

Holly Area Schools

Financial Statements

June 30, 2020



Table of Contents

<u>Section</u>	<u>Page</u>	
1	Members of the Board of Education and Administration	1 - 1
2	Independent Auditors' Report	2 - 1
3	Management's Discussion and Analysis	3 - 1
4	Basic Financial Statements	
	District-wide Financial Statements	
	Statement of Net Position	4 - 1
	Statement of Activities	4 - 3
	Fund Financial Statements	
	Governmental Funds	
	Balance Sheet	4 - 4
	Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	4 - 6
	Statement of Revenues, Expenditures and Changes in Fund Balances	4 - 7
	Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 - 9
	Fiduciary Funds	
	Statement of Assets and Liabilities	4 - 10
	Notes to the Financial Statements	4 - 11
5	Required Supplementary Information	
	Budgetary Comparison Schedule – General Fund	5 - 1
	Schedule of the School District's Proportionate Share of the Net Pension Liability	5 - 3
	Schedule of the School District's Pension Contributions	5 - 4
	Schedule of the School District's Proportionate Share of the Net OPEB Liability	5 - 5
	Schedule of the School District's OPEB Contributions	5 - 6

<u>Section</u>	<u>Page</u>
6 Other Supplementary Information	
Nonmajor Governmental Funds	
Combining Balance Sheet	6 - 1
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	6 - 2
General Fund	
Comparative Balance Sheet	6 - 3
Schedule of Revenues Compared to Budget	6 - 4
Schedule of Expenditures Compared to Budget	6 - 5
Fiduciary Funds	
Statement of Changes in Amounts Due to Student Groups	6 - 17
Schedule of Outstanding Bonded Indebtedness	6 - 18

Holly Area Schools
Members of the Board of Education and Administration
June 30, 2020

Members of the Board of Education

Mr. Michael Newcomb	President
Mrs. Robin Carne	Vice President
Mrs. Linda Blair	Secretary
Mr. Peter Deahl	Treasurer
Mrs. Amanda Wowra	Trustee
Mrs. Leigh Jackson	Trustee
Mrs. Teri Weisdorfer	Trustee

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Mr. Scott Roper	Superintendent
Mr. Steven A. Lenar	Assistant Superintendent Administrative Services



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Independent Auditors' Report

To the Board of Education
Holly Area Schools
Holly, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holly Area Schools, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

Opinions

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the school district's proportionate share of the net pension liability, schedule of the school district's pension contributions, schedule of the school district's proportionate share of the net OPEB liability, and schedule of the school district's OPEB contributions 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The other supplementary information, as identified in the table of contents, is the responsibility of management and, other than the prior year information, 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, other than the prior year information, the other supplementary information, as identified in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Prior Year Supplementary Information

We also have previously audited, in accordance with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, Holly Area Schools' basic financial statements as of and for the year ended June 30, 2019, which are not presented with the accompanying basic financial statements. In our report dated September 22, 2020, we expressed unmodified opinions on the respective basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise Holly Area Schools' basic financial statements as a whole. The 2019 information in the comparative supplemental schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 2019 information in the comparative supplementary schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2020 on our consideration of Holly Area Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Holly Area Schools' 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 Holly Area Schools' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Flint, Michigan
September 22, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the 2020 annual financial report presents our discussion and analysis of Holly Area Schools District's financial performance during the year ended June 30, 2020. Please read it in conjunction with Holly Area Schools' financial statements, which immediately follows this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Holly Area Schools District financially as a whole. The *District-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 long-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 with all other funds presented in one column as Other Governmental Funds. The remaining statement, the fiduciary fund statement of 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.

Financial Section

- Basic Financial Statements
 - District-wide Financial Statements
 - Fund Financial Statements
 - Fiduciary Fund
 - Notes to Financial Statements
- Required Supplemental Information
 - Budgetary Comparison Schedules
- Other Supplemental Information
 - Combining Balance Sheet Non-major Governmental Funds
 - Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Non-major Governmental Funds
 - Schedule of Bonded Indebtedness

District-wide Financial Statements

One of the most important questions asked about the School District is, "As a whole, what is Holly Area Schools 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 answer this question. These statements include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report Holly Area Schools District's net position - the difference between assets and liabilities, 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 revenues and expenses is the School District's operating results. However, Holly's goal is to provide services to our students, not to generate profits as commercial entities do. Many other non-financial factors, such as the quality of the education provided and the safety of the schools, must be considered to assess the overall health of the School District. The statement of net position and the statement of activities report the governmental activities for Holly Area Schools, which encompass all of the School District's services, including instruction, support services, community services, athletics, and food services. Property taxes, unrestricted state aid (foundation allowance revenue), and State and federal grants finance most of these activities.

Fund Financial Statements

Holly Area Schools 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, Holly Area Schools establishes many other funds to help it control and manage money for particular purposes, such as the food services and community services funds. Funds are also established to show that it's meeting legal responsibilities for using certain taxes, grants, and other money.

The governmental funds of the School District use the following accounting approach:

Governmental funds - All of the School District's services are reported in 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 the modified accrual method of 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 to determine whether there are more or less financial resources that can be spent in the near future to finance Holly's programs.

Fiduciary Fund

Holly Area Schools District acts as the trustee for its student activity funds. All of the School District's fiduciary activities are reported in separate statements for fiduciary funds. These activities are excluded 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.

The School District

The statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position as of June 30, 2019 and 2020.

Table 1 Governmental Activities

Assets	2019	2020
Current and other assets	\$ 31,829,536	\$ 28,313,769
Capital assets	52,965,329	53,960,379
Total assets	<u>84,794,865</u>	<u>82,274,148</u>
Deferred outflows of resources	<u>24,145,689</u>	<u>24,276,551</u>
Total assets and deferred outflows of resources	<u>108,940,554</u>	<u>106,550,699</u>
Liabilities		
Current liabilities	6,510,196	6,662,899
Long-term liabilities	<u>135,575,130</u>	<u>133,821,839</u>
Total liabilities	<u>142,085,326</u>	<u>140,484,738</u>
Deferred inflows of resources	<u>11,160,297</u>	<u>10,703,237</u>
Total liabilities and deferred inflows of resources	<u>153,245,623</u>	<u>151,187,975</u>
Net Position		
Net investment in capital assets	14,760,525	16,551,333
Restricted	1,030,201	914,918
Unrestricted	<u>(60,094,045)</u>	<u>(62,103,527)</u>
Total net position	<u>\$ (44,303,319)</u>	<u>\$ (44,637,276)</u>

The above analysis focuses on the net position (see Table 1 above). The change in net position (see Table 2) of the School District's governmental activities is discussed below. The School District's net position was a deficit \$44,637,276 at June 30, 2020. Net investment in capital assets totaled \$16,551,333. This 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. The remaining amount of net position was a combined deficit of \$61,188,609. The unrestricted portion of \$62,103,527 of governmental activities represents the accumulated results of all past years' operations.

The unassigned fund balance is used for working capital and cash flow needs as well as to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year-to-year. The results of this year's operations for Holly Area Schools District as a whole are reported in the statement of activities (see Table 2), which shows the changes in net position for fiscal year 2020. As reported in the statement of activities, the cost of all governmental activities this year was \$49,149,406. Certain activities were partially funded from those who benefited from the programs, \$955,022, or by other governments and organizations that subsidized certain programs with grants and contributions, \$13,763,749. The remaining "public benefit" portion of governmental activities was funded with \$12,106,908 in property taxes, \$21,023,114 in State foundation allowance and other unrestricted State revenues, and with other revenues, such as interest and general entitlements of \$968,406. Holly Area School District experienced an decrease in net position of \$332,207. The assets increased primarily as a result of ongoing operations in the School District.

Table 2 Governmental Activities

Revenue	2019	2020
Program revenue		
Charges for services	\$ 1,282,705	\$ 955,022
Operating grants	13,439,931	13,763,749
General revenue:		
Property taxes-general	3,885,086	4,064,988
Property taxes-debt service	7,566,394	8,041,920
State aid unrestricted	21,356,083	21,023,114
Other	666,703	968,406
Total revenue	48,196,902	48,817,199
Functions/Program Expenses		
Instruction	26,035,691	29,513,345
Support services	15,473,916	15,095,530
Community services	751,605	534,959
Food services	1,682,771	1,460,245
Interest on long-term debt	1,877,399	2,545,327
Total expenses	45,821,382	49,149,406
Increase (Decrease) in net position	\$ 2,375,520	\$ (332,207)

As discussed above, the net cost shows the financial burden that was placed on the State and Holly Area Schools Districts' taxpayers by each of these functions. Since property taxes for operations and unrestricted State aid constitute the vast majority of School 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 revenues

The School District’s Funds

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

As the School District completed the 2020 school year, the governmental funds reported a combined fund balance of \$22,074,683, a decrease of \$3,489,087 from the prior year. The changes by major and non-major funds are as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>
Fund balance beginning of year	\$ 3,399,886	\$ 20,351,439	\$ 1,812,445
Increase/(Decrease)	<u>1,361,339</u>	<u>(4,991,673)</u>	<u>141,247</u>
Fund balance end of year	<u>\$ 4,761,225</u>	<u>\$ 15,359,766</u>	<u>\$ 1,953,692</u>

In the General Fund, our principal operating fund, the fund balance increased by \$1,361,339 from last year. By comparison, the General Fund balance increased by \$648,542 for the year ended June 30, 2019. The fund balance of the General Fund is available to fund costs related to allowable school operating purposes.

The fund balance of the Non-Major funds decreased by \$141,247 in 2020. Combined, the Debt Service Funds showed a fund balance increase of approximately \$ 64,100. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue related debt service.

General Fund Budgetary Highlights

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

Budgeted revenues increased by \$1,083,988 and budgeted expenditures had an increase of \$987,707 to account for the changes in the general operating plan of the School District. The variances between the final budget amounts and actual were greater than normal due to the unanticipated school closure in March 2020 due to COVID-19, many normal day to day operating costs were avoided.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2020, the School District had \$53,960,379 invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a net decrease (including additions, deductions, and depreciation) of approximately \$2,487,304 or 4.69% from last year.

