Avondale School District

Financial Statements

June 30, 2020

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Table of Contents

Avondale School District
Members of the Board of Education and Administration
June 30, 2020

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Sean Johnson	Secretary
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Dan Trudel	Assistant Superintendent for Financial Services
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Independent Auditors' Report

Management and the Board of Education
Avondale School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Avondale School District, 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 Avondale School District, as of June 30, 2020, and the respective changes in financial position 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 Avondale School District's basic financial statements. The other supplementary information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other 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, Avondale School District's 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 October 17, 2019, 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 Avondale School District's basic financial statements as a whole. The 2019 information in the comparative supplementary schedules is presented for purposes of additional analysis and is not a required part of the 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 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 is 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 October 26, 2020, on our consideration of Avondale School District 's 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 Avondale School District's 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 Avondale School District's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

October 26, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Avondale School 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 longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund, the 2020 Series A Debt Service Fund and the 2020 Capital Projects Fund with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary net position, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for General Fund

Other Supplemental Information

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

One of the most important questions asked about the School District is, "As a whole, what is the School District's financial condition as a result of the year's activities?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets 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 expenditures are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position - the difference between assets, deferred outflows of resources 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 expenditures is the School District's operating results. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the schools, to assess the overall health of the School District.

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

Reporting the School District's Most Significant Funds - Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds - not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Food Services and Community Services Funds are examples) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as bond-funded construction funds used for voter-approved capital projects). The School District uses 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 an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the School District and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation.

The School District as Trustee - Reporting the School District's Fiduciary Responsibilities

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

The School District as a Whole

Recall that 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, 2020 and 2019.

Table 1	Governmental Activities	
	2020	**2019**
Assets		
Current and other assets	$ 34,525,186	$ 22,071,781
Capital assets	108,386,065	105,521,935
Total Assets	142,911,251	127,593,716
Deferred Outflows of Resources	31,297,831	26,675,679
Liabilities		
Current Liabilities	14,946,753	13,581,463
Long-term liabilities	189,527,485	169,183,785
Total Liabilities	204,474,238	182,765,248
Deferred Inflows of Resources	12,619,563	12,819,538
Net Position		
Net investment in capital assets	24,922,537	23,991,375
Restricted	1,228,642	1,342,475
Unrestricted	(69,035,898)	(66,649,241)
Total net position	$ (42,884,719)	$ (41,315,391)

The School District's net position was ($42.88 million) and ($41.32 million) at June 30, 2020 and 2019, respectively. Net investment in capital assets totaling $24.92 million, compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Net position restrictions are reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use net position for day-to-day operations. The remaining amount of net position is an unrestricted deficit and totals $69.04 million.

The ($69.04 million) in unrestricted net position (deficit) of governmental activities represents the accumulated results of all past years' operations. A positive unrestricted net position balance would enable the School District to meet working capital and cash flow requirements as well as to provide for future uncertainties. The School District's unrestricted net position balance is currently in deficit position, which, according to these statements, signals we will experience difficulties with cash flow. Taken in total, there are minimal reserves available to handle large unexpected uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

As discussed below, the majority of the deficit net position is directly related to implementation of GASB 75 which reflects $75.75 million in net pension liability. The ultimate requirement for the School District to actually pay out this amount is, in my opinion, doubtful. Please refer to Note 11 in the Notes to the Financial Statements for additional information relative to this liability.

During the 2017-18 year the School District implemented GASB 75 which resulted in a restatement of beginning net position. As of June 30, 2019, the estimated net pension liability for the school district is $75.75 million and the net OPEB liability is $16.83 million. Deferred inflows relating to net pension liability are $6.13 million, and deferred outflows relating to the net pension liability are $23.45 million. Additionally, deferred inflows relating to net OPEB liability are $6.49 million, and deferred outflows relating to the net OPEB liability are $6.33 million. These deferrals will be amortized through the plan year 2022.

The results of this year's operations for the School District as a whole are reported in the statement of activities, which shows the changes in net position for fiscal years 2020 and 2019 (see Table 2).

Table 2

	Governmental Activities	
	2020	**2019**
Revenues		
Program revenues		
Charges for services	$ 1,176,362	$ 1,570,015
Operating grants and contributions	12,120,751	10,716,565
Capital grants and contributions	533,713	652,250
General revenues		
Property taxes	18,940,007	18,089,855
State aid-unrestricted	27,779,605	26,854,744
Other	251,421	427,891
Total revenues	60,801,859	58,311,320
Expenditures		
Instruction	40,260,503	34,706,025
Supporting services	15,995,330	15,506,366
Food services	1,803,057	1,351,808
Community services	692,701	964,690
Interest on long-term debt	3,619,596	3,915,170
Total expenditures	62,371,187	56,444,059
Change in net position	$ (1,569,328)	$ 1,867,261

As reported in the statement of activities, the cost of all of our governmental activities this year was $60.80 million. Certain activities were partially funded from those who benefited from the programs ($1.18 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($12.65 million). We paid for the remaining "public benefit" portion of our governmental activities with $18.94 million in taxes, $27.78 million in state foundation allowance, and $.25 million with our other revenues, i.e., interest income and general entitlements.

