cash and investments include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value, except for certain investments in external investment pools, which are valued at amortized cost.

Note 2 - Significant Accounting Policies (Continued)

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories accounted for using the purchase method are recorded as expenditures when purchased and include all inventories of governmental funds other than commodities within the Cafeteria Fund. Inventories accounted for using the consumption method are recorded as expenditures when consumed rather than when purchased and include commodities within the Cafeteria Fund. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both the government-wide and fund financial statements, when applicable.

Restricted Assets

The following amounts are reported as restricted assets:

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

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of normal repair and maintenance that do not add to the value or materially extend asset life are not capitalized. The School District does not have infrastructure-type assets.

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

	Depreciable Life - Years
Buildings and improvements	20 to 50
Equipment and furniture	5 to 15
Buses and other vehicles	8

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

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

Note 2 - Significant Accounting Policies (Continued)

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

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 represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

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

Net Position

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

Net Position Flow Assumption

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

Fund Balance Flow Assumptions

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

Fund Balance Policies

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

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

June 30, 2019

Note 2 - Significant Accounting Policies (Continued)

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

The fund balance policy includes a cash flow stabilization provision, which requires the School District to maintain adequate fund balance so that, when cash flow is at its lowest point during the year, the School District does not have to borrow from a financial institution. The amount, as determined on an annual basis, is classified as a component of committed fund balance in the General Fund.

Property Tax Revenue

Property taxes become a lien on the first day of the levy year and are due on or before August 15 and December 1 for the remainder on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year. At this time, penalties and interest are assessed, and the total obligation is added to the county tax rolls. All property tax receivables are shown net of an allowance for uncollectible amounts.

Grants and Contributions

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

Pension and Other Postemployment Benefit (OPEB) Plans

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

Compensated Absences (Vacation and Sick Leave)

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Sick pay is accrued for the estimated amount that the School District will pay upon employment termination; vacation pay is accrued when incurred. Both of these are reported in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations as of year end. Generally, the funds that report each employee's compensation are used to liquidate the obligations.

Early termination benefits consist of early retirement incentive cash payments provided to certain employees over a two-year period.

Note 2 - Significant Accounting Policies (Continued)**Use of Estimates**

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

Upcoming Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The School District has evaluated the impact this standard will have on the financial statements. As of July 1, 2019, the School District will report the transactions and balances of the majority of the Student Activities Fund and Community Service Organizations Fund in newly created special revenue funds.

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

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

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds except in the General Fund the School District budgeted for federal program activity as federal program expense rather than by function. The actual amounts in the budget to actual schedule have been presented in the same classification format as the budget. Capital outlay is budgeted in other expenditure categories on a functional basis. The School District presents the budget-to-actual statement, as presented in the required supplemental information section of the financial statements, in greater level of detail as compared to the budget adopted by the Board of Education. The General Fund budget includes the internally reported Cash Flow Stabilization Fund, Athletic Fund, and the Federal Programs Fund. Budgeted interfund transfers between these funds have been eliminated in the budget-to-actual schedule.

All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. There were no significant amendments during the year.

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

June 30, 2019

Note 3 - Stewardship, Compliance, and Accountability (Continued)***Excess of Expenditures Over Appropriations in Budgeted Funds***

The School District did not have significant expenditure budget variances.

Note 4 - Deposits and Investments

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

The School District has designated eight banks/credit unions for the deposit of its funds, and 13 financial institutions have been designated for the holding of the School District's investments.

There are no limitations or restrictions on participant withdrawals for the investment pools in the UBS Select Treasury Investment Fund and the Michigan Liquid Asset Fund that are recorded at amortized cost, except for the Michigan Liquid Asset Fund, which has a one-day minimum investment period, and investments may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State of Michigan. Redemptions made prior to the end of the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed.

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk. At year end, the School District had \$9,068,014 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The School District believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk of Investments

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

Note 4 - Deposits and Investments (Continued)

Interest Rate Risk

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

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Commercial paper	\$ 3,415,099	A1+	S & P
Commercial paper	4,913,053	A1	S & P
Commercial paper	6,984,350	A2	S & P
U.S. agencies bonds/notes	5,840,743	AA+	S & P
UBS Select Treasury Investor Fund	2,291,132	AAA	S & P
Milaf investment pool - Cash Management Class	1,171,241	AAAm	S & P
Milaf investment pool - Max Class	1,216,722	AAAm	S & P
Milaf investment pool - Term Series	5,278,845	AAAkf	Kroll
Total	<u>\$ 31,111,185</u>		

Concentration of Credit Risk

The School District places no limit on the amount it may invest in any one issuer. More than 5 percent of the School District's investments are in Swedbank, Virginia Electric Power, CIBC Canadian Bank, JPMorgan Chase Bank, and Catholic Health commercial paper; these investments are individually 7.94, 9.63, 6.30, 6.29, and 8.01 percent, respectively, of the School District's total investments.