	<u>2019</u>	<u>2020</u>
Land	\$ 928,228	\$ 928,228
Construction in Progress	264,350	3,392,801
Buildings and improvements (net of accumulated depreciation)	49,527,111	47,665,696
Furniture, equipment and vehicles (net of accumulated depreciation)	<u>2,245,640</u>	<u>1,973,654</u>
Total capital assets	<u>\$ 52,965,329</u>	<u>\$ 53,960,379</u>

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

Debt

At the end of this year, Holly Area Schools District had \$ 47,335,000 in bonds outstanding versus \$ 53,245,000 in the previous year – a decrease of 11%. Those bonds consisted of the following:

	<u>2019</u>	<u>2020</u>
General Obligation Bonds	\$ 53,245,000	\$ 47,335,000

The School District’s general obligation bond rating remained to A-, with an Outlook of stable. The State limits the amount of general obligation debt that schools can issue to 15% of the assessed value of all taxable property within the School District’s boundaries. The School District’s outstanding unqualified general obligation debt of \$ 47,335,000 is significantly below this \$ 138,921,096 statutorily imposed limit. Other obligations include accrued vacation pay, and sick leave. We present more detailed information about our long-term liabilities in the notes to financial statements.

Economic Factors and Next Year’s Budgets and Rates

Our elected officials and administration consider many factors when setting the School District’s 2020 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue was estimated by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2020 fiscal year was estimated at 90% of the October 2020 and 10% of the February 2020 student counts. In July, the Governor signed a new law that amended the Blended Membership count to use 75% of the prior year’s fall/spring student count and 25% of the current fall/spring student count due to COVID-19. This was done to create more stability for this part of the funding equation.

The 2020-21 budgets were adopted in June 2020 based on an estimate of 3,200 students that will be enrolled in September 2020. Approximately 80% 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, School District funding is heavily dependent on the State's ability to fund local school operations. Once the final student count and related per pupil funding is validated, State law requires the School District to amend the budget if actual School District resources are not sufficient to fund original appropriations. Since the School District's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The 2020-21 General Fund budget was adopted with a deficit of \$ 2,623,051. This imbalance is directly tied to the May 2020 Revenue Consensus reports that showed the State of Michigan nearly \$3 billion dollars in the red due to COVID-19 revenue losses. Based on this information the district reduced their foundation grant allowance estimate by \$650 per pupil, from \$8,111 to \$7,461. The School District's unassigned General Fund balance of \$ 4,761,225 or 12.7% of General Fund expenditures is sufficient to meet any unanticipated shortfalls the State may experience in the School Aid Fund.

Contacting the District's Financial Management

This financial report is designed to the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about the report or need additional information, contact the Business Office, 920 Baird Street, Holly, Michigan 48442.

BASIC FINANCIAL STATEMENTS

Holly Area Schools
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>
Assets	
Cash	\$ 22,730,558
Accounts receivable	10,230
Due from other governmental units	5,440,066
Inventory	34,634
Prepaid items	98,281
Capital assets not being depreciated	4,321,029
Capital assets - net of accumulated depreciation	<u>49,639,350</u>
 Total assets	 <u>82,274,148</u>
 Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	18,296,579
Deferred amount relating to the net OPEB liability	4,380,353
Deferred amount of debt refunding	<u>1,599,619</u>
 Total deferred outflows of resources	 <u>24,276,551</u>

See Accompanying Notes to the Financial Statements

Holly Area Schools
Statement of Net Position
June 30, 2020

	Governmental Activities
Liabilities	
Accounts payable	\$ 1,622,579
State aid anticipation note payable	1,173,333
Due to other governmental units	389,199
Payroll deductions and withholdings	94,873
Accrued expenditures	430,070
Accrued salaries payable	2,890,964
Unearned revenue	61,881
Long-term liabilities	
Debt due within one year	6,964,529
Debt due in more than one year	47,929,857
Net pension liability	64,966,273
Net OPEB liability	13,961,180
Total liabilities	140,484,738
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	5,070,518
Deferred amount relating to the net OPEB liability	5,632,719
Total deferred inflows of resources	10,703,237
Net Position	
Net investment in capital assets	16,551,333
Restricted for	
Debt service	914,918
Unrestricted (deficit)	(62,103,527)
Total net position	\$ (44,637,276)

See Accompanying Notes to the Financial Statements

Holly Area Schools
Statement of Activities
For the Year Ended June 30, 2020

		Program Revenues		
Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position	
Functions/Programs				
Governmental activities				
Instruction	\$ 29,513,345	\$ -	\$ 11,235,531	\$ (18,277,814)
Supporting services	15,095,530	195,291	1,346,127	(13,554,112)
Food services	1,460,245	306,455	1,159,248	5,458
Community services	534,959	453,276	22,843	(58,840)
Interest on long-term debt	2,545,327	-	-	(2,545,327)
Total governmental activities	\$ 49,149,406	\$ 955,022	\$ 13,763,749	(34,430,635)
General revenues				
				4,064,988
				8,041,920
				21,023,114
				510,671
				7,308
				450,427
Total general revenues				34,098,428
Change in net position				(332,207)
Net position - beginning				(44,305,069)
Net position - ending				\$ (44,637,276)

See Accompanying Notes to the Financial Statements

Holly Area Schools
Governmental Funds
Balance Sheet
June 30, 2020

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash	\$ 4,055,942	\$ 16,840,699	\$ 1,833,917	\$ 22,730,558
Accounts receivable	10	-	10,220	10,230
Due from other funds	60,021	-	195	60,216
Due from other governmental units	5,352,840	-	87,226	5,440,066
Inventory	-	-	34,634	34,634
Prepaid items	4,281	-	94,000	98,281
	<u>4,281</u>	<u>-</u>	<u>94,000</u>	<u>98,281</u>
 Total assets	 <u>\$ 9,473,094</u>	 <u>\$ 16,840,699</u>	 <u>\$ 2,060,192</u>	 <u>\$ 28,373,985</u>

See Accompanying Notes to the Financial Statements

Holly Area Schools
Governmental Funds
Balance Sheet
June 30, 2020

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 145,605	\$ 1,476,974	\$ -	\$ 1,622,579
State aid anticipation note payable	1,173,333	-	-	1,173,333
Due to other funds	195	3,959	56,062	60,216
Due to other governmental units	389,199	-	-	389,199
Payroll deductions and withholdings	93,179	-	1,694	94,873
Accrued expenditures	6,257	-	-	6,257
Accrued salaries payable	2,886,101	-	4,863	2,890,964
Unearned revenue	18,000	-	43,881	61,881
	<u>4,711,869</u>	<u>1,480,933</u>	<u>106,500</u>	<u>6,299,302</u>
Total liabilities				
Fund Balance				
Non-spendable				
Inventory	-	-	34,634	34,634
Prepaid items	4,281	-	94,000	98,281
Restricted for				
Debt service	-	-	1,338,731	1,338,731
Capital projects	-	15,359,766	-	15,359,766
Food service	-	-	273,346	273,346
Assigned				
Community service	-	-	212,981	212,981
Unassigned	4,756,944	-	-	4,756,944
	<u>4,761,225</u>	<u>15,359,766</u>	<u>1,953,692</u>	<u>22,074,683</u>
Total fund balance				
	<u>4,761,225</u>	<u>15,359,766</u>	<u>1,953,692</u>	<u>22,074,683</u>
Total liabilities and fund balance	<u>\$ 9,473,094</u>	<u>\$ 16,840,699</u>	<u>\$ 2,060,192</u>	<u>\$ 28,373,985</u>

See Accompanying Notes to the Financial Statements

Holly Area Schools
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2020

Total fund balances for governmental funds	\$	22,074,683
Total net position for governmental activities in the statement of net position is different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets not being depreciated		4,321,029
Capital assets - net of accumulated depreciation		49,639,350
Certain liabilities are not due and payable in the current period and are not reported in the funds.		
Accrued interest		(423,813)
Deferred outflows (inflows) of resources		
Deferred outflows of resources resulting from debt refunding		1,599,619
Deferred inflows of resources resulting from the net pension liability		(5,070,518)
Deferred outflows of resources resulting from the net pension liability		18,296,579
Deferred inflows of resources resulting from the net OPEB liability		(5,632,719)
Deferred outflows of resources resulting from the net OPEB liability		4,380,353
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities.		
Net pension liability		(64,966,273)
Net OPEB liability		(13,961,180)
Compensated absences		(525,955)
Bonds payable		(52,658,582)
Other loans payable and liabilities		(1,709,849)
Net position of governmental activities	\$	<u>(44,637,276)</u>

See Accompanying Notes to the Financial Statements

Holly Area Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2020

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Local sources	\$ 4,741,396	\$ 684,287	\$ 8,825,758	\$ 14,251,441
State sources	28,425,664	-	142,292	28,567,956
Federal sources	1,740,261	-	1,346,723	3,086,984
Interdistrict sources	2,903,510	-	-	2,903,510
	<u>37,810,831</u>	<u>684,287</u>	<u>10,314,773</u>	<u>48,809,891</u>
Total revenues				
Expenditures				
Current				
Education				
Instruction	22,554,494	-	244,408	22,798,902
Supporting services	13,238,765	-	45,293	13,284,058
Food services	-	-	1,322,465	1,322,465
Community services	210	-	484,283	484,493
Intergovernmental payments	11,002	-	-	11,002
Capital outlay	1,313,849	5,675,960	-	6,989,809
Debt service				
Principal	438,812	-	5,182,523	5,621,335
Interest and other expenditures	34,334	-	2,452,683	2,487,017
Bond issuance costs	-	-	94,486	94,486
Payment to bond refunding escrow agent	-	-	420,000	420,000
	<u>37,591,466</u>	<u>5,675,960</u>	<u>10,246,141</u>	<u>53,513,567</u>
Total expenditures				
Excess (deficiency) of				
Deficiency of revenues over expenditures	<u>219,365</u>	<u>(4,991,673)</u>	<u>68,632</u>	<u>(4,703,676)</u>

See Accompanying Notes to the Financial Statements

Holly Area Schools
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2020

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)				
Proceeds from refinancing debt	-	-	5,149,290	5,149,290
Payment to bond refunding escrow agent	-	-	(5,050,282)	(5,050,282)
Capital leases	1,108,273	-	-	1,108,273
Proceeds from sale of capital assets	7,308	-	-	7,308
Transfers in	26,393	-	7,757	34,150
Transfers out	-	-	(34,150)	(34,150)
	<u>1,141,974</u>	<u>-</u>	<u>72,615</u>	<u>1,214,589</u>
Total other financing sources (uses)				
Net change in fund balance	1,361,339	(4,991,673)	141,247	(3,489,087)
Fund balance - beginning	<u>3,399,886</u>	<u>20,351,439</u>	<u>1,812,445</u>	<u>25,563,770</u>
Fund balance - ending	<u>\$ 4,761,225</u>	<u>\$ 15,359,766</u>	<u>\$ 1,953,692</u>	<u>\$ 22,074,683</u>

See Accompanying Notes to the Financial Statements

Holly Area Schools
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Net change in fund balances - Total governmental funds \$ (3,489,087)

Total change in net position reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense	(3,947,436)
Capital outlay	6,094,865
Disposal of capital assets (net book value)	(414,561)

The statement of net position reports the net pension liability and deferred outflows of resources and deferred inflows related to the net pension liability and pension expense. However, the amount recorded on the governmental funds equals actual pension contributions.