The School District experienced an decrease in net position of $1.57 million, and total net position decreased from ($41.32 million) to ($42.88 million).

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

The School District's Funds

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

As the School District completed this year, the governmental funds reported a combined fund balance of $26.48 million.

Our Special Revenue Funds (Food Services and Community Services Funds) had a combined decrease in fund equity of approximately $286,000. Food Services fund equity decreased approximately $187,000 mainly due to substantial capital improvement projects in the school lunch program. Community Services fund equity decreased approximately $99,000 primarily due to decreased student enrollment in our early learning program.

Combined, the Debt Service Funds showed a planned fund balance increase of approximately $542,000. This increase was planned to offset future borrowing from the School Bond Loan Program (discussed below).

The Sinking Fund's fund balance decreased by approximately $25,000. This decrease was planned to provide financing for projects, including sitework and reroofing scheduled in fiscal years 2019-20.

General Fund Budgetary Highlights

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

There were revisions made to the original 2019-20 General Fund budget. Total budgeted revenues were increased approximately $2,295,000 due mainly to an increase in state sourced revenue ($2,004,000 in foundation-based revenue) compared with the original adopted budget. An additional increase in federal grants of $590,000 was also included versus the original budget. The variance from budget to actual for revenues was approximately 2.5% percent.

Budgeted expenditures were increased approximately $1.65 million. Of this amount, Instructional costs increased approximately $944,000 primarily due to expansion of shared time agreements and other personnel expenditures. Pupil support services increased approximately $340,000 primarily due to added costs associated with additional counseling and social work services provided to students. Safety and security expenditures also increased approximately $205,000 due to the contracting of building security services. The remainder of the expenditure variances were for other assorted known changes to expenditures. The variance from budget to actual for expenditures was approximately 4.58% percent.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2020, the School District had $108.39 million invested in a broad range of capital assets, including land, construction in progress, buildings, vehicles, furniture, and equipment. This amount represents a net increase (including additions, disposals, and depreciation) of $2.86 million.

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

Debt

At the end of this year, the School District had $95.07 million in bonds outstanding versus $86.28 million in the previous year (an increase of 10.19 percent). The increase is due to the refunding of borrowings from the Michigan School Loan Revolving Fund Program (see Note 9 to the financial statements), as well as the issuance of the 2020 Capital Projects bond. The outstanding bonds consisted of the following:

2009 Refunding Bonds	$2,690,000
2010 Building and Site Series A	4,000,000
2015 Refunding Series A Bonds	3,980,000
2017 Refunding Bonds	15,880,000
2018 Building and Site Bonds	12,450,000
2020 Building and Site and Refunding Series A Bonds	32,945,000
2020 Refunding Series B Bonds	23,125,000

The School District's general obligation bonds are qualified for participation by the State in the Michigan School Loan Revolving Program. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues "qualified debt," i.e., debt backed by the State of Michigan, such obligations are not subject to this debt limit. All of the School District's outstanding general obligation debt of $95.07 million is qualified by the State.

Other obligations include accrued vacation pay, sick leave, early separation agreements, and accreted interest on capital appreciation bonds. We present more detailed information about our long-term liabilities in the notes to the financial statements (beginning on pg. 4-12).

Economic Factors and Next Year's Budgets

Our elected officials and administration consider many factors when setting the School District's 2019-20 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2020-21 fiscal year is 90 percent and 10 percent of October 2020 and February 2020 student counts, respectively. The 2020-2021 budget was adopted in June 2020, based on an estimate of students that will be enrolled in October 2020. Approximately 57.1 percent of total General Fund revenue is from the foundation allowance another 16.7 percent of revenues is derived from other state sources. 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. The state's ability to adequately fund public education continues to diminish.

Based on the initial fall student count, the blended count to formulate the 2020-2021 budget is above the projected target. Once the final student count and related per pupil funding is validated, the School District will amend the budget to more accurately reflect the resources available and adjust original appropriations to reflect known changes in its operating obligations.

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. It is anticipated with the 2021 budget adoption the foundation allowance will be the same as compared against the 2019-2020 foundation. Although the base foundation allowance will be the same, higher costs for retirement and other benefits will be incurred. During the summer of 2015, the legislature enacted legislation requiring school districts to achieve a minimum 5 percent General Fund fund equity to avoid state oversight. The District's General Fund fund equity at June 30, 2020 is approximately 15.5 percent of revenues up from 13.3 percent at June 30, 2019. Although the District has been able to grow fund equity, pressure to increase employee compensation to remain competitive with neighboring districts will provide negative pressure on our ability to maintain this level of fund equity. It is evident that additional budget reductions will be necessary for the District to maintain financial stability and independence. Inevitably these budget reductions will impact the instructional programs and services that are presently offered.