Foreign Currency Risk

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

Note 5 - Fair Value Measurements

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

June 30, 2019

Note 5 - Fair Value Measurements (Continued)

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

The School District has the following recurring fair value measurements as of June 30, 2019:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2019		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Balance at June 30, 2019
Assets - Trading securities - Debt securities - Federal agencies	\$ 3,322,972	\$ 1,000,000	\$ 4,322,972

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

The fair value of federal agency securities at June 30, 2019 was determined primarily based on Level 2 inputs. The School District estimates the fair value of these investments using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Investments in Entities that Calculate Net Asset Value per Share

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

As of June 30, 2019, the net asset value of the School District's investments in the MILAF Term Series was \$5,278,845. The investment pool had no unfunded commitments. The MILAF Term Series allows for the School District to set a specific redemption date upon initiation of the investment. Early redemptions are permitted, but an early redemption fee would apply.

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

Note 6 - Restricted Assets

At June 30, 2019, restricted assets (which consist of cash and investments) relate to the following:

Description	Governmental Activities
Unspent bond proceeds and related interest	\$ 6,575,447
Property tax collections for repayment of bonded indebtedness	2,187,197
Total	\$ 8,762,644

Note 7 - Capital Assets

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

Governmental Activities

	Balance July 1, 2018	Reclassifications	Additions	Disposals	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 2,936,560	\$ -	\$ -	\$ (6,000)	\$ 2,930,560
Construction in progress	27,063,906	(13,890,693)	8,204,540	-	21,377,753
Subtotal	30,000,466	(13,890,693)	8,204,540	(6,000)	24,308,313
Capital assets being depreciated:					
Buildings and improvements	395,020,359	10,199,285	2,314,390	-	407,534,034
Furniture and equipment	29,225,865	3,691,408	5,266,909	-	38,184,182
Buses and other vehicles	2,305,644	-	63,058	(390,543)	1,978,159
Subtotal	426,551,868	13,890,693	7,644,357	(390,543)	447,696,375
Accumulated depreciation:					
Buildings and improvements	167,276,765	-	8,264,231	-	175,540,996
Furniture and equipment	13,805,805	-	1,580,881	-	15,386,686
Buses and other vehicles	1,909,465	-	38,598	(351,488)	1,596,575
Subtotal	182,992,035	-	9,883,710	(351,488)	192,524,257
Net capital assets being depreciated	243,559,833	13,890,693	(2,239,353)	(39,055)	255,172,118
Net governmental activities capital assets	<u>\$ 273,560,299</u>	<u>\$ -</u>	<u>\$ 5,965,187</u>	<u>\$ (45,055)</u>	<u>\$ 279,480,431</u>

In November 2018, the School District sold the Meadow Lake land that had a net book value of \$6,000 and received proceeds of \$1,976,520, which are included in proceeds from sale of capital assets on the statement of revenue, expenditures, and changes in fund balances. The sale resulted in a gain of \$1,970,520, which is included in gain on sale of capital assets on the statement of activities.

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

Governmental activities:	
Instruction	\$ 5,732,552
Support services	3,558,136
Community services	395,348
Food services	197,674
Total governmental activities	<u>\$ 9,883,710</u>

June 30, 2019

Note 7 - Capital Assets (Continued)

Construction Commitments

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

	Spent to Date	Remaining Commitment
2018 Building & Site bond activity	\$ 5,959,646	\$ 744,706
Other capital projects	19,149	7,700
High School Stadium Fund turf replacement	-	1,282,017
Total	<u>\$ 5,978,795</u>	<u>\$ 2,034,423</u>

Note 8 - Unearned Revenue

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

At June 30, 2019, the School District had no unavailable revenue and \$659,355 of unearned revenue, which is primarily composed of payments received in advance of the related services being rendered, such as tuition, summer program fees, and prepaid lunch fees.

Note 9 - Interfund Transfers

Interfund transfers reported in the fund financial statements are composed of the following:

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
Nonmajor governmental funds	Nonmajor governmental funds	\$ 36,206
	General Fund	<u>738,141</u>
	Total	<u>\$ 774,347</u>

Transfers to the General Fund were to reimburse the General Fund for other funds' shares of indirect costs. Funds from the Early Childhood Center Fund, \$36,206, were transferred to the Wee Care Fund during the year to fund operations.

June 30, 2019

Note 10 - Long-term Debt

Long-term debt activity for the year ended June 30, 2019 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt:					
General obligation	\$ 199,180,000	\$ -	\$ (11,185,000)	\$ 187,995,000	\$ 12,210,000
Unamortized bond premiums	21,152,461	-	(761,677)	20,390,784	1,452,773
Total bonds payable	220,332,461	-	(11,946,677)	208,385,784	13,662,773
Compensated absences	3,783,136	182,252	(458,234)	3,507,154	458,000
Workers' compensation claims	523,682	88,266	(402,318)	209,630	83,852
Early retirement incentive	-	570,000	-	570,000	285,000
Total governmental activities long-term debt	<u>\$ 224,639,279</u>	<u>\$ 840,518</u>	<u>\$ (12,807,229)</u>	<u>\$ 212,672,568</u>	<u>\$ 14,489,625</u>

The School District had deferred outflows of \$4,325,881 related to deferred charges on bond refundings at June 30, 2019.