Net change in net pension liability	(5,876,058)
Net change in the deferral of resources related to the net pension liability	1,517,343

The statement of net position reports the net OPEB liability and deferred outflows of resources and deferred inflows related to the net OPEB liability and OPEB expense. However, the amount recorded on the governmental funds equals actual OPEB contributions.

Net change in net OPEB liability	1,663,224
Net change in the deferral of resources related to the net OPEB liability	(715,550)

Expenses are recorded when incurred in the statement of activities.

Interest	(179,383)
Compensated absences	(35,177)

Bond and note proceeds and capital leases are reported as financing sources in the governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. When debt refunding occurs, the difference in the carrying value of the refunding debt and the amount applied to the new debt is reported the same as regular debt proceeds or repayments, as a financing source or expenditure in the governmental funds. However, in the statement of net position, debt refunding may result in deferred inflows of resources or deferred outflows of resources, which are then amortized in the statement of activities.

Debt issued	(5,753,273)
Repayments of long-term debt	11,091,617
Premium on bonds issued	(504,290)
Amortization of premiums	519,712
Amortization of deferred amount on refunding	(304,153)

Change in net position of governmental activities \$ (332,207)

See Accompanying Notes to the Financial Statements

Holly Area Schools
Fiduciary Funds
Statement of Assets and Liabilities
June 30, 2020

	<u>Agency Funds</u>
Assets	
Cash	\$ <u>425,623</u>
Liabilities	
Due to agency fund activities	\$ <u>425,623</u>

See Accompanying Notes to the Financial Statements

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Holly Area Schools (School District) conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the School District's significant accounting policies:

Reporting Entity

The School District is governed by an elected seven-member Board of Education. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include significant operational financial relationships that determine which of the governmental organizations are a part of the School District's reporting entity, and which organizations are legally separate component units of the School District. The School District has no component units.

District-wide Financial Statements

The School District's basic financial statements include both district-wide (reporting for the district as a whole) and fund financial statements (reporting the School District's major funds). The district-wide financial statements categorize all non-fiduciary activities as either governmental or business type. All of the School District's activities are classified as governmental activities.

The statement of net position presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The School District's net position is reported in three parts (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

The statement of activities reports both the gross and net cost of each of the School District's functions. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The School District does not allocate indirect costs. In creating the district-wide financial statements the School District has eliminated interfund transactions.

The district-wide focus is on the sustainability of the School District as an entity and the change in the School District's net position resulting from current year activities.

Holly Area Schools

Notes to the Financial Statements

June 30, 2020

Fund Financial Statements

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

Fiduciary fund statements also are reported using the economic resources measurement focus and the accrual basis of accounting.

The School District reports the following major governmental funds:

General Fund – The General Fund is used to record the general operations of the School District pertaining to education and those operations not required to be provided for in other funds.

Capital Projects Fund – The Building and Site Fund is used to record bond proceeds or other revenue and the disbursement of invoices specifically for acquiring new school sites, buildings, equipment, and for remodeling and repairs. The fund is kept open until the purpose for which the fund was created has been accomplished.

Additionally, the School District reports the following funds:

Debt Service Funds – Debt Service Funds are used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The School District's Special Revenue Funds include the Food Service and the Community Service Funds. Operating deficits generated by these activities are generally transferred from the General Fund.

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Agency Fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. This fund is used to record the transactions of student groups for school and school-related purposes.

Assets, Liabilities and Equity

Receivables and Payables – Generally, outstanding amounts owed between funds are classified as “due from/to other funds”. These amounts are caused by transferring revenues and expenses between funds to get them into the proper reporting fund. These balances are paid back as cash flow permits.

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. The School District considers all accounts receivable to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

Property taxes collected are based upon the approved tax rate for the year of levy. For the fiscal year ended June 30, 2020, the rates are as follows per \$1,000 of assessed value.

General Fund	
Non-principal residence exemption	18.00000
Commercial personal property	6.00000
Debt Service Funds	8.50000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. The entire tax roll of the School District lies within Oakland County.

The property tax levy runs from July 1 to June 30. Property taxes become a lien on the first day of the levy year and are due on or before September 14 or February 14. Collections are forwarded to the School District as collected by the assessing municipalities. Real property taxes uncollected as of March 1 are purchased by the County of Oakland and remitted to the School District by May 15.

Inventories and Prepaid Items – Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed, rather than when purchased.

Certain payments to vendors reflect costs applicable to future fiscal years. For such payments in governmental funds the School District follows the consumption method, and they therefore are capitalized as prepaid item in both district-wide and fund financial statements.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their acquisition value at the date of donation. The School District defines capital assets as assets with an initial individual cost in excess of \$5,000. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. The School District does not have infrastructure assets. Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and Improvements	7-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-20 years

Deferred Outflows of Resources – A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. Deferred amounts on bond refundings are included in the district-wide financials statements. The amounts represent the difference between the reacquisition price and the net carrying amount of the prior debt. For district-wide financial statements, the School District reports deferred outflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from plan investments and what is actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. The School District also reported deferred outflows of resources for pension and OPEB contributions made after the measurement date. This amount will reduce the net pension and OPEB liabilities in the following year.

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

Compensated Absences – Sick days are allotted to most employees at the beginning of each year based on job classification. Teachers, administrators and other eligible employees may accumulate an unlimited number of unused sick days. These employees who meet certain age and years of service requirements are paid for accumulated sick days at a rate determined by their job category. The remaining eligible employees may accumulate a maximum number of unused sick days to be paid out at retirement at a rate determined by their job category. There is no contractual provision for payment of unused vacation. They may be used for vacation only.

The liability for compensated absences reported in the district-wide financial statements consist of unpaid, accumulated sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments, and other employees who are expected to become eligible in the future to receive such payments upon termination, are included. The amount reported is salary related and includes no fringe benefits, since the amount of said benefits would be immaterial.

Long-term Obligations – In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period.

In the School District's fund financial statements, the face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses.

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

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

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

Deferred Inflows of Resources – A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. For district-wide financial statements, the School District reports deferred inflows of resources as a result of pension and OPEB plan earnings. This amount is the result of a difference between what the plan expected to earn from the plan investments and what the plan actually earned. This amount will be amortized over the next four years and included in pension and OPEB expense. Changes in assumptions relating to the net pension and OPEB liabilities are deferred and amortized over the expected remaining services lives of the employees and retirees in the plans. Deferred inflows of resources also includes revenue received relating to the amounts included in the deferred outflows for payments related to MPSERS Unfunded Actuarial Accrued Liabilities (UAAL) Stabilization defined benefit pension statutorily required contributions.

Fund Balance – In the fund financial statements, governmental funds report fund balance in the following categories:

Non-spendable - amounts that are not available in a spendable form.

Restricted – amounts that are legally imposed or otherwise required by external parties to be used for a specific purpose.

Committed – amounts that have been formally set aside by the Board of Education for specific purposes. A fund balance commitment may be established, modified, or rescinded by a resolution of the Board of Education.

Assigned – amounts intended to be used for specific purposes, as determined by the Board of Education or the finance committee. The Board of Education has granted the finance committee the authority to assign funds. Residual amounts in governmental funds other than the General Fund are automatically assigned by their nature.

Unassigned – all other resources; the remaining fund balances after non-spendable, restrictions, commitments and assignments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District's policy is to consider restricted funds spent first.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned amounts could be used, the School District's policy is to consider the funds to be spent in the following order: (1) committed, (2) assigned, (3) unassigned.

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, as well as deferred inflows and outflows at the date of the financial statements and the report amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Eliminations and Reclassifications

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

Adoption of New Accounting Standards

Statement No. 92, *Omnibus 2020* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB

Holly Area Schools Notes to the Financial Statements June 30, 2020

Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments. Management has implemented the required portions of this Statement and will implement the remaining requirements as each Statement referenced becomes effective.

Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* provides a temporary relief to governments and other stakeholders in light of the COVID-19 pandemic and provides a postponement of certain GASB Statements. This statement was effective upon issuance in May of 2020.

Upcoming Accounting and Reporting Changes

Statement No. 84, *Fiduciary Activities* improves the guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria includes the following: (1) is the government controlling the assets of the fiduciary activity and (2) the beneficiaries

with whom a fiduciary relationship exists. The four fiduciary funds that should be reported, if applicable are: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally will report fiduciary activities that are not held in a trust or similar arrangement that meets specific criteria. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

Statement No. 87, *Leases* increases the usefulness of the District's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the District's leasing activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2022.

Statement No. 91, *Conduit Debt Obligations* provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement is effective for the year ending June 30, 2023.

Statement No. 93, *Replacement of Interbank Offered Rates* establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement apply to the financial statements of all state and local governments. The requirements of this Statement apply to the financial statements of all state and local governments. This statement is effective for the year ending June 30, 2022.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession

arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. This statement is effective for the year ending June 30, 2023.

The School District is evaluating the impact that the above pronouncements will have on its financial reporting.

Note 2 - Stewardship, Compliance, and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America and state law for the General and Special Revenue Funds. All annual appropriations lapse at fiscal year end, thereby canceling all encumbrances. These appropriations are reestablished at the beginning of the year.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body is the function level. State law requires the School District to have its budget in place by July 1. A district is not considered in violation of the law if reasonable procedures are in use by the School District to detect violations.

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any function must be approved by the Board of Education.

Budgeted amounts are as originally adopted or as amended by the Board of Education throughout the year.