If the State's revenue budget falls short of projections, the legislature must then revise the appropriation or proration of state aid will occur.

Shared Time Teaching Agreements

The State of Michigan allows public school districts to enter into agreements with private not-for-profit schools to provide instruction in non-core subjects direct to the non-public students in return for a prorated share of the pupil foundation. Non-core classes include subjects such as art, music, physical education, kindergarten, foreign language and certain advanced placement courses taught at the secondary level. The courses are taught by District paid teachers at the non-public location during the normal school day. The District has entered into several agreements with parochial schools in southeast Michigan to provide these services.

During the last three fiscal years, the state legislature has attempted to curtail these types of services by placing limitations on the percentage of full time equivalent allowed for reimbursement and/or the total dollar amount paid per pupil. For the 2019-20 fiscal year, the State has placed a cap on growth of existing programs at 10% of the prior year's participation level. As this service is a substantial portion of net revenues to the District's General

Fund, additional attempts to reduce this program by the State could provide budgetary difficulties to the District. The District was able to grow the program to the maximum allowable in fiscal 2019-20 and again for fiscal year 2020-21.

Contacting the School District's Administration

This report is designed to give an overview of the financial condition of the Avondale School District. If there are additional questions or information needed, please contact the business office at (248) 537-6000.

BASIC FINANCIAL STATEMENTS

Avondale School District
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Cash	$ 28,174,233
Accounts receivable	122,068
Due from other governmental units	5,697,515
Interest receivable	35,870
Inventory	61,312
Prepaid items	434,188
Capital assets not being depreciated	5,555,523
Capital assets - net of accumulated depreciation	102,830,542
Total assets	142,911,251
Deferred Outflows of Resources	
Deferred amount relating to the net pension liability	23,452,856
Deferred amount relating to the net OPEB liability	6,330,078
Deferred amount on debt refunding	1,514,897
Total deferred outflows of resources	31,297,831

See Accompanying Notes to the Financial Statements

Avondale School District
Statement of Net Position
June 30, 2020

	Governmental Activities
Liabilities	
Accounts payable	$ 1,511,879
Due to other governmental units	893,792
Payroll deductions and withholdings	482,720
Accrued expenditures	505,927
Accrued salaries payable	4,593,751
Unearned revenue	203,684
Noncurrent liabilities	
Net pension liability	75,745,440
Net OPEB liability	16,827,564
Debt due within one year	6,755,000
Debt due in more than one year	96,954,481
Total liabilities	204,474,238
Deferred Inflows of Resources	
Deferred amount relating to the net pension liability	6,129,523
Deferred amount relating to the net OPEB liability	6,490,040
Total deferred inflows of resources	12,619,563
Net Position	
Net investment in capital assets	24,922,537
Restricted for	
Food service	301,847
Sinking fund	828,838
Debt service	97,957
Unrestricted (deficit)	(69,035,898)
Total net position	$ (42,884,719)

See Accompanying Notes to the Financial Statements

Avondale School District
Statement of Activities
For the Year Ended June 30, 2020

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets
Functions/Programs					
Governmental activities					
Instruction	$ 40,260,503	$ 197,403	$ 7,986,013	$ -	$ (32,077,087)
Supporting services	15,995,330	111,855	3,002,417	-	(12,881,058)
Food services	1,803,057	328,089	1,132,321	-	(342,647)
Community services	692,701	539,015	-	-	(153,686)
Interest and fiscal charges on long-term debt	3,619,596	-	-	533,713	(3,085,883)
Total governmental activities	$ 62,371,187	$ 1,176,362	$ 12,120,751	$ 533,713	(48,540,361)
General revenues					
Property taxes, levied for general purposes					8,019,229
Property taxes, levied for debt service					9,890,426
Property taxes, levied for sinking fund					1,030,352
State aid - unrestricted					27,779,605
Interest and investment earnings					15,523
Other					235,898
Total general revenues					46,971,033
Change in net position					(1,569,328)
Net position - beginning					(41,315,391)
Net position - ending					$ (42,884,719)