General Obligation Bonds

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. General obligations outstanding at June 30, 2019 are as follows:

Purpose	Remaining Annual Installments	Interest Rates	Maturing	Outstanding
\$7,060,000 refunding bonds	\$115,000 - \$4,500,000	3.38% - 4.50%	5/2024	\$ 7,060,000
\$112,060,000 refunding bonds	\$4,190,000 - \$7,575,000	3.00% - 5.00%	5/2034	94,690,000
\$50,000,000 serial bonds	\$575,000 - \$4,775,000	2.00% - 5.00%	5/2035	45,925,000
\$24,030,000 refunding bonds	\$1,405,000 - \$5,970,000	5.00%	11/2021	13,315,000
\$8,540,000 refunding bonds	\$1,605,000 - \$2,900,000	2.00% - 4.00%	11/2024	8,085,000
\$8,470,000 refunding bonds	\$4,050,000 - \$4,420,000	4.00%	11/2024	8,470,000
\$10,965,000 serial bonds	\$375,000 - \$1,550,000	4.00% - 5.00%	11/2035	10,450,000
Total governmental activities				<u>\$ 187,995,000</u>

Other Long-term Liabilities

Compensated absences, workers' compensation, and early retirement incentive liabilities attributable to the governmental activities will be liquidated primarily by the General Fund and Autistic Center funds.

Note 10 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

Years Ending June 30	Governmental Activities		
	Other Debt		
	Principal	Interest	Total
2020	\$ 12,210,000	\$ 7,634,900	\$ 19,844,900
2021	13,205,000	7,055,650	20,260,650
2022	12,065,000	6,522,394	18,587,394
2023	12,550,000	6,038,120	18,588,120
2024	12,905,000	5,403,819	18,308,819
2025-2029	56,950,000	20,067,069	77,017,069
2030-2034	62,035,000	8,091,429	70,126,429
2035-2036	6,075,000	250,032	6,325,032
Total	<u>\$ 187,995,000</u>	<u>\$ 61,063,413</u>	<u>\$ 249,058,413</u>

Note 11 - Risk Management

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

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

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

	Workers' Compensation	
	2019	2018
Estimated liability - Beginning of year	\$ 523,682	\$ 222,356
Estimated claims incurred, including changes in estimates	88,266	447,290
Claim payments	(402,318)	(145,964)
Estimated liability - End of year	<u>\$ 209,630</u>	<u>\$ 523,682</u>

Note 12 - Michigan Public School Employees' Retirement System

Plan Description

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

June 30, 2019

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

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

Benefits Provided

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

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

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

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

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

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

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

Contributions

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

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

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

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

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

The range of rates is as follows:

	Pension	OPEB
October 1, 2017 - January 31, 2018	13.54% - 17.89%	7.42% - 7.67%
February 1, 2018 - September 30, 2018	13.54% - 19.74%	7.42% - 7.67%
October 1, 2018 - September 30, 2019	13.39% - 19.59%	7.57% - 7.93%

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2019 were \$20,699,373, which include the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$8,479,600 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2019.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2019 were \$5,418,117, which include the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2019, the School District reported a liability of \$230,895,849 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2017, which used updated procedures to roll forward the estimated liability to September 30, 2018. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2018 and 2017, the School District's proportion was 0.77 percent.

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

Net OPEB Liability

At June 30, 2019, the School District reported a liability of \$61,086,687 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2019 was measured as of September 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2017, which used updated procedures to roll forward the estimated liability to September 30, 2018. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2018 and 2017, the School District's proportion was 0.77 percent.

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

For 2019, the School District recognized pension expense of \$29,480,311, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,071,400	\$ (1,677,880)
Changes in assumptions	53,475,288	-
Net difference between projected and actual earnings on pension plan investments	-	(15,787,407)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	1,778,086	(1,551,702)
The School District's contributions to the plan subsequent to the measurement date	17,475,547	-
Total	\$ 73,800,321	\$ (19,016,989)

The \$8,479,600 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ended June 30, 2020. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2020	\$ 15,591,918
2021	11,293,981
2022	7,437,281
2023	2,984,605
Total	\$ 37,307,785

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

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

For the year ended June 30, 2019, the School District recognized OPEB expense of \$2,942,351.

June 30, 2019

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

At June 30, 2019, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ (11,369,802)
Changes in assumptions	6,469,112	-
Net difference between projected and actual earnings on OPEB plan investments	-	(2,347,707)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	110,605	(328,460)
Employer contributions to the plan subsequent to the measurement date	3,935,037	-
Total	\$ 10,514,754	\$ (14,045,969)

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

Years Ending	Amount
2020	\$ (1,829,601)
2021	(1,829,601)
2022	(1,829,601)
2023	(1,367,187)
2024	(610,262)
Total	\$ (7,466,252)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2018 is based on the results of an actuarial valuation as of September 30, 2017 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal cost actuarial cost method
Investment rate of return - Pension	6.00% - 7.05%	Net of investment expenses based on the groups
Investment rate of return - OPEB	7.15%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75 percent for 2019 and 3.50 percent for 2018
Healthcare cost trend rate - OPEB	7.50%	Year 1 graded to 3.0 percent year 12
Mortality basis		RP2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 7.05 percent as of September 30, 2018 depending on the plan option. The discount rate used to measure the total OPEB liability was 7.15 percent as of September 30, 2018. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	28.00 %	5.70 %
Private equity pools	18.00	9.20
International equity pools	16.00	7.20
Fixed-income pools	10.50	0.50
Real estate and infrastructure pools	10.00	3.90
Absolute return pools	15.50	5.20
Short-term investment pools	2.00	-
Total	100.00 %	