Excess of Expenditures over Appropriations

During the year, the School District incurred expenditures in certain budgetary funds which were in significant excess of the amounts appropriated, as follows:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Capital outlay	\$ 1,220,500	\$ 1,313,849	\$ 93,349
Debt - interest and fiscal charges	28,485	34,334	5,849

Note 3 - Deposits and Investments

The School District's deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary Funds	Total Primary Government
Cash	<u>\$ 22,730,558</u>	<u>\$ 425,623</u>	<u>\$ 23,156,181</u>

The breakdown between deposits and investments for the School District is as follows:

Deposits (checking, savings accounts, money markets, certificates of deposit)	\$ 3,437,886
Investments in securities, mutual funds, and similar vehicles	19,717,295
Petty cash and cash on hand	<u>1,000</u>
Total	<u>\$ 23,156,181</u>

As of year end, the School District had the following investments:

Investment	Fair Value	Maturities	Rating	Organization
Michigan Liquid Asset Fund	\$ 474,307	< 60 days	AAAm	S&P
Michigan Liquid Asset Fund - Max	<u>19,242,988</u>	< 60 days	AAAm	S&P
	<u>\$ 19,717,295</u>			

Interest rate risk – The School District does not have a formal investment policy to manage its exposure to fair value losses arising from changes in interest rates.

Credit risk – 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 an office in Michigan; the School District is allowed to invest in U.S. Treasury or Agency obligations, U.S. government repurchase agreements, bankers' acceptances, 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.

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

Concentration of credit risk – For an investment, this 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 in the possession of an outside party. The School District has no policy that would limit the amount that may be invested with any one issuer.

Custodial credit risk – deposits – In the case of deposits, this is the risk that in the event of a bank failure, the School District’s deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of year end, \$ 4,287,763 of the School District’s bank balance of \$ 4,537,763 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of year end, none of the School District’s investments were exposed to custodial credit risk.

Note 4 - Fair Value Measurements

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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

Amounts invested in MILAF + Portfolio of \$ 19.72 million. The MILAF + Portfolio is not registered under Rule 2a-7 under the Investment Company Act of 1940. The money market securities are valued using amortized cost, which generally approximates the current fair value of

the security. However, the value is not obtained from a quoted price in an active market. (Level 2 inputs)

Note 5 - Capital Assets

A summary of the changes in governmental capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 928,228	\$ -	\$ -	\$ 928,228
Construction in progress	264,350	3,392,801	264,350	3,392,801
Total capital assets not being depreciated	<u>1,192,578</u>	<u>3,392,801</u>	<u>264,350</u>	<u>4,321,029</u>
Capital assets being depreciated				
Buildings and improvements	106,352,334	1,408,692	-	107,761,026
Equipment and furniture	7,441,620	53,669	-	7,495,289
Buses and other vehicles	2,729,698	1,239,703	1,163,794	2,805,607
Total capital assets being depreciated	<u>116,523,652</u>	<u>2,702,064</u>	<u>1,163,794</u>	<u>118,061,922</u>
Less accumulated depreciation for				
Buildings and improvements	56,825,223	3,270,107	-	60,095,330
Equipment and furniture	6,952,749	102,139	-	7,054,888
Buses and other vehicles	972,929	575,190	275,765	1,272,354
Total accumulated depreciation	<u>64,750,901</u>	<u>3,947,436</u>	<u>275,765</u>	<u>68,422,572</u>
Net capital assets being depreciated	<u>51,772,751</u>	<u>(1,245,372)</u>	<u>888,029</u>	<u>49,639,350</u>
Net capital assets	<u>\$ 52,965,329</u>	<u>\$ 2,147,429</u>	<u>\$ 1,152,379</u>	<u>\$ 53,960,379</u>

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

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

Governmental activities

Instruction	\$ 2,375,230
Support services	1,383,960
Food services	137,780
Community services	<u>50,466</u>
 Total governmental activities	 <u>\$ 3,947,436</u>

Construction Contracts

As of year end, the School District had the following construction contracts in progress:

Project	<u>Total Contract</u>	<u>Construction In Progress</u>	<u>Remaining Construction Commitment at Year End</u>
Davisburg Renovations	\$ 3,750,000	\$ 1,401,857	\$ 2,348,143
High School Pool	1,750,000	658,234	1,091,766
Rose Pioneer Renovations	<u>3,750,000</u>	<u>1,332,710</u>	<u>2,417,290</u>
	<u>\$ 9,250,000</u>	<u>\$ 3,392,801</u>	<u>\$ 5,857,199</u>

Note 6 - Interfund Receivable and Payable and Transfers

Individual interfund receivable and payable balances at year end were:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Capital Projects Fund	General Fund	\$ 3,959
Nonmajor Funds	General Fund	56,062
General Fund	Nonmajor Funds	<u>195</u>
		<u>\$ 60,216</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Management does not anticipate individual interfund balances to remain outstanding for periods in excess of one year.

Interfund transfers consist of the following:

<u>Transfers out</u>	<u>Transfers in</u>		<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Funds</u>	
Nonmajor funds	<u>\$ 26,393</u>	<u>\$ 7,757</u>	<u>\$ 34,150</u>

These transfers include a transfer from the Community Service fund to the General Fund in the amount of \$ 26,393 to cover a portion of the indirect costs of the Community Service Fund. These transfers also include transfers of \$ 7,757 between debt funds to cover a portion of debt payments.

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

Note 7 - Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the components of unearned revenue are as follows:

	Unearned
Grants and categorical aid payments received prior to meeting all eligibility requirements	\$ 18,000
Prepaid lunch fees	32,887
Prepaid community service fees	10,994
 Total	 \$ 61,881

Note 8 - State Aid Anticipation Note

The School District issues state aid anticipation notes in advance of state aid collections, depositing the proceeds in the General Fund. These notes are necessary because the School District receives state aid from October through the following August for its fiscal year ending June 30th. The School District is required to pledge 100% of their state school aid, October through August, or until the note is repaid, whichever is longer. The State has discretion to accelerate repayment terms if they have cause for concern. If the note is in default status, there is a penalty interest rate that may apply.

Short-term debt activity for the year was as follows:

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	\$ 2,140,334	\$ 1,173,333	\$ 2,140,334	\$ 1,173,333

Note 9 - Long-Term Debt

The School District issues bonds, notes, and other contractual commitments to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The State can withhold state aid if it has to make a bond payment on behalf of the School District related to qualified bonds. Other long-term obligations include compensated absences, claims and judgments, termination benefits, and certain risk liabilities.

Long-term obligation activity is summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds payable					
General obligation bonds	\$ 53,245,000	\$ 4,645,000	\$ 10,555,000	\$ 47,335,000	\$ 5,980,000
Unamortized bond premium	5,339,004	538,417	553,839	5,323,582	-
Accrued interest	-	-	-	-	-
Total bonds payable	58,584,004	5,183,417	11,108,839	52,658,582	5,980,000
Other liabilities					
Capital Leases	1,785,729	1,108,273	1,184,153	1,709,849	946,529
Compensated absences	490,778	73,450	38,273	525,955	38,000
Total other liabilities	2,276,507	1,181,723	1,222,426	2,235,804	984,529
 Total	 \$ 60,860,511	\$ 6,365,140	\$ 12,331,265	\$ 54,894,386	\$ 6,964,529

For governmental activities, compensated absences and capital leases are primarily liquidated by the General Fund.

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

General obligation bonds payable at year end, consist of the following:

\$ 15,605,000 serial bonds in annual installments of \$ 690,000 to \$ 1,045,000 through May 1, 2032: interest at 1.010% to 3.300%	\$ 12,290,000
\$ 6,105,000 serial and term bonds in annual installments of \$ 1,145,000 to \$ 1,270,000 through May 1, 2022: interest at 2.000% to 4.000%	2,325,000
\$ 6,505,000 serial and term bonds in annual installments of \$ 650,000 to \$ 1,490,000 through May 1, 2025: interest at 1.700% to 2.750%	5,855,000
\$ 24,515,000 serial and term bonds in annual installments of \$ 365,000 to \$ 2,795,000 through May 1, 2042: interest at 4.000% to 5.000%	22,220,000
\$ 4,645,000 serial and term bonds in annual installments of \$ 200,000 to \$ 1,505,000 through May 1, 2025: interest at 4.000% to 5.000%	<u>4,645,000</u>
Total general obligation bonded debt	<u>\$ 47,335,000</u>

Future principal and interest requirements for bonded debt are as follows:

	Bonds		Total
	Principal	Interest	
Year Ending June 30,			
2021	\$ 5,980,000	\$ 2,133,296	\$ 8,113,296
2022	4,775,000	1,867,135	6,642,135
2023	4,035,000	1,685,195	5,720,195
2024	4,185,000	1,532,885	5,717,885
2025	4,340,000	1,369,875	5,709,875
2026-2030	8,955,000	5,119,500	14,074,500
2031-2035	6,975,000	2,950,500	9,925,500
2036-2040	5,770,000	1,448,250	7,218,250
2040-2042	<u>2,320,000</u>	<u>174,000</u>	<u>2,494,000</u>
Total	<u>\$ 47,335,000</u>	<u>\$ 18,280,636</u>	<u>\$ 65,615,636</u>

The general obligation bonds are payable from the Debt Service Funds. As of year end, the funds had a balance of \$ 1,338,731 to pay this debt. Future debt and interest will be payable from future tax levies.

Interest expenditures for the fiscal year in the General Fund and Debt Service Funds were \$ 34,334 and \$ 2,452,683, respectively.

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

Advance Refunding

On January 5, 2020, the School District issued general obligation bonds of \$ 4,645,000 (par value) with an interest rate of 4.0%, to advance refund term bonds with an interest rate of 4.0% to 4.125% and a par value of \$5,380,000. The term bonds mature on May 1, 2025. The general obligation bonds were issued at a premium and after paying issuance costs of \$99,008, the net proceeds were \$5,470,282. The net proceeds from the issuance of the general obligation bonds were deposited with an escrow agent to provide debt service payments until the term bonds mature. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the School District's financial statements.

As a result of the advance refunding, the School District reduced its total debt service requirements by \$6,058,383, which resulted in an economic gain of \$489,093.

Deferred Amount on Refunding

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$ 34,127. This amount is reported in the accompanying statement of net position as a deferred outflow (inflow) of resources and is being charged to activities through fiscal year 2025. As of June 30, 2020, total deferred amounts on 2015, 2016, 2017, 2019 and 2020 debt refunding was \$ 1,599,619.