See Accompanying Notes to the Financial Statements

Avondale School District
Governmental Funds
Balance Sheet
June 30, 2020

	General Fund	2020 Series A Debt Service	2020 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash	$ 8,356,545	$ -	$ 16,779,642	$ 3,038,046	$ 28,174,233
Accounts receivable	72,952	-	-	49,116	122,068
Due from other funds	-	-	-	2,038	2,038
Due from other governmental units	5,612,863	-	-	84,652	5,697,515
Inventory	-	-	-	61,312	61,312
Prepaid items	380,964	-	-	53,224	434,188
Total assets	$ 14,423,324	$ -	$ 16,779,642	$ 3,288,388	$ 34,491,354
Liabilities					
Accounts payable	$ 694,495	$ -	$ 407,240	$ 410,144	$ 1,511,879
Due to other funds	2,038	-	-	-	2,038
Due to other governmental units	877,624	-	-	16,168	893,792
Payroll deductions and withholdings	481,484	-	-	1,236	482,720
Accrued salaries payable	4,586,812	-	-	6,939	4,593,751
Unearned revenue	149,882	-	-	53,802	203,684
Total liabilities	6,792,335	-	407,240	488,289	7,687,864
Deferred Inflows of Resources					
Unavailable grant receivables	320,666	-	-	-	320,666

Avondale School District
Governmental Funds
Balance Sheet
June 30, 2020

	General Fund	2020 Series A Debt Service	2020 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances					
Nonspendable					
Inventory	$ -	$ -	$ -	$ 61,312	$ 61,312
Prepaid items	380,964	-	-	53,224	434,188
Restricted for					
Food service	-	-	-	240,535	240,535
Debt service	-	-	-	568,014	568,014
Capital projects	-	-	16,372,402	1,601,578	17,973,980
Committed for future dental claims	19,945	-	-	-	19,945
Assigned for					
Community services	-	-	-	275,436	275,436
Budgeted excess expenditures over revenues	1,826,106	-	-	-	1,826,106
Unassigned	5,083,308	-	-	-	5,083,308
Total fund balances	7,310,323	-	16,372,402	2,800,099	26,482,824
Total liabilities, deferred inflows of resources, and fund balances	$ 14,423,324	$ -	$ 16,779,642	$ 3,288,388	$ 34,491,354

See Accompanying Notes to the Financial Statements

Avondale School District
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2020

Total fund balances for governmental funds	$ 26,482,824
Total net assets for governmental activities in the statement of net assets is different because	
Certain receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
Other governmental units	320,666
Receivables related to interest subsidy to offset the accrued interest payable	35,870
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets not being depreciated	5,555,523
Capital assets - net of accumulated depreciation	102,830,542
Deferred outflows (inflows) of resources	
Deferred outflows of resources resulting from debt refunding	1,514,897
Deferred inflows of resources resulting from the net pension liability	(6,129,523)
Deferred outflows of resources resulting from the net pension liability	23,452,856
Deferred inflows of resources resulting from the net OPEB liability	(6,490,040)
Deferred outflows of resources resulting from the net OPEB liability	6,330,078
Certain liabilities are not due and payable in the current period and are not reported in the funds.	
Accrued interest	(505,927)
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	(75,745,440)
Net OPEB liability	(16,827,564)
Compensated absences	(126,507)
Employee severance pay	(1,405,000)
Bonds payable	(102,177,974)
Net assets of governmental activities	$ (42,884,719)

See Accompanying Notes to the Financial Statements

Avondale School District
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2020

	General Fund	2020 Series A Debt Service	2020 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Local sources	$ 8,560,113	$ -	$ 6,257	$ 11,800,357	$ 20,366,727
State sources	35,042,967	-	-	46,098	35,089,065
Federal sources	1,408,880	-	-	1,622,415	3,031,295
Interdistrict sources	2,298,805	-	-	-	2,298,805
Total revenues	47,310,765	-	6,257	13,468,870	60,785,892
Expenditures					
Current					
Education					
Instruction	31,207,888	-	-	-	31,207,888
Supporting services	14,760,595	-	-	-	14,760,595
Food services	-	-	-	1,663,873	1,663,873
Community services	2,853	-	-	636,376	639,229
Capital outlay	-	-	1,638,580	6,692,055	8,330,635
Debt service					
Principal	-	-	-	7,340,000	7,340,000
Interest and other expenditures	-	-	-	3,050,549	3,050,549
Bond issuance costs	-	175,270	196,250	131,305	502,825
Total expenditures	45,971,336	175,270	1,834,830	19,514,158	67,495,594
Excess (deficiency) of revenues over expenditures	1,339,429	(175,270)	(1,828,573)	(6,045,288)	(6,709,702)

Avondale School District

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2020

	General Fund	2020 Series A Debt Service	2020 Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Other financing sources (uses)					
Payment to bond refunding escrow agent	$ -	$ (19,014,385)	$ -	$ (23,008,123)	$ (42,022,508)
Proceeds from issuance of bonds	-	18,550,000	14,395,000	23,629,400	56,574,400
Premium on issuance of bonds	-	639,655	3,805,975	17,826	4,463,456
Proceeds from sale of capital assets	1,063	-	-	-	1,063
Transfers in	-	-	-	1,791,695	1,791,695
Transfers out	(1,695)	-	-	(1,790,000)	(1,791,695)
Total other financing sources (uses)	(632)	175,270	18,200,975	640,798	19,016,411
Net change in fund balance	1,338,797	-	16,372,402	(5,404,490)	12,306,709
Fund balances - beginning	5,971,526	-	-	8,204,589	14,176,115
Fund balances - ending	$ 7,310,323	$ -	$ 16,372,402	$ 2,800,099	$ 26,482,824