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

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

	1 Percent Decrease (5.00 - 6.05%)	Current Discount Rate (6.00 - 7.05%)	1 Percent Increase (7.00 - 8.05%)
Net pension liability of the School District	\$ 303,148,416	\$ 230,895,849	\$ 170,865,711

June 30, 2019

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

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

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

	1 Percent Decrease (6.15%)	Current Discount Rate (7.15%)	1 Percent Increase (8.15%)
Net OPEB liability of the School District	\$ 73,333,326	\$ 61,086,687	\$ 50,785,768

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

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

	1 Percent Decrease (6.50%)	Current Rate (7.50%)	1 Percent Increase (8.50%)
Net OPEB liability of the School District	\$ 50,243,127	\$ 61,086,687	\$ 73,526,465

Pension Plan and OPEB Plan Fiduciary Net Position

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

Payable to the Pension Plan and OPEB Plan

At June 30, 2019, the School District reported a payable of \$3,576,717 and \$889,841 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2019.

Note 13 - Tax Abatements

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

For the fiscal year ended June 30, 2019, the School District's property tax revenue was reduced by \$420,000 under these programs.

The School District is reimbursed for lost revenue caused by tax abatements on the operating millage of nonhomestead properties from the State of Michigan under the school aid formula. The School District received approximately \$390,000 in reimbursements from the State of Michigan. The School District is not reimbursed for lost revenue from debt service millages. There are no abatements made by the School District.

Required Supplemental Information

Birmingham Public Schools

Required Supplemental Information Budgetary Comparison Schedule General Fund

Year Ended June 30, 2019

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	\$ 55,965,353	\$ 57,763,197	\$ 58,139,712	\$ 376,515
State sources	60,525,834	61,153,990	60,907,568	(246,422)
Federal sources	2,587,187	2,719,398	2,296,359	(423,039)
Interdistrict sources	3,852,103	4,504,572	4,479,093	(25,479)
Total revenue	122,930,477	126,141,157	125,822,732	(318,425)
Expenditures				
Current:				
Instruction:				
Basic programs	61,388,256	60,957,092	60,182,899	(774,193)
Added needs	13,945,427	14,332,487	14,117,594	(214,893)
Adult/Continuing education	108,661	110,291	110,345	54
Total instruction	75,442,344	75,399,870	74,410,838	(989,032)
Support services:				
Pupil	7,676,640	8,375,194	8,224,815	(150,379)
Instructional staff	8,579,806	8,617,088	8,403,511	(213,577)
General administration	1,581,867	1,522,179	1,366,518	(155,661)
School administration	7,862,529	7,897,969	7,805,062	(92,907)
Business	1,776,484	1,730,442	1,662,557	(67,885)
Operations and maintenance	10,012,525	10,530,417	10,507,094	(23,323)
Pupil transportation services	4,965,128	4,894,918	4,980,876	85,958
Central	3,359,114	3,205,837	3,056,245	(149,592)
Total support services	45,814,093	46,774,044	46,006,678	(767,366)
Athletics	1,983,553	2,040,133	2,052,884	12,751
Community services	1,610,902	1,461,528	1,422,405	(39,123)
Federal expenditures	2,545,322	2,677,533	2,228,719	(448,814)
Total expenditures	127,396,214	128,353,108	126,121,524	(2,231,584)
Excess of Expenditures Over Revenue	(4,465,737)	(2,211,951)	(298,792)	1,913,159
Other Financing Sources - Transfers in	401,370	1,129,294	738,141	(391,153)
Net Change in Fund Balance	(4,064,367)	(1,082,657)	439,349	1,522,006
Fund Balance - Beginning of year	18,416,488	18,416,488	18,416,488	-
Fund Balance - End of year	<u>\$ 14,352,121</u>	<u>\$ 17,333,831</u>	<u>\$ 18,855,837</u>	<u>\$ 1,522,006</u>

Birmingham Public Schools

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

	Last Five Plan Years Plan Years Ended September 30				
	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.76807 %	0.77054 %	0.77349 %	0.75693 %	0.75248 %
School District's proportionate share of the net pension liability	\$ 230,895,849	\$ 199,679,984	\$ 192,979,970	\$ 184,880,406	\$ 165,745,026
School District's covered employee payroll	\$ 65,346,469	\$ 64,010,810	\$ 65,816,447	\$ 62,749,746	\$ 63,869,107
School District's proportionate share of the net pension liability as a percentage of its covered employee payroll	353.34 %	311.95 %	293.21 %	294.63 %	259.51 %
Plan fiduciary net position as a percentage of total pension liability	62.12 %	63.96 %	63.01 %	62.92 %	66.15 %