Capital Leases

The School District has several capital leases for buses, other vehicles, and computer equipment. The future minimum lease payments are as follows:

	Total
Year Ending June 30,	
2021	\$ 1,015,025
2022	797,482
Total minimum lease payments	\$ 1,812,507
Less amount representing interest:	(102,658)
Present value of minimum lease payments	\$ 1,709,849

The assets acquired through capital leases are as follows:

Assets	
Buses and other vehicles	\$ 2,317,298
Equipment and furniture	503,000
Less accumulated depreciation	(1,403,216)
Total	\$ 1,417,082

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

Compensated Absences

Accrued compensated absences at June 30, 2020 consist of \$ 525,955 in accrued sick time benefits. The amount anticipated to be paid out over the next year is included within the amounts listed as due within one year.

Note 10 - Risk Management

The School District is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation) and certain medical benefits provided to employees. The School District has purchased commercial insurance for general liability, property and casualty and health and vision claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three fiscal years.

Note 11 - Pension Plan

Plan Description

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

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act (1980 PA 300 as amended).

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

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

Benefits Provided

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

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

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

Contributions

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

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

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

Pension Contribution Rates		
Benefit Structure	Member	Employer
Basic	0.0 - 4.0%	18.25%
Member Investment Plan	3.0 - 7.0%	18.25%
Pension Plus	3.0 - 6.4%	16.46%
Pension Plus 2	6.2%	19.59%
Defined Contribution	0.0%	13.39%

Required contributions to the pension plan from the School District were \$ 5,211,442 for the year ending September 30, 2019.

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

At June 30, 2020, the School District reported a liability of \$ 64,966,273 for its proportionate share of the MPSERS net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 2018. The School District's proportion of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the system during the measurement period by the percent of pension contributions required from all applicable employers during the measurement period. At September 30, 2019, the School District's proportion was .1962 percent, which was a decrease of .0004 percent from its proportion measured as of September 30, 2018.

For the plan year ending September 30, 2019, the School District recognized pension expense of \$ 9,471,646 for the measurement period. For the reporting period ending June 30, 2020, the School District recognized total pension contribution expense of \$ 5,270,435.

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ 291,199	\$ (270,903)	\$ 20,296
Changes of assumptions	12,720,442	-	12,720,442
Net difference between projected and actual earnings on pension plan investments	-	(2,082,059)	(2,082,059)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	<u>192,367</u>	<u>(577,922)</u>	<u>(385,555)</u>
Total to be recognized in future	13,204,008	(2,930,884)	10,273,124
School District contributions subsequent to the measurement date	<u>5,092,571</u>	<u>(2,139,634)</u>	<u>2,952,937</u>
Total	<u>\$ 18,296,579</u>	<u>\$ (5,070,518)</u>	<u>\$ 13,226,061</u>

Contributions subsequent to the measurement date reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. The District will offset the contribution expense in the year ended June 30, 2021 with the 147c supplemental income received subsequent to the measurement date.

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

Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)	
2020	\$ 4,010,445
2021	3,278,872
2022	2,138,581
2023	<u>845,226</u>
	<u>\$ 10,273,124</u>

Actuarial Assumptions

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

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

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

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

Recognition period for liabilities is the average of the expected remaining service lives of all employees in years 4.4977 years.

Recognition period for assets in years is 5 years.

Full actuarial assumptions are available in the 2019 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of
Domestic Equity Pools	28.0 %	5.5 %
Alternative Investment Pools	18.0	8.6
International Equity	16.0	7.3
Fixed Income Pools	10.5	1.2
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.4
Short Term Investment Pools	2.0	0.8
	<u>100.0%</u>	

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

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

Rate of Return

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

Discount Rate

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

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

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

1% Decrease *	Current Single Discount Rate Assumption *	1% Increase *
5.80% / 5.80% / 5.00%	6.80% / 6.80% / 6.00%	7.80% / 7.80% / 7.00%
<u>\$ 84,460,311</u>	<u>\$ 64,966,273</u>	<u>\$ 48,805,044</u>

**Discount rates listed in the following order: Basic and Member Investment Plan (MIP), Pension Plus, and Pension Plus 2.*

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

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

Payables to the Michigan Public School Employees' Retirement System (MPERS)

There were no significant payables to the pension plan that are not ordinary accruals to the School District.

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

Note 12 - Post-employment Benefits Other Than Pensions (OPEB)

Plan Description

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

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

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

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

Benefits Provided

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision

coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008 (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date. Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

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

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

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

Contributions

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

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

The schedule below summarizes OPEB contribution rates in effect for fiscal year 2019.

OPEB Contribution Rates		
Benefit Structure	Member	Employer
Premium Subsidy	3.0%	7.93%
Personal Healthcare Fund (PHF)	0.0%	7.57%

Required contributions to the OPEB plan from the School District were \$ 1,335,237 for the year ended September 30, 2019.

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

At June 30, 2020, the School District reported a liability of \$ 13,961,180 for its proportionate share of the MPSERS net OPEB liability. The net OPEB liability was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 2018. The School District's proportion of the net OPEB liability was determined by dividing each employer's statutorily required OPEB contributions to the system during the measurement period by the percent of OPEB contributions required from all applicable employers during the measurement period. At September 30, 2019, the School District's proportion was .1945 percent, which was a decrease of .0021 percent from its proportion measured as of September 30.

For the plan year ending September 30, 2019, the School District recognized OPEB expense of \$ 323,488 for the measurement period. For the reporting period ending June 30, 2020, the School District recognized total OPEB contribution expense of \$ 1,329,737.

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

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

	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between expected and actual experience	\$ -	\$ (5,122,752)	\$ (5,122,752)
Changes of assumptions	3,025,105	-	3,025,105
Net difference between projected and actual earnings on OPEB plan investments	-	(242,792)	(242,792)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	104,991	(267,175)	(162,184)
Total to be recognized in future	3,130,096	(5,632,719)	(2,502,623)
School District contributions subsequent to the measurement date	1,250,257	-	1,250,257
Total	\$ 4,380,353	\$ (5,632,719)	\$ (1,252,366)

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

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

Deferred Inflow of Resources by Year (To Be Recognized in Future OPEB Expenses)	
2020	\$ (683,556)
2021	(683,566)
2022	(558,363)
2023	(374,000)
2024	(203,128)
	\$ (2,502,613)

Actuarial Assumptions

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

Holly Area Schools Notes to the Financial Statements June 30, 2020

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2018
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.95%
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation at 2.75%
- Healthcare Cost Trend Rate: 7.5% Year 1 graded to 3.5% Year 12
- Mortality:
 - Retirees: RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
 - Active Members: Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Other Assumptions:

- Opt Out Assumptions: 21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan
- Survivor Coverage: 80% of male retirees and 67% of female retirees are assumed to have coverages continuing after the retiree's death
- Coverage Election at Retirement: 75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.

Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the annual pension valuations beginning with the September 30, 2017

valuation. The total OPEB liability as of September 30, 2019, is based on the results of an actuarial valuation date of September 30, 2018, and rolled forward using generally accepted actuarial procedures, including the experience study.

Recognition period for liabilities is the average of the expected remaining service lives of all employees in 5.7101 years.

Recognition period for assets is 5 years.

Full actuarial assumptions are available in the 2019 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

Long-Term Expected Return on Plan Assets

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

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of September 30, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of
Domestic Equity Pools	28.0 %	5.5 %
Alternative Investment Pools	18.0	8.6
International Equity	16.0	7.3
Fixed Income Pools	10.5	1.2
Real Estate and Infrastructure Pools	10.0	4.2
Absolute Return Pools	15.5	5.4
Short Term Investment Pools	2.0	0.8
	<u>100.0%</u>	

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

Rate of Return

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

Discount Rate

A discount rate of 6.95% was used to measure the total OPEB liability. This discount rate was based on the long-term expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based

on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

1% Decrease	Current Discount Rate	1% Increase
5.95%	6.95%	7.95%
<u>\$ 17,125,485</u>	<u>\$ 13,961,180</u>	<u>\$ 11,304,043</u>

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

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

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
<u>\$ 11,191,391</u>	<u>\$ 13,961,180</u>	<u>\$ 17,125,110</u>

Holly Area Schools
Notes to the Financial Statements
June 30, 2020

OPEB Plan Fiduciary Net Position

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

Payables to the OPEB Plan

There were no significant payables to the OPEB plan that are not ordinary accruals to the School District.

Note 13 - Tax Abatements

School Districts may receive reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by the various municipalities within the School District boundaries. 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, 2020, the School District's property tax revenues were reduced by \$ 0 under these programs.

There are no significant abatements made by the School District.

Note 14 - Contingent Liabilities

Amounts received or receivable from grantor agencies are subjected to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of costs which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial. A separate report on federal compliance has been issued for the year June 30, 2020.

Note 15 – Subsequent Event

As result of the global coronavirus pandemic of 2020, the financial picture for Michigan School Districts has seen an unanticipated change. The duration and full effects of the outbreak are currently unknown, as the local and global picture continues to change frequently. To reduce the chance of spreading COVID-19; in March 2020, public schools were closed for the remainder of the 2019-2020 school year. As a result of the pandemic, the State of Michigan encountered a revenue shortfall resulting in a revenue reduction for Districts of \$175 per pupil which reduced the state aid payment in August of 2020. Subsequent to year end, multiple new revenue sources were approved; including Public Act 123 of 2020 which provides Districts an approximate \$12.32 per pupil and Public Act 146 of 2020 which provides Districts \$350 per pupil. These new revenue streams approved after June 30, 2020 will be recognized in the fiscal year ended June 30, 2021 in accordance with reporting criteria established by the Governmental Accounting Standards Board. Additionally, the "Return to Learn" legislation passed subsequent to year end which modifies the per pupil foundation allowance calculation and allows flexibilities in the days and attendance requirements for Districts. Local districts are able to decide whether to provide instruction virtually or face to face for the 2020-2021 school year. Currently, it is not possible to estimate the full extent of any potential impacts to the District or to determine if any changes in fair values are other than temporary in nature. Accordingly, no adjustments to the financial statements were made as a result of these events.