Avondale School District
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	$	12,306,709
Total change in net position reported for governmental activities in the statement of activities is different because:		
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		
Operating grants		14,904
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		(4,037,955)
Capital outlay		6,902,085
Expenses are recorded when incurred in the statement of activities.		
Interest		(185,498)
Special termination benefits		(189,000)
Compensated absences		(39,650)
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 in the governmental funds equals actual pension contributions.		
Net change in net pension liability		(10,086,168)
Net change in the deferral of resources related to the net pension liability		4,356,185
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 in the governmental funds equals actual OPEB contributions.		
Net change in the net OPEB liability		876,488
Net change in the deferral of resources related to the net OPEB liability		68,644
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		(61,037,856)
Repayments of long-term debt		49,362,508
Amortization of premiums		186,363
Amortization of deferred amount on refunding		(67,087)
Change in net position of governmental activities	$	(1,569,328)

See Accompanying Notes to the Financial Statements

Avondale School District
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2020

	Private Purpose Trust Funds	Agency Funds
Assets		
Cash	$ 677	$ 464,301
Total assets	677	$ 464,301
Liabilities		
Accounts payable	-	$ 30,554
Due to agency fund activities	-	433,747
Total liabilities	-	$ 464,301
Net position		
Reserved for endowments		
Assets held for scholarships and loans	$ 677	

See Accompanying Notes to the Financial Statements

Avondale School District
Fiduciary Funds
Private Purpose Trust Funds
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2020

	Private Purpose Trust Funds
Additions	$ -
Deductions	-
Change in net position	-
Net Position - beginning	677
Net Position - ending	$ 677

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Avondale School District (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 nonfiduciary 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. Operating grants include operating-specific and discretionary (either operating or capital) grants.

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.

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.

2020 Series A Debt Service Fund – This Debt Service Fund is used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on long-term debt related to the 2020 Series A Debt Service.

2020 Capital Projects Fund - The 2020 Capital Projects 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, relating to the 2020 Building and Site Bonds. The fund is kept open until the purpose for which the fund was created has been accomplished.

Additionally, the School District reports the following fund types:

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 Fund and Community Services Fund.

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.

Capital Projects Fund – The Capital Projects Funds are 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. The School District's Capital Projects Fund includes the Sinking Fund. The Sinking Fund is used to record the sinking fund property tax levy and other revenue and the disbursement of invoices specifically for acquiring new school sites, construction or repair of school buildings.

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the School District in a trustee capacity or as an agent. The Trust Funds are funds entrusted to the School District for scholarship awards and loans and the principal and interest of the trust may be spent. 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 Net Position or 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.

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	18.0000
Commercial personal property	6.0000
Debt Service Funds	
All property	7.3000
Sinking Fund	
All property	0.8000

School property taxes are assessed and collected in accordance with enabling state legislation by cities and townships within the School District's boundaries. 100% of the School District's tax roll 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.

Investments – Investments are stated at fair value. Certificates of deposit are stated at cost which approximates fair value.

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 purchased rather than when consumed, although significant amounts of inventory are capitalized at year end.

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 items 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 additions	50 years
Furniture	20 years
Equipment	5 - 10 years
Buses and other vehicles	8 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.

Compensated Absences – The liability for compensated absences reported in the district-wide statements consist of earned but unused accumulated vacation day balances. A liability for these amounts is reported in the governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

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.

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 governmental funds this includes unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current 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 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.

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.

Fund Equity – 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 Superintendent. The Board of Education has granted the Superintendent 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.

The Board of Education recognizes that sound fiscal management comprises the foundational support of the entire School District. To make that support as effective as possible the Board shall establish, by its second meeting of November, a fund equity goal not lower than five percent (5%) nor higher than fifteen percent (15%) for use during the annual budget development process for the subsequent school year. The purpose of fund equity is to protect the cash flow position of the School District, reduce the need to borrow funds, and ensure adequate financial resources are being applied to educational programs. The rationale for any fund equity goal outside of this range will be documented and recorded in the minutes of a regular Board meeting.

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 deferred outflows of resources at the date of the financial statements and the reported 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. 90, *Majority Equity Interests* improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain components. This statement is effective for the year ending June 30, 2020. Management has determined to implement the requirements of this Statement for the fiscal year ending June 30, 2020, in accordance with the original implementation date of the statement.

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 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 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 GASBs 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.

The Superintendent is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund 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. Individual amendments were not material in relation to the original appropriations.