Birmingham Public Schools

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

Last Five Fiscal Years Years Ended June 30

	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 20,417,102	\$ 19,641,612	\$ 17,985,848	\$ 17,474,057	\$ 14,014,074
Contributions in relation to the statutorily required contribution	20,417,102	19,641,612	17,985,848	17,474,057	14,014,074
Contribution Deficiency	\$ -	\$ -	\$ -	\$ -	\$ -
School District's Covered Employee Payroll	\$ 66,253,115	\$ 65,204,237	\$ 63,663,446	\$ 62,688,674	\$ 63,426,732
Contributions as a Percentage of Covered Employee Payroll	30.82 %	30.12 %	28.25 %	27.87 %	22.09 %

Birmingham Public Schools

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

	Last Two Plan Years	
	Plan Years Ended September 30	
	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	0.76849 %	0.77051 %
School District's proportionate share of the net OPEB liability	\$ 61,086,687	\$ 68,231,960
School District's covered payroll	\$ 65,346,469	\$ 64,010,810
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	93.48 %	106.59 %
Plan fiduciary net position as a percentage of total OPEB liability	43.10 %	36.53 %

Birmingham Public Schools

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

	Last Two Fiscal Years	
	Years Ended June 30	
	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 5,204,199	\$ 4,709,523
Contributions in relation to the statutorily required contribution	<u>5,204,199</u>	<u>4,709,523</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Employee Payroll	\$ 66,253,115	\$ 65,204,237
Contributions as a Percentage of Covered Employee Payroll	7.86 %	7.22 %

Pension Information

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

Benefit Changes

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

Changes in Assumptions

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

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percent.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percent.

OPEB Information

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

Benefit Changes

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

Changes in Assumptions

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

- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percent.

Other Supplemental Information

Birmingham Public Schools

Other Supplemental Information Combining Balance Sheet General Fund

June 30, 2019

	General Fund	Athletic Fund	Federal Programs Fund	Cash Flow Stabilization Fund	Eliminations	Total Combined General Fund
Assets						
Cash and investments	\$ 15,919,328	\$ -	\$ -	\$ 7,328,900	\$ -	\$ 23,248,228
Receivables:						
Interest receivable	21,881	-	-	82,249	-	104,130
Accounts receivable - Net of allowance for uncollectibles of \$100,000	304,907	-	-	-	-	304,907
Due from other governments	11,181,982	-	514,723	-	-	11,696,705
Due from other funds	221,590	25,871	-	-	(247,461)	-
Prepaid costs	344,692	3,707	-	-	-	348,399
	<u>\$ 27,994,380</u>	<u>\$ 29,578</u>	<u>\$ 514,723</u>	<u>\$ 7,411,149</u>	<u>\$ (247,461)</u>	<u>\$ 35,702,369</u>
Total assets						
Liabilities						
Accounts payable	\$ 2,484,527	\$ 1,726	\$ 188	\$ -	\$ -	\$ 2,486,441
Due to other funds	-	-	247,461	-	(247,461)	-
Accrued liabilities - Payroll related	12,247,900	24,711	229,380	-	-	12,501,991
Unearned revenue	407,809	-	-	-	-	407,809
Accrued expenditures	1,409,456	3,141	37,694	-	-	1,450,291
	<u>16,549,692</u>	<u>29,578</u>	<u>514,723</u>	<u>-</u>	<u>(247,461)</u>	<u>16,846,532</u>
Total liabilities						
Fund Balances						
Nonspendable - Prepaid costs	344,692	3,707	-	-	-	348,399
Committed - Cash flow stabilization	-	-	-	7,411,149	-	7,411,149
Assigned - Budgeted use of fund balance in subsequent year	2,635,248	-	-	-	-	2,635,248
Unassigned	8,464,748	(3,707)	-	-	-	8,461,041
	<u>11,444,688</u>	<u>-</u>	<u>-</u>	<u>7,411,149</u>	<u>-</u>	<u>18,855,837</u>
Total fund balances						
Total liabilities and fund balances	<u>\$ 27,994,380</u>	<u>\$ 29,578</u>	<u>\$ 514,723</u>	<u>\$ 7,411,149</u>	<u>\$ (247,461)</u>	<u>\$ 35,702,369</u>

Birmingham Public Schools

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

Year Ended June 30, 2019

	General Fund	Athletic Fund	Federal Programs Fund	Cash Flow Stabilization Fund	Eliminations	Total Combined General Fund
Revenue						
Local sources	\$ 57,337,664	\$ 627,726	\$ -	\$ 174,322	\$ -	\$ 58,139,712
State sources	60,907,568	-	-	-	-	60,907,568
Federal sources	10,503	-	2,285,856	-	-	2,296,359
Interdistrict sources	4,479,093	-	-	-	-	4,479,093
Total revenue	122,734,828	627,726	2,285,856	174,322	-	125,822,732
Expenditures						
Current:						
Instruction	74,268,630	-	995,845	-	-	75,264,475
Support services	45,965,866	67,956	958,037	-	-	46,991,859
Athletics	-	1,984,928	-	-	-	1,984,928
Community services	1,420,671	-	249,165	-	-	1,669,836
Capital outlay	184,755	-	25,671	-	-	210,426
Total expenditures	121,839,922	2,052,884	2,228,718	-	-	126,121,524
Excess of Revenue Over (Under) Expenditures	894,906	(1,425,158)	57,138	174,322	-	(298,792)
Other Financing Sources (Uses)						
Transfers in	795,279	1,425,158	-	-	(1,482,296)	738,141
Transfers out	(1,425,158)	-	(57,138)	-	1,482,296	-
Total other financing (uses) sources	(629,879)	1,425,158	(57,138)	-	-	738,141
Net Change in Fund Balances	265,027	-	-	174,322	-	439,349
Fund Balances - Beginning of year	11,179,661	-	-	7,236,827	-	18,416,488
Fund Balances - End of year	\$ 11,444,688	\$ -	\$ -	\$ 7,411,149	\$ -	\$ 18,855,837

**Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds**

June 30, 2019

	Special Revenue Funds					
	Wee Care	Early Childhood Center	Cafeteria	Autistic Center	High School Stadium	Total Special Revenue Funds
Assets						
Cash and investments	\$ 17,539	\$ 1,185,023	\$ 326,828	\$ 3,436,852	\$ 931,006	\$ 5,897,248
Receivables:						
Accounts receivable	-	-	21,883	263	-	22,146
Due from other governments	-	-	10,903	-	-	10,903
Inventories	-	-	37,374	-	-	37,374
Prepaid costs	-	-	6,810	-	-	6,810
Restricted assets	-	-	-	-	-	-
Total assets	\$ 17,539	\$ 1,185,023	\$ 403,798	\$ 3,437,115	\$ 931,006	\$ 5,974,481
Liabilities						
Accounts payable	\$ 35	\$ 2,195	\$ 80,158	\$ 1,613	\$ -	\$ 84,001
Accrued liabilities - Payroll related	5,670	24,793	-	447,081	435	477,979
Unearned revenue	11,834	115,544	89,741	3,820	30,607	251,546
Accrued expenditures	-	1,777	-	68,458	-	70,235
Total liabilities	17,539	144,309	169,899	520,972	31,042	883,761
Fund Balances						
Nonspendable:						
Inventories	-	-	37,374	-	-	37,374
Prepaid costs	-	-	6,810	-	-	6,810
Restricted:						
Debt service	-	-	-	-	-	-
Food service	-	-	189,715	-	-	189,715
Autistic center program operations	-	-	-	2,916,143	-	2,916,143
Committed:						
Building and site and capital equipment	-	-	-	-	-	-
High school stadium operations	-	-	-	-	899,964	899,964
Early childhood center operations	-	1,040,714	-	-	-	1,040,714
Total fund balances	-	1,040,714	233,899	2,916,143	899,964	5,090,720
Total liabilities and fund balances	\$ 17,539	\$ 1,185,023	\$ 403,798	\$ 3,437,115	\$ 931,006	\$ 5,974,481

**Other Supplemental Information
Combining Balance Sheet (Continued)
Nonmajor Governmental Funds**

June 30, 2019

	Debt Service Funds								Total Debt Service Funds	
	2010 Refunding	2013 Refunding	2014 Refunding	2015 Refunding	2015 Building & Site	2016 Refunding	2017 Refunding	2018 Building & Site		
Assets										
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:										
Accounts receivable	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Prepaid costs	-	-	-	-	-	-	-	-	-	-
Restricted assets	30,782	832,219	427,726	284,555	351,839	49,119	70,999	139,958	2,187,197	2,187,197
Total assets	\$ 30,782	\$ 832,219	\$ 427,726	\$ 284,555	\$ 351,839	\$ 49,119	\$ 70,999	\$ 139,958	\$ 2,187,197	\$ 2,187,197
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued liabilities - Payroll related	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-
Accrued expenditures	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	-	-	-	-	-	-	-	-
Fund Balances										
Nonspendable:										
Inventories	-	-	-	-	-	-	-	-	-	-
Prepaid costs	-	-	-	-	-	-	-	-	-	-
Restricted:										
Debt service	30,782	832,219	427,726	284,555	351,839	49,119	70,999	139,958	2,187,197	2,187,197
Food service	-	-	-	-	-	-	-	-	-	-
Autistic center program operations	-	-	-	-	-	-	-	-	-	-
Committed:										
Building and site and capital equipment	-	-	-	-	-	-	-	-	-	-
High school stadium operations	-	-	-	-	-	-	-	-	-	-
Early childhood center operations	-	-	-	-	-	-	-	-	-	-
Total fund balances	30,782	832,219	427,726	284,555	351,839	49,119	70,999	139,958	2,187,197	2,187,197
Total liabilities and fund balances	\$ 30,782	\$ 832,219	\$ 427,726	\$ 284,555	\$ 351,839	\$ 49,119	\$ 70,999	\$ 139,958	\$ 2,187,197	\$ 2,187,197

Birmingham Public Schools

Other Supplemental Information Combining Balance Sheet (Continued) Nonmajor Governmental Funds