REQUIRED SUPPLEMENTARY INFORMATION

Holly Area Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources	\$ 4,560,000	\$ 4,799,765	\$ 4,741,396	\$ (58,369)
State sources	28,501,399	28,902,798	28,425,664	(477,134)
Federal sources	1,603,882	1,936,399	1,740,261	(196,138)
Interdistrict sources	2,828,614	2,930,221	2,903,510	(26,711)
Total revenues	<u>37,493,895</u>	<u>38,569,183</u>	<u>37,810,831</u>	<u>(758,352)</u>
Expenditures				
Instruction				
Basic programs	16,540,866	16,530,375	15,927,651	(602,724)
Added needs	6,850,740	7,064,196	6,626,843	(437,353)
Supporting services				
Pupil	2,490,441	2,524,893	2,405,069	(119,824)
Instructional staff	1,228,744	1,540,331	1,416,268	(124,063)
General administration	428,549	459,749	454,173	(5,576)
School administration	2,099,844	2,096,243	2,016,089	(80,154)
Business	529,620	549,620	481,938	(67,682)
Operations and maintenance	2,978,279	3,188,017	3,004,087	(183,930)
Pupil transportation services	1,804,548	1,830,681	1,678,808	(151,873)
Central	1,244,320	1,308,565	1,216,821	(91,744)
Athletic activities	610,324	627,994	565,512	(62,482)
Community services	3,889	4,840	210	(4,630)
Intergovernmental payments	27,195	13,333	11,002	(2,331)
Capital outlay	1,177,000	1,220,500	1,313,849	93,349
Debt service				
Principal	426,169	444,663	438,812	(5,851)
Interest and fiscal charges	4,250	28,485	34,334	5,849
Total expenditures	<u>38,444,778</u>	<u>39,432,485</u>	<u>37,591,466</u>	<u>(1,841,019)</u>
Excess (deficiency) of revenues over expenditures	<u>(950,883)</u>	<u>(863,302)</u>	<u>219,365</u>	<u>1,082,667</u>

Holly Area Schools
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Budget</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources				
Capital leases	\$ 1,051,000	\$ 1,051,000	\$ 1,108,273	\$ 57,273
Proceeds from sale of capital assets	-	7,307	7,308	1
Transfers in	<u>25,000</u>	<u>26,393</u>	<u>26,393</u>	<u>-</u>
Total other financing sources	<u>1,076,000</u>	<u>1,084,700</u>	<u>1,141,974</u>	<u>57,274</u>
Net change in fund balance	125,117	221,398	1,361,339	1,139,941
Fund balance - beginning	<u>3,399,886</u>	<u>3,399,886</u>	<u>3,399,886</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,525,003</u>	<u>\$ 3,621,284</u>	<u>\$ 4,761,225</u>	<u>\$ 1,139,941</u>

Holly Area Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th of Each June Fiscal Year)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
A. School district's proportion of the net pension liability (%)	0.1962%	0.1966%	0.1953%	0.1966%	0.2001%	0.2072%				
B. School district's proportionate share of the net pension liability	\$ 64,966,273	\$ 59,090,215	\$ 50,599,001	\$ 49,041,584	\$ 48,866,956	\$ 45,639,626				
C. School district's covered payroll	\$ 16,978,519	\$ 16,713,520	\$ 16,312,099	\$ 16,385,839	\$ 16,626,773	\$ 18,086,156				
D. School district's proportionate share of the net pension liability as a percentage of its covered payroll	382.64%	353.55%	310.19%	299.29%	293.91%	252.35%				
E. Plan fiduciary net position as a percentage of total pension liability	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%				

Notes:

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2019.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2019.

Holly Area Schools
Required Supplementary Information
Schedule of the School District's Pension Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,						2014	2013	2012	2011
	2020	2019	2018	2017	2016	2015				
A. Statutorily required contributions	\$ 5,270,435	\$ 5,370,742	\$ 5,367,693	\$ 2,708,924	\$ 3,160,930	\$ 3,751,162				
B. Contributions in relation to statutorily required contributions	<u>5,270,435</u>	<u>5,370,742</u>	<u>5,367,693</u>	<u>2,708,924</u>	<u>3,160,930</u>	<u>3,751,162</u>				
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
D. School district's covered payroll	\$ 16,839,091	\$ 16,987,572	\$ 16,603,759	\$ 16,312,818	\$ 16,456,491	\$ 17,432,274				
E. Contributions as a percentage of covered payroll	31.30%	31.62%	32.33%	16.61%	19.21%	21.52%				

Holly Area Schools
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years (Measurement Date September 30th of Each June Fiscal Year)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
A. School district's proportion of the net OPEB liability (%)	0.1945%	0.1966%	0.1948%							
B. School district's proportionate share of the net OPEB liability	\$13,961,180	\$15,624,404	\$ 17,248,300							
C. School district's covered payroll	\$16,978,519	\$16,713,520	\$ 16,312,099							
D. School district's proportionate share of the net OPEB liability as a percentage of its covered payroll	82.23%	93.48%	105.74%							
E. Plan fiduciary net position as a percentage of total OPEB liability	48.46%	42.95%	36.39%							

Notes:

Changes of benefit terms: There were no changes of benefit terms in plan fiscal year 2019.

Changes of benefit assumptions: There were no changes of benefit assumptions in plan fiscal year 2019.

Holly Area Schools
Required Supplementary Information
Schedule of the School District's OPEB Contributions
Michigan Public School Employees Retirement Plan
Last 10 Fiscal Years

	For the Years Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
A. Statutorily required contributions	\$ 1,329,737	\$ 1,401,645	\$ 1,239,743							
B. Contributions in relation to statutorily required contributions	<u>1,329,737</u>	<u>1,401,645</u>	<u>1,239,743</u>							
C. Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
D. School district's covered payroll	\$ 16,839,091	\$ 16,987,572	\$ 16,603,759							
E. Contributions as a percentage of covered payroll	7.90%	8.25%	7.47%							

OTHER SUPPLEMENTARY INFORMATION

Holly Area Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020

	Special Revenue Funds		Debt Service Funds					Total Nonmajor Governmental Funds
	Community Service	Food Service	2014	2016	2017	2019	2020	
Assets								
Cash	\$ 192,647	\$ 302,539	\$ 560,788	\$ 170,077	\$ 401,880	\$ 193,703	\$ 12,283	\$ 1,833,917
Accounts receivable	10,220	-	-	-	-	-	-	10,220
Due from other funds	195	-	-	-	-	-	-	195
Due from other governmental units	24,756	62,470	-	-	-	-	-	87,226
Inventory	-	34,634	-	-	-	-	-	34,634
Prepaid items	-	94,000	-	-	-	-	-	94,000
Total assets	\$ 227,818	\$ 493,643	\$ 560,788	\$ 170,077	\$ 401,880	\$ 193,703	\$ 12,283	\$ 2,060,192
Liabilities and Fund Balance								
Liabilities								
Due to other funds	\$ 400	\$ 55,662	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 56,062
Payroll deductions and withholdings	888	806	-	-	-	-	-	1,694
Accrued salaries payable	2,555	2,308	-	-	-	-	-	4,863
Unearned revenue	10,994	32,887	-	-	-	-	-	43,881
Total liabilities	14,837	91,663	-	-	-	-	-	106,500
Fund Balance								
Non-spendable								
Inventory	-	34,634	-	-	-	-	-	34,634
Prepaid items	-	94,000	-	-	-	-	-	94,000
Restricted for:								
Debt service	-	-	560,788	170,077	401,880	193,703	12,283	1,338,731
Food service	-	273,346	-	-	-	-	-	273,346
Assigned	212,981	-	-	-	-	-	-	212,981
Total fund balance	212,981	401,980	560,788	170,077	401,880	193,703	12,283	1,953,692
Total liabilities and fund balance	\$ 227,818	\$ 493,643	\$ 560,788	\$ 170,077	\$ 401,880	\$ 193,703	\$ 12,283	\$ 2,060,192

Holly Area Schools
Other Supplementary Information
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2020

	Special Revenue Funds		Debt Service Funds					Total Nonmajor Governmental Funds	
	Community Service	Food Service	2010	2014	2016	2017	2019		2020
Revenues									
Local sources	\$ 475,600	\$ 306,715	\$ 347,942	\$ 1,599,886	\$ 846,439	\$ 1,411,764	\$ 3,837,408	\$ 4	\$ 8,825,758
State sources	-	78,877	-	-	-	-	63,415	-	142,292
Federal sources	266,352	1,080,371	-	-	-	-	-	-	1,346,723
Total revenues	<u>741,952</u>	<u>1,465,963</u>	<u>347,942</u>	<u>1,599,886</u>	<u>846,439</u>	<u>1,411,764</u>	<u>3,900,823</u>	<u>4</u>	<u>10,314,773</u>
Expenditures									
Current									
Education									
Instruction	244,408	-	-	-	-	-	-	-	244,408
Supporting services	45,293	-	-	-	-	-	-	-	45,293
Food services	-	1,322,465	-	-	-	-	-	-	1,322,465
Community services	484,283	-	-	-	-	-	-	-	484,283
Debt service									
Principal	-	7,523	20,000	940,000	650,000	1,270,000	2,295,000	-	5,182,523
Interest and other expenditures	-	403	111,944	646,480	155,136	121,777	1,416,943	-	2,452,683
Bond issuance costs	-	-	-	-	-	-	-	94,486	94,486
Payment to bond refunding escrow agent	-	-	420,000	-	-	-	-	-	420,000
Total expenditures	<u>773,984</u>	<u>1,330,391</u>	<u>551,944</u>	<u>1,586,480</u>	<u>805,136</u>	<u>1,391,777</u>	<u>3,711,943</u>	<u>94,486</u>	<u>10,246,141</u>
Excess (deficiency) of revenues over expenditures	<u>(32,032)</u>	<u>135,572</u>	<u>(204,002)</u>	<u>13,406</u>	<u>41,303</u>	<u>19,987</u>	<u>188,880</u>	<u>(94,482)</u>	<u>68,632</u>
Other Financing Sources (Uses)									
Proceeds from refinancing debt	-	-	-	-	-	-	-	5,149,290	5,149,290
Payment to bond refunding escrow agent	-	-	-	-	-	-	-	(5,050,282)	(5,050,282)
Transfers in	-	-	-	-	-	-	-	7,757	7,757
Transfers out	(26,393)	-	(7,757)	-	-	-	-	-	(34,150)
Total other financing sources (uses)	<u>(26,393)</u>	<u>-</u>	<u>(7,757)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106,765</u>	<u>72,615</u>
Net change in fund balance	(58,425)	135,572	(211,759)	13,406	41,303	19,987	188,880	12,283	141,247
Fund balance - beginning	<u>271,406</u>	<u>266,408</u>	<u>211,759</u>	<u>547,382</u>	<u>128,774</u>	<u>381,893</u>	<u>4,823</u>	<u>-</u>	<u>1,812,445</u>
Fund balance - ending	<u>\$ 212,981</u>	<u>\$ 401,980</u>	<u>\$ -</u>	<u>\$ 560,788</u>	<u>\$ 170,077</u>	<u>\$ 401,880</u>	<u>\$ 193,703</u>	<u>\$ 12,283</u>	<u>\$ 1,953,692</u>