Excess of Expenditures over Appropriations
The district had the following budget variances where expenditures exceeded the budget:

Function	Final Budget	Amount of Expenditures	Budget Variances
General Fund			
Instructional staff	$ 1,231,212	$ 1,275,249	$ 44,037
General administration	497,818	510,634	12,816
School administration	2,457,691	2,511,880	54,189
Transfers out	-	1,695	1,695

Compliance - Bond Proceeds
The Capital Projects Fund include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, management believes the School District has complied, in all material respects, with the applicable provisions of Section 1351a of the Revised School Code. The following is a summary of the revenue and expenditures in the 2018 and 2020 Capital Projects Funds, from the inception of the fund through the current fiscal year:

	2020 Building and Site Fund	2018 Building and Site Fund
Revenues	$ 18,207,232	$ 12,929,640
Expenditures	1,834,830	12,102,836

Compliance - Sinking Funds
The Capital Project Fund records capital project activities funded with Sinking Fund millage. For this fund, management believes the School District has complied, in all material respects, with the applicable provisions of § 1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 2004-4.

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	$ 28,174,233	$ 464,978	$ 28,639,211

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

Deposits (checking, savings accounts, money markets, certificates of deposit)	$ 28,636,924
Petty cash and cash on hand	2,287
Total	$ 28,639,211

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

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.

Concentration of credit risk – The District has no policy that would limit the amount that may be invested with any one issuer. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

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, $28,020,071 of the School District's bank balance of $28,770,071 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 - 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	$ 3,467,033	$ -	$ -	$ 3,467,033
Construction in progress	372,320	2,088,490	372,320	2,088,490
Total capital assets not being depreciated	3,839,353	2,088,490	372,320	5,555,523
Capital assets being depreciated				
Buildings and additions	154,590,927	5,185,915	-	159,776,842
Equipment and furniture	3,794,241	-	-	3,794,241
Buses and other vehicles	1,719,660	-	-	1,719,660
Total capital assets being depreciated	160,104,828	5,185,915	-	165,290,743
Less accumulated depreciation for				
Buildings and additions	54,348,740	3,588,781	-	57,937,521
Equipment and furniture	3,139,171	222,704	-	3,361,875
Buses and other vehicles	934,335	226,470	-	1,160,805
Total accumulated depreciation	58,422,246	4,037,955	-	62,460,201
Net capital assets being depreciated	101,682,582	1,147,960	-	102,830,542
Net capital assets	$ 105,521,935	$ 3,236,450	$ 372,320	$ 108,386,065

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

Governmental activities	
Instruction	$ 2,610,564
Support services	1,234,735
Food services	139,184
Community services	53,472
Total governmental activities	$ 4,037,955

Note 5 - Interfund Receivables, Payables, and Transfers

Individual interfund receivable and payable balances at year end were:

Payable Fund	Receivable Fund	Amount
General Fund	Nonmajor Governmental Funds	$ 2,038

The outstanding balances between the General Fund and Nonmajor Governmental Funds resulted mainly from the lag time between the dates that transactions were recorded in the accounting system and payments between funds were made.

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

Interfund transfers consist of the following:

	Transfers Out		
Transfers In	General Fund	Nonmajor Governmental Funds	Total
Nonmajor governmental funds	$ 1,695	$ -	$ 1,695
Nonmajor governmental funds	-	1,790,000	1,790,000
	$ 1,695	$ 1,790,000	$ 1,791,695

A general fund transfer of $1,695 was made to cover student lunch payments at year end. A debt service fund transfer of $1,790,000 was made to the 2020 Series B debt service fund to cover debt payments.

Note 6 – Unearned and Unavailable 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 and unavailable revenue are as follows:

	Unearned	Unavailable
Grant and categorical aid payments received prior to meeting all eligibility requirements	$ 203,684	$ -
Grant funds not received within 60 days of year end	-	320,666
Total	$ 203,684	$ 320,666

Note 7 - Due to Other Governmental Units

Due to other governmental units is made up of the following as of June 30, 2020:

Unfunded Accrued Actuarial Liability	$ 707,660
Other payables	186,132
	$ 893,792

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.

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

	Beginning Balance	Proceeds	Repayments	Ending Balance
State aid anticipation note	$ 190,554	$ -	$ 190,554	$ -

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. 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 and notes payable					
General obligation bonds	$ 63,100,000	$ 56,070,000	$ 24,100,000	$ 95,070,000	$ 6,605,000
Premium on bonds	2,830,881	4,463,456	186,363	7,107,974	-
Notes from direct borrowings					
School Loan Revolving Fund	23,180,100	-	23,180,100	-	-
SLRF - accrued interest	1,113,623	502,181	1,615,804	-	-
Other liabilities					
Compensated absences	86,857	76,716	37,066	126,507	37,000
Employee severance pay	1,216,000	302,500	113,500	1,405,000	113,000
Total	$ 91,527,461	$ 61,414,853	$ 49,232,833	$ 103,709,481	$ 6,755,000

For governmental activities, compensated absences and retirement incentives are primarily liquidated by the General Fund.