June 30, 2019

	Capital Project Funds			Total
	Building and Site Projects	Capital Equipment	Total Capital Project Funds	
Assets				
Cash and investments	\$ 372,778	\$ 663,742	\$ 1,036,520	\$ 6,933,768
Receivables:				
Accounts receivable	-	14,920	14,920	37,066
Due from other governments	-	-	-	10,903
Inventories	-	-	-	37,374
Prepaid costs	-	-	-	6,810
Restricted assets	-	-	-	2,187,197
	<u>\$ 372,778</u>	<u>\$ 678,662</u>	<u>\$ 1,051,440</u>	<u>\$ 9,213,118</u>
Total assets				
Liabilities				
Accounts payable	\$ 18,898	\$ 10,625	\$ 29,523	\$ 113,524
Accrued liabilities - Payroll related	-	-	-	477,979
Unearned revenue	-	-	-	251,546
Accrued expenditures	-	-	-	70,235
	<u>18,898</u>	<u>10,625</u>	<u>29,523</u>	<u>913,284</u>
Total liabilities				
Fund Balances				
Nonspendable:				
Inventories	-	-	-	37,374
Prepaid costs	-	-	-	6,810
Restricted:				
Debt service	-	-	-	2,187,197
Food service	-	-	-	189,715
Autistic center program operations	-	-	-	2,916,143
Committed:				
Building and site and capital equipment	353,880	668,037	1,021,917	1,021,917
High school stadium operations	-	-	-	899,964
Early childhood center operations	-	-	-	1,040,714
	<u>353,880</u>	<u>668,037</u>	<u>1,021,917</u>	<u>8,299,834</u>
Total fund balances				
	<u>\$ 372,778</u>	<u>\$ 678,662</u>	<u>\$ 1,051,440</u>	<u>\$ 9,213,118</u>
Total liabilities and fund balances				

Birmingham Public Schools

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

Year Ended June 30, 2019

	Special Revenue Funds					
	Wee Care	Early Childhood Center	Cafeteria	Autistic Center	High School Stadium	Total Special Revenue Funds
Revenue						
Local sources	\$ 412,453	\$ 1,359,796	\$ 1,704,793	\$ -	\$ 96,359	\$ 3,573,401
State sources	-	-	59,942	1,920,196	-	1,980,138
Federal sources	-	-	333,359	-	-	333,359
Interdistrict sources	-	-	-	4,327,840	-	4,327,840
Total revenue	412,453	1,359,796	2,098,094	6,248,036	96,359	10,214,738
Expenditures						
Current:						
Instruction	-	-	-	3,309,705	-	3,309,705
Support services	-	-	-	2,089,785	413	2,090,198
Food services	-	-	2,027,864	-	-	2,027,864
Community services	448,659	1,282,234	-	-	14,986	1,745,879
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other debt costs	-	-	-	-	-	-
Capital outlay	-	25,759	21,942	33,013	-	80,714
Total expenditures	448,659	1,307,993	2,049,806	5,432,503	15,399	9,254,360
Excess of Revenue (Under) Over Expenditures	(36,206)	51,803	48,288	815,533	80,960	960,378
Other Financing Sources (Uses)						
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	36,206	-	-	-	-	36,206
Transfers out	-	(36,206)	-	(538,141)	-	(574,347)
Total other financing sources (uses)	36,206	(36,206)	-	(538,141)	-	(538,141)
Net Change in Fund Balances	-	15,597	48,288	277,392	80,960	422,237
Fund Balances (Deficit) - Beginning of year	-	1,025,117	185,611	2,638,751	819,004	4,668,483
Fund Balances - End of year	\$ -	\$ 1,040,714	\$ 233,899	\$ 2,916,143	\$ 899,964	\$ 5,090,720

Birmingham Public Schools

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

Year Ended June 30, 2019

	Debt Service Funds								Total Debt Service Funds
	2010 Refunding	2013 Refunding	2014 Refunding	2015 Refunding	2015 Building & Site	2016 Refunding	2017 Refunding	2018 Building & Site	
Revenue									
Local sources	\$ 262,953	\$ 8,414,443	\$ 4,996,076	\$ 1,420,164	\$ 2,892,238	\$ 315,542	\$ 368,050	\$ 1,314,838	\$19,984,304
State sources	5	172	102	29	59	6	8	27	408
Federal sources	-	-	-	-	-	-	-	-	-
Interdistrict sources	-	-	-	-	-	-	-	-	-
Total revenue	262,958	8,414,615	4,996,178	1,420,193	2,892,297	315,548	368,058	1,314,865	19,984,712
Expenditures									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Food services	-	-	-	-	-	-	-	-	-
Community services	-	-	-	-	-	-	-	-	-
Debt service:									
Principal	-	4,205,000	4,635,000	905,000	925,000	-	-	515,000	11,185,000
Interest	258,981	4,036,000	31,750	688,375	1,918,219	323,400	338,800	659,907	8,255,432
Other debt costs	750	200	500	500	500	500	500	-	3,450
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	259,731	8,241,200	4,667,250	1,593,875	2,843,719	323,900	339,300	1,174,907	19,443,882
Excess of Revenue (Under) Over Expenditures	3,227	173,415	328,928	(173,682)	48,578	(8,352)	28,758	139,958	540,830
Other Financing Sources (Uses)									
Proceeds from sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net Change in Fund Balances	3,227	173,415	328,928	(173,682)	48,578	(8,352)	28,758	139,958	540,830
Fund Balances (Deficit) - Beginning of year	27,555	658,804	98,798	458,237	303,261	57,471	42,241	-	1,646,367
Fund Balances - End of year	\$ 30,782	\$ 832,219	\$ 427,726	\$ 284,555	\$ 351,839	\$ 49,119	\$ 70,999	\$ 139,958	\$ 2,187,197