Holly Area Schools
Other Supplementary Information
General Fund
Comparative Balance Sheet
June 30, 2020

	2020	2019
Assets		
Cash	\$ 4,055,942	\$ 3,770,243
Accounts receivable	10	8,829
Due from other funds	60,021	110,667
Due from other governmental units	5,352,840	5,733,009
Prepaid items	4,281	219
 Total assets	 \$ 9,473,094	 \$ 9,622,967
Liabilities		
Accounts payable	\$ 145,605	\$ 537,388
State aid anticipation note payable	1,173,333	2,140,334
Due to other funds	195	9,824
Due to other governmental units	389,199	394,524
Payroll deductions and withholdings	93,179	126,115
Accrued expenditures	6,257	35,214
Accrued salaries payable	2,886,101	2,929,686
Unearned revenue	18,000	49,996
 Total liabilities	 4,711,869	 6,223,081
Fund Balance		
Non-spendable		
Prepaid items	4,281	219
Unassigned	4,756,944	3,399,667
 Total fund balance	 4,761,225	 3,399,886
 Total liabilities and fund balance	 \$ 9,473,094	 \$ 9,622,967

Holly Area Schools
Other Supplementary Information
General Fund
Schedule of Revenues Compared to Budget
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue from local sources				
Property tax levy	\$ 4,035,000	\$ 4,118,000	\$ 4,064,988	\$ (53,012)
Tuition	8,000	24,000	23,024	(976)
Transportation fees	30,000	40,000	44,967	4,967
Earnings on investments	45,000	60,000	54,640	(5,360)
Student activities	136,500	137,170	127,300	(9,870)
Other local revenues	305,500	420,595	426,477	5,882
Total revenues from local sources	<u>4,560,000</u>	<u>4,799,765</u>	<u>4,741,396</u>	<u>(58,369)</u>
Revenues from state sources				
Grants - unrestricted	21,299,371	21,509,949	21,023,114	(486,835)
Grants - restricted	7,202,028	7,392,849	7,402,550	9,701
Total revenues from state sources	<u>28,501,399</u>	<u>28,902,798</u>	<u>28,425,664</u>	<u>(477,134)</u>
Revenues from federal sources				
Grants	1,603,882	1,936,399	1,740,261	(196,138)
Interdistrict sources				
ISD collected millage	2,745,230	2,818,247	2,818,246	(1)
Other	83,384	111,974	85,264	(26,710)
Total interdistrict sources	<u>2,828,614</u>	<u>2,930,221</u>	<u>2,903,510</u>	<u>(26,711)</u>
Other financing sources				
Capital leases	1,051,000	1,051,000	1,108,273	57,273
Proceeds from sale of capital assets	-	7,307	7,308	1
Transfers in	25,000	26,393	26,393	-
Total other financing sources	<u>1,076,000</u>	<u>1,084,700</u>	<u>1,141,974</u>	<u>57,274</u>
Total revenue and other financing sources	<u>\$ 38,569,895</u>	<u>\$ 39,653,883</u>	<u>\$ 38,952,805</u>	<u>\$ (701,078)</u>

Holly Area Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - elementary				
Salaries	\$ 4,229,500	\$ 4,212,500	\$ 4,178,995	\$ (33,505)
Employee benefits	3,004,435	2,936,990	2,814,628	(122,362)
Purchased services	244,138	325,956	271,582	(54,374)
Supplies and materials	<u>167,797</u>	<u>170,460</u>	<u>137,714</u>	<u>(32,746)</u>
Total elementary	<u>7,645,870</u>	<u>7,645,906</u>	<u>7,402,919</u>	<u>(242,987)</u>
Basic program - middle school				
Salaries	1,840,500	1,825,500	1,810,456	(15,044)
Employee benefits	1,288,400	1,291,400	1,229,885	(61,515)
Purchased services	71,808	98,808	69,898	(28,910)
Supplies and materials	<u>80,946</u>	<u>81,446</u>	<u>44,960</u>	<u>(36,486)</u>
Total middle school	<u>3,281,654</u>	<u>3,297,154</u>	<u>3,155,199</u>	<u>(141,955)</u>
Basic program - high school				
Salaries	2,637,400	2,607,400	2,570,400	(37,000)
Employee benefits	2,012,785	1,935,785	1,805,883	(129,902)
Purchased services	258,926	304,676	255,678	(48,998)
Supplies and materials	<u>138,750</u>	<u>127,000</u>	<u>181,183</u>	<u>54,183</u>
Total high school	<u>5,047,861</u>	<u>4,974,861</u>	<u>4,813,144</u>	<u>(161,717)</u>

Holly Area Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Basic program - pre-school				
Salaries	215,000	225,000	198,052	(26,948)
Employee benefits	124,445	103,000	106,526	3,526
Purchased services	144,000	155,019	164,716	9,697
Supplies and materials	13,000	17,097	11,821	(5,276)
	<u>496,445</u>	<u>500,116</u>	<u>481,115</u>	<u>(19,001)</u>
Total pre-school				
Basic program - summer school				
Salaries	45,758	49,385	24,435	(24,950)
Employee benefits	19,796	19,661	10,539	(9,122)
Purchased services	1,722	23,200	23,918	718
Supplies and materials	1,760	20,092	16,382	(3,710)
	<u>69,036</u>	<u>112,338</u>	<u>75,274</u>	<u>(37,064)</u>
Total summer school				
Added needs - special education				
Salaries	2,809,350	2,900,060	2,796,688	(103,372)
Employee benefits	2,350,199	2,320,260	2,226,936	(93,324)
Purchased services	133,000	135,400	113,789	(21,611)
Supplies and materials	27,100	27,100	18,994	(8,106)
Other	355,000	530,000	359,597	(170,403)
	<u>5,674,649</u>	<u>5,912,820</u>	<u>5,516,004</u>	<u>(396,816)</u>
Total special education				

Holly Area Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Added needs - compensatory education				
Salaries	620,970	600,093	598,071	(2,022)
Employee benefits	390,312	397,914	406,311	8,397
Purchased services	80,779	85,000	85,008	8
Supplies and materials	<u>56,793</u>	<u>32,616</u>	<u>10,827</u>	<u>(21,789)</u>
Total compensatory education	<u>1,148,854</u>	<u>1,115,623</u>	<u>1,100,217</u>	<u>(15,406)</u>
Added needs - career and technical education				
Purchased services	-	-	163	163
Supplies and materials	<u>27,237</u>	<u>35,753</u>	<u>10,459</u>	<u>(25,294)</u>
Total career and technical education	<u>27,237</u>	<u>35,753</u>	<u>10,622</u>	<u>(25,131)</u>
Pupil - guidance services				
Salaries	357,309	357,419	369,778	12,359
Employee benefits	242,244	253,565	248,418	(5,147)
Purchased services	69,000	74,809	58,626	(16,183)
Supplies and materials	<u>12,000</u>	<u>35,000</u>	<u>13,097</u>	<u>(21,903)</u>
Total guidance services	<u>680,553</u>	<u>720,793</u>	<u>689,919</u>	<u>(30,874)</u>
Pupil - health services				
Purchased services	327,000	327,000	359,510	32,510
Supplies and materials	<u>6,000</u>	<u>6,000</u>	<u>2,677</u>	<u>(3,323)</u>
Total health services	<u>333,000</u>	<u>333,000</u>	<u>362,187</u>	<u>29,187</u>

Holly Area Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil - psychological services				
Salaries	78,200	96,200	95,821	(379)
Employee benefits	41,520	67,520	67,443	(77)
Purchased services	1,900	1,900	354	(1,546)
Supplies and materials	4,000	4,000	11,377	7,377
Total psychological services	<u>125,620</u>	<u>169,620</u>	<u>174,995</u>	<u>5,375</u>
Pupil - speech services				
Salaries	330,000	314,000	311,243	(2,757)
Employee benefits	258,600	226,600	219,962	(6,638)
Purchased services	1,500	1,500	413	(1,087)
Supplies and materials	3,000	3,000	2,385	(615)
Total speech services	<u>593,100</u>	<u>545,100</u>	<u>534,003</u>	<u>(11,097)</u>
Pupil - social work services				
Salaries	181,205	182,000	181,161	(839)
Employee benefits	138,533	135,950	132,503	(3,447)
Purchased services	400	400	15	(385)
Supplies and materials	3,400	3,400	3,481	81
Total social work services	<u>323,538</u>	<u>321,750</u>	<u>317,160</u>	<u>(4,590)</u>
Pupil - teacher consultant				
Salaries	75,000	75,000	73,190	(1,810)
Employee benefits	44,630	44,630	43,041	(1,589)
Total teacher consultant	<u>119,630</u>	<u>119,630</u>	<u>116,231</u>	<u>(3,399)</u>

Holly Area Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil - other support services				
Purchased services	297,000	297,000	195,474	(101,526)
Supplies and materials	18,000	18,000	15,100	(2,900)
Total other pupil support services	<u>315,000</u>	<u>315,000</u>	<u>210,574</u>	<u>(104,426)</u>
Instructional staff - improvement of education				
Salaries	402,237	405,387	399,482	(5,905)
Employee benefits	236,628	245,671	247,044	1,373
Purchased services	95,476	140,117	130,524	(9,593)
Supplies and materials	116,200	116,200	78,659	(37,541)
Other	1,400	1,900	529	(1,371)
Total improvement of education	<u>851,941</u>	<u>909,275</u>	<u>856,238</u>	<u>(53,037)</u>
Instructional staff - educational media services				
Supplies and materials	7,750	4,128	178	(3,950)
Instructional staff - technology assisted instruction				
Purchased services	-	32,942	31,061	(1,881)
Supplies and materials	-	214,528	152,354	(62,174)
Total technology assisted instruction	<u>-</u>	<u>247,470</u>	<u>183,415</u>	<u>(64,055)</u>