General obligation bonds payable at year end, consist of the following: Future principal and interest requirements for bonded debt are as follows:

2009 Refunding Bonds - $18,470,000 issued, due in annual installments of $1,340,000 to $1,535,000 through May 1, 2022, interest at 3.00% to 4.50%	$ 2,690,000
2010 Building and Site Series A Bonds - $4,000,000 issued, due in annual installments of $1,325,000 to $1,340,000 through May 1, 2029, interest at 5.50%	4,000,000
2015 Refunding Series A Bonds - $15,440,000 issued, due in annual installments of $1,890,000 to $6,670,000 through May 1, 2022, interest at 5.00%.	3,980,000
2017 Refunding Bonds - $15,880,000 issued, due in annual installments of $1,060,000 to $2,810,000 through November 1, 2029, interest at 5.00%.	15,880,000
2018 School Building and Site Bonds - $12,450,000 issued, due in annual installments of $100,000 to $1,130,000 through November 1, 2047, interest at 3.13-5.00%.	12,450,000
2020 Refunding Series A Bonds - $32,945,000 issued, due in annual installments of $100,000 to $5,765,000 through May 1, 2048, interest at .05-5.00%.	32,945,000
2020 Refunding Series B Bonds - $23,125,000 issued, due in annual installments of $2,805,000 to $6,480,000 through May 1, 2025, interest at 1.55-1.80%.	23,125,000
Total general obligation bonded debt	$ 95,070,000

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

Year Ending June 30,	Principal	Interest	Total
2021	$ 6,605,000	$ 2,882,483	$ 9,487,483
2022	7,400,000	2,479,934	9,879,934
2023	7,940,000	2,206,534	10,146,534
2024	8,500,000	1,976,154	10,476,154
2025	9,075,000	1,742,381	10,817,381
2026-2030	31,895,000	5,958,265	37,853,265
2031-2035	11,275,000	1,877,775	13,152,775
2036-2040	4,460,000	950,481	5,410,481
2041-2045	4,035,000	279,755	4,314,755
2046-2048	3,885,000	18,950	3,903,950
Total	$ 95,070,000	$ 20,372,712	$ 115,442,712

The general obligation bonds are payable from the Debt Service Funds. As of year end, the funds had a balance of $568,014 to pay this debt. Future debt and interest will be payable from future tax levies.

Deferred Amount on Refunding

The remaining refunding's resulted in differences between the reacquisition price and the net carrying amount of the old debt. The remaining amount of $1,514,897 is reported in the accompanying statement of net position as a deferred outflow of resources and is being charged to activities through fiscal year 2048. There is no defeased debt related to the refunded bonds.

Current Refinancing
In 2020, the School District issued general obligation bonds of $23,125,000 (par value) with an interest rate of 1.55% to 1.80% to refinance the School Bond Loan and Revolving Funds. The net proceeds from the issuance of the general obligation bonds were deposited with an escrow agent to provide debt service payments. The School District recognized an issue premium amount as a result of the bond refunding of $17,826 of which will be amortized over the life of the bond.

In 2020, the School District issued general obligation bonds of $32,945,000 (par value) with an interest rate of 0.05% to 5.00% to refinance the 2010 Series B Bond Funds. Approximately $18,550,000 of the proceeds from the issuance of the general obligation bonds were deposited with an escrow agent to provide debt service payments. The remainder was deposited in the 2020 Capital Projects Fund for future projects. The School District recognized an issue premium and deferred amount as a result of the bond refunding of $4,445,630 and $464,385, respectively, of which will be amortized over the life of the bond.

Compensated Absences
Accrued compensated absences at year end, consist of $126,507 of vacation hours earned and vested. The amount anticipated to be paid over the next year is included within the amounts listed as dues within one year.

Employee Severance Pay
The School District's employee severance pay liability recorded on the district-wide financial statements at June 30, 2020 was approximately $1,405,000.

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.

The School District is self-insured for dental insurance. According to the provisions of this program, the School District is limited to the contractual amount for dental claims based on individual maximums.

No additional accrual has been recorded as of the end of the prior three fiscal years, due to the School District paying the maximum contractual amounts for all claims submitted. The year end claims reimbursement liability and activity for the year is a follows:

	2020	2019	2018
Claims incurred	$ 242,427	$ 273,504	$ 197,384
Claim payments	(242,427)	(273,504)	(197,384)
Liability end of year	$ -	$ -	$ -

Note 11 - Pension Plans and Post-Employment Benefits

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.

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 $6,076,121 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 $75,745,440 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 30, 2018. The School District's proportionate share of the net pension liability was based on statutorily required contributions in relation to all employers' statutorily required contributions for the measurement period. At September 30, 2019, the School District's proportionate share percent was 0.2287 percent, which was an increase of .0103 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 $11,942,952 for the measurement period. For the reporting period ending June 30, 2020, the School District recognized pension contribution expense of $6,473,502.