Birmingham Public Schools

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

Year Ended June 30, 2019

	Capital Project Funds			Total
	Building and Site Projects	Capital Equipment	Total Capital Project Funds	
Revenue				
Local sources	\$ -	\$ 79,785	\$ 79,785	\$ 23,637,490
State sources	-	-	-	1,980,546
Federal sources	-	-	-	333,359
Interdistrict sources	-	-	-	4,327,840
Total revenue	-	79,785	79,785	30,279,235
Expenditures				
Current:				
Instruction	-	-	-	3,309,705
Support services	57,787	-	57,787	2,147,985
Food services	-	-	-	2,027,864
Community services	-	-	-	1,745,879
Debt service:				
Principal	-	-	-	11,185,000
Interest	-	-	-	8,255,432
Other debt costs	-	-	-	3,450
Capital outlay	1,266,908	197,512	1,464,420	1,545,134
Total expenditures	1,324,695	197,512	1,522,207	30,220,449
Excess of Revenue (Under) Over Expenditures	(1,324,695)	(117,727)	(1,442,422)	58,786
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	1,976,520	22,108	1,998,628	1,998,628
Transfers in	-	-	-	36,206
Transfers out	-	(200,000)	(200,000)	(774,347)
Total other financing sources (uses)	1,976,520	(177,892)	1,798,628	1,260,487
Net Change in Fund Balances	651,825	(295,619)	356,206	1,319,273
Fund Balances (Deficit) - Beginning of year	(297,945)	963,656	665,711	6,980,561
Fund Balances - End of year	\$ 353,880	\$ 668,037	\$ 1,021,917	\$ 8,299,834

Birmingham Public Schools

Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2019

Years Ending June 30	2010 Refunding Principal	2013 Refunding Principal	2015 Building and Site Principal	2015 Refunding Principal	2016 Refunding Principal	2017 Refunding Principal	2018 Building and Site Principal	Total
2020	\$ -	\$ 4,190,000	\$ 1,000,000	\$ 5,970,000	\$ -	\$ -	\$ 1,050,000	\$ 12,210,000
2021	115,000	4,575,000	1,025,000	5,940,000	-	-	1,550,000	13,205,000
2022	1,805,000	4,555,000	1,025,000	1,405,000	2,900,000	-	375,000	12,065,000
2023	4,500,000	5,495,000	575,000	-	1,605,000	-	375,000	12,550,000
2024	640,000	5,455,000	600,000	-	1,760,000	4,050,000	400,000	12,905,000
2025	-	5,930,000	625,000	-	1,820,000	4,420,000	425,000	13,220,000
2026	-	6,545,000	3,425,000	-	-	-	450,000	10,420,000
2027	-	6,705,000	3,575,000	-	-	-	475,000	10,755,000
2028	-	6,890,000	3,700,000	-	-	-	500,000	11,090,000
2029	-	7,090,000	3,850,000	-	-	-	525,000	11,465,000
2030	-	7,265,000	4,000,000	-	-	-	550,000	11,815,000
2031	-	7,440,000	4,175,000	-	-	-	575,000	12,190,000
2032	-	7,555,000	4,350,000	-	-	-	600,000	12,505,000
2033	-	7,575,000	4,525,000	-	-	-	650,000	12,750,000
2034	-	7,425,000	4,700,000	-	-	-	650,000	12,775,000
2035	-	-	4,775,000	-	-	-	650,000	5,425,000
2036	-	-	-	-	-	-	650,000	650,000
Total remaining payments	\$ 7,060,000	\$ 94,690,000	\$ 45,925,000	\$ 13,315,000	\$ 8,085,000	\$ 8,470,000	\$ 10,450,000	\$ 187,995,000
Principal payments due	May	May	May	November	November	November	November	
Interest rate	3.375% - 4.50%	3.00% - 5.00%	2.00% - 5.00%	5.00%	2.00% - 4.00%	4.00%	4.00% - 5.00%	
Original issue	\$ 7,060,000	\$ 112,060,000	\$ 50,000,000	\$ 24,030,000	\$ 8,540,000	\$ 8,470,000	\$ 10,965,000	\$ 221,125,000

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

Birmingham Public Schools

Other Supplemental Information Schedule of Cash Receipts and Disbursements Fiduciary Funds

Year Ended June 30, 2019

	Student Activities	Community Service Organizations	Total
Cash - Beginning of year	\$ 1,172,307	\$ 1,170,643	\$ 2,342,950
Receipts	2,868,205	1,777,615	4,645,820
Disbursements	2,923,033	1,873,628	4,796,661
Cash - End of year	<u>\$ 1,117,479</u>	<u>\$ 1,074,630</u>	<u>\$ 2,192,109</u>