Holly Area Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Instructional staff - supervision and direction of instructional staff				
Salaries	191,100	192,100	189,182	(2,918)
Employee benefits	118,772	121,327	124,714	3,387
Purchased services	25,650	32,500	30,130	(2,370)
Supplies and materials	2,000	2,000	947	(1,053)
Other	500	500	253	(247)
	<u>338,022</u>	<u>348,427</u>	<u>345,226</u>	<u>(3,201)</u>
Instructional staff - academic student assessment				
Supplies and materials	31,031	31,031	31,211	180
General administration - board of education				
Salaries	-	-	991	991
Employee benefits	-	-	336	336
Purchased services	73,500	73,500	75,384	1,884
Supplies and materials	500	500	492	(8)
Other	7,249	7,249	7,404	155
	<u>81,249</u>	<u>81,249</u>	<u>84,607</u>	<u>3,358</u>

Holly Area Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
General administration - executive administration				
Salaries	196,900	214,600	215,388	788
Employee benefits	124,100	137,600	132,009	(5,591)
Purchased services	22,500	22,500	19,704	(2,796)
Supplies and materials	1,900	1,900	761	(1,139)
Other	1,900	1,900	1,704	(196)
Total executive administration	<u>347,300</u>	<u>378,500</u>	<u>369,566</u>	<u>(8,934)</u>
School administration - office of the principal				
Salaries	1,196,826	1,194,826	1,187,036	(7,790)
Employee benefits	759,401	755,551	732,595	(22,956)
Purchased services	125,300	128,776	87,405	(41,371)
Supplies and materials	14,703	14,126	4,680	(9,446)
Other	3,614	2,964	4,373	1,409
Total office of the principal	<u>2,099,844</u>	<u>2,096,243</u>	<u>2,016,089</u>	<u>(80,154)</u>
Business - fiscal services				
Salaries	132,000	132,000	131,426	(574)
Employee benefits	83,901	83,901	79,436	(4,465)
Purchased services	153,500	153,500	147,649	(5,851)
Supplies and materials	4,500	4,500	3,635	(865)
Other	4,419	4,419	3,293	(1,126)
Total fiscal services	<u>378,320</u>	<u>378,320</u>	<u>365,439</u>	<u>(12,881)</u>

Holly Area Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Business - other				
Purchased services	22,300	22,300	11,962	(10,338)
Other	<u>129,000</u>	<u>149,000</u>	<u>104,537</u>	<u>(44,463)</u>
Total other business	<u>151,300</u>	<u>171,300</u>	<u>116,499</u>	<u>(54,801)</u>
Operations and maintenance - operating building services				
Salaries	177,320	177,320	180,889	3,569
Employee benefits	117,627	122,627	125,516	2,889
Purchased services	1,588,100	1,760,838	1,715,967	(44,871)
Supplies and materials	974,750	974,750	859,419	(115,331)
Other	<u>27,282</u>	<u>27,282</u>	<u>27,612</u>	<u>330</u>
Total operating building services	<u>2,885,079</u>	<u>3,062,817</u>	<u>2,909,403</u>	<u>(153,414)</u>
Operations and maintenance - security services				
Salaries	36,000	36,000	30,559	(5,441)
Employee benefits	12,200	12,200	10,603	(1,597)
Purchased services	41,000	73,000	53,465	(19,535)
Supplies and materials	<u>4,000</u>	<u>4,000</u>	<u>57</u>	<u>(3,943)</u>
Total security services	<u>93,200</u>	<u>125,200</u>	<u>94,684</u>	<u>(30,516)</u>

Holly Area Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Pupil transportation services				
Salaries	765,150	768,500	701,599	(66,901)
Employee benefits	490,098	491,881	486,015	(5,866)
Purchased services	340,300	361,300	330,725	(30,575)
Supplies and materials	207,500	207,500	159,404	(48,096)
Other	1,500	1,500	1,065	(435)
Total transportation services	<u>1,804,548</u>	<u>1,830,681</u>	<u>1,678,808</u>	<u>(151,873)</u>
Central - planning, research development and evaluation				
Purchased services	-	12,992	3,159	(9,833)
Central - communication services				
Purchased services	99,500	99,900	89,477	(10,423)
Central - staff/personnel services				
Salaries	52,000	54,000	55,309	1,309
Employee benefits	38,503	39,103	38,072	(1,031)
Purchased services	27,700	39,453	36,275	(3,178)
Supplies and materials	10,600	10,600	5,747	(4,853)
Other	600	600	450	(150)
Total staff/personnel services	<u>129,403</u>	<u>143,756</u>	<u>135,853</u>	<u>(7,903)</u>

Holly Area Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Central - support services technology				
Salaries	61,900	61,900	65,089	3,189
Employee benefits	44,005	44,005	42,939	(1,066)
Purchased services	180,450	180,450	145,014	(35,436)
Supplies and materials	5,000	5,000	4,363	(637)
Other	482,317	499,317	499,245	(72)
	<u>773,672</u>	<u>790,672</u>	<u>756,650</u>	<u>(34,022)</u>
Total support services technology				
Central - pupil accounting				
Salaries	50,000	48,500	45,620	(2,880)
Employee benefits	39,220	42,220	36,578	(5,642)
Purchased services	10,000	10,000	2,241	(7,759)
Supplies and materials	1,400	1,400	393	(1,007)
Other	150	150	-	(150)
	<u>100,770</u>	<u>102,270</u>	<u>84,832</u>	<u>(17,438)</u>
Total pupil accounting				
Pupil activities				
Salaries	97,000	113,000	99,014	(13,986)
Employee benefits	38,975	40,975	37,787	(3,188)
Purchased services	5,000	5,000	8,959	3,959
Supplies and materials	-	-	1,090	1,090
	<u>140,975</u>	<u>158,975</u>	<u>146,850</u>	<u>(12,125)</u>
Total other central				

Holly Area Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Athletic activities				
Salaries	162,593	161,793	140,503	(21,290)
Employee benefits	93,553	93,562	86,379	(7,183)
Purchased services	303,870	308,745	252,060	(56,685)
Supplies and materials	27,163	40,324	70,147	29,823
Other	23,145	23,570	16,423	(7,147)
Total athletic activities	<u>610,324</u>	<u>627,994</u>	<u>565,512</u>	<u>(62,482)</u>
Community services - direction				
Salaries	500	-	-	-
Employee benefits	150	-	-	-
Purchased services	750	1,100	192	(908)
Supplies and materials	400	400	-	(400)
Total direction	<u>1,800</u>	<u>1,500</u>	<u>192</u>	<u>(1,308)</u>
Community services - community activities				
Purchased services	360	600	-	(600)
Supplies and materials	1,729	2,011	-	(2,011)
Total community activities	<u>2,089</u>	<u>2,611</u>	<u>-</u>	<u>(2,611)</u>

Holly Area Schools
Other Supplementary Information
General Fund
Schedule of Expenditures Compared to Budget
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Community services - welfare activities				
Supplies and materials	-	729	18	(711)
Intergovernmental payments				
Payments to other public schools	27,195	13,333	11,002	(2,331)
Capital outlay				
Basic program - high school	8,000	6,500	1,870	(4,630)
School administration - office of the principal	3,000	3,000	(138)	(3,138)
Operations and maintenance - operating building services	5,000	50,000	56,513	6,513
Pupil transportation services	1,051,000	1,051,000	1,165,169	114,169
Central - support services technology	110,000	110,000	90,435	(19,565)
Total capital outlay	1,177,000	1,220,500	1,313,849	93,349
Debt service				
Principal	426,169	444,663	438,812	(5,851)
Interest and other expenditures	4,250	28,485	34,334	5,849
Total debt service	430,419	473,148	473,146	(2)
Total expenditures	\$ 38,444,778	\$ 39,432,485	\$ 37,591,466	\$ (1,841,019)

Holly Area Schools
Other Supplementary Information
Fiduciary Funds
Statement of Changes in Amounts Due to Student Groups
For the Year Ended June 30, 2020

	Due to (From) Student Groups July 1, 2019	Cash Receipts	Cash Disbursements	Due to (From) Student Groups June 30, 2020
Davisburg Elementary School	\$ 21,448	\$ 46,136	\$ 39,900	\$ 27,684
Holly High School	252,714	609,226	601,202	260,738
Holly Elementary	12,811	40,368	32,571	20,608
Patterson Elementary	24,564	49,647	41,435	32,776
Sherman Middle	46,946	32,675	30,546	49,075
Rose Pioneer	13,064	21,420	18,162	16,322
Karl Richter	7,284	3,772	7,180	3,876
Administration	<u>14,432</u>	<u>2,925</u>	<u>2,813</u>	<u>14,544</u>
Total	<u>\$ 393,263</u>	<u>\$ 806,169</u>	<u>\$ 773,809</u>	<u>\$ 425,623</u>

Holly Area Schools
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2020

Year Ending June 30,	2014 Refunding	2016 Refunding	2017 Refunding	2019 Refunding	2020 Refunding	Total
2021	\$ 955,000	\$ 850,000	\$ 1,180,000	\$ 2,795,000	\$ 200,000	5,980,000
2022	975,000	1,045,000	1,145,000	1,610,000	-	4,775,000
2023	1,005,000	1,160,000	-	365,000	1,505,000	4,035,000
2024	1,030,000	1,310,000	-	365,000	1,480,000	4,185,000
2025	1,035,000	1,490,000	-	355,000	1,460,000	4,340,000
2026	1,035,000	-	-	725,000	-	1,760,000
2027	1,040,000	-	-	725,000	-	1,765,000
2028	1,040,000	-	-	750,000	-	1,790,000
2029	1,045,000	-	-	750,000	-	1,795,000
2030	1,045,000	-	-	800,000	-	1,845,000
2031-2035	2,085,000	-	-	4,890,000	-	6,975,000
2036-2040	-	-	-	5,770,000	-	5,770,000
2041-2042	-	-	-	2,320,000	-	2,320,000
Total	<u>\$ 12,290,000</u>	<u>\$ 5,855,000</u>	<u>\$ 2,325,000</u>	<u>\$ 22,220,000</u>	<u>\$ 4,645,000</u>	<u>\$ 47,335,000</u>
Principal payments due the first day of	May	May	May	May	May	
Interest payments due the first day of	May and November	May and November	May and November	May and November	May and November	
Interest rate	1.01% - 3.30%	1.70% - 2.75%	2.00% - 4.00%	4.00% - 5.00%	4.00% - 5.00%	
Original issue	<u>\$ 15,605,000</u>	<u>\$ 6,505,000</u>	<u>\$ 6,105,000</u>	<u>\$ 24,515,000</u>	<u>\$ 4,645,000</u>	