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	$ 339,515	$ (315,851)	$ 23,664
Changes of assumptions	14,831,011	-	14,831,011
Net difference between projected and actual earnings on OPEB plan investments	-	(2,427,513)	(2,427,513)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	2,541,865	(792,104)	1,749,761
Total to be recognized in future	17,712,391	(3,535,468)	14,176,923
School District contributions subsequent to the measurement date	5,740,465	(2,594,055)	3,146,410
Total	$ 23,452,856	$ (6,129,523)	$ 17,323,333

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 which is included in the deferred inflows of resources. 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 (Inflow) and Deferred Outflow of Resources by Year (To Be Recognized in Future Pension Expenses)		
2020	$	5,162,382
2021		4,522,982
2022		3,195,874
2023		1,295,685
	$	14,176,923

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2018
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%

- Investment Rate of Return:
    - MIP and Basic Plans: 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 is 4.4977 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 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 Return*
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
	100.0%	

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

Rate of Return
For the fiscal year ended September 30, 2019, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 5.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the 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 *
5.8% / 5.8% / 5.0%	6.8% / 6.8% / 6.0%	7.8% / 7.8% / 7.0%
$ 98,473,918	$ 75,745,440	$ 56,902,749

**The Basic plan and the Member Investment Plan (MIP) are non-hybrid plans. Pension Plus is a hybrid plan, with a defined benefit (pension) component and a defined contribution (DC) component*

Michigan Public School Employees' Retirement System (MPSERS) Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued MPSERS CAFR, available on the ORS website at www.michigan.gov/orsschools).

Payables to the Pension Plan
There were no significant payables to the pension plan that are not ordinary accruals to the district.

Note 12 – Postemployment Benefits Other Than Pensions (OPEB)

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 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.

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 $1,609,688 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 $16,827,564 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 0.2344 percent, which was an increase of .0117 percent from its proportion measured as of September 30, 2018.

For the plan year ending September 30, 2019, the School District recognized OPEB expense of $736,592 for the measurement period. For the reporting period ending June 30, 2020 the School District recognized total OPEB contribution expense of $1,686,537.

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	$ -	$ (6,174,509)	$ (6,174,509)
Changes of assumptions	3,646,193	-	3,646,193
Net difference between projected and actual earnings on OPEB plan investments	-	(292,639)	(292,639)
Changes in proportion and differences between the School District contributions and proportionate share of contributions	1,323,334	(22,892)	1,300,442
Total to be recognized in future	4,969,527	(6,490,040)	(1,520,513)
Employer contributions subsequent to the measurement date	1,360,551	-	1,360,551
Total	$ 6,330,078	$ (6,490,040)	$ (159,962)

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) and Deferred Outflow of Resources by Year
(To Be Recognized in Future OPEB Expenses)

2020	$ (477,222)
2021	(477,222)
2022	(331,205)
2023	(155,151)
2024	(79,713)
	$ (1,520,513)

Actuarial Assumptions

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

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions:

- Valuation Date: September 30, 2018
- Actuarial Cost Method: Entry Age, Normal
- Wage inflation rate: 2.75%
- Investment Rate of Return: 6.95%
- Projected Salary Increases: 2.75 – 11.55%, including wage inflation of 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 is 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. 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 Return*
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
	100.0%	

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

Rate of Return

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

Discount Rate

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

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 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
$ 20,641,536	$ 16,827,564	$ 13,624,887

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
$ 13,489,107	$ 16,827,564	$ 20,641,084

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 - 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 14 - Tax Abatements

The School District receives reduced property tax revenues as a result of Industrial Facilities Tax exemptions and Brownfield Redevelopment Agreements granted by the City of Auburn Hills, City of Troy, City of Rochester Hills, and Bloomfield Township. 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 General Fund property tax revenues were reduced by $85,819 under these programs. This reduction was effectually covered by the State of Michigan via adjustments to the state portion of the per pupil foundation allowance.

Note 15 – Subsequent Events

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

Avondale School District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Over
	Original	Final	Actual	(Under) Budget
Revenues				
Local sources	$ 8,821,860	$ 8,378,502	$ 8,560,113	$ 181,611
State sources	33,573,139	35,576,910	35,042,967	(533,943)
Federal sources	1,654,147	2,297,418	1,408,880	(888,538)
Interdistrict sources	2,229,000	2,320,304	2,298,805	(21,499)
Total revenues	46,278,146	48,573,134	47,310,765	(1,262,369)
Expenditures				
Instruction				
Basic programs	25,341,915	25,936,524	25,142,484	(794,040)
Added needs	5,928,668	6,278,827	6,065,404	(213,423)
Supporting services				
Pupil	3,563,657	3,903,848	2,978,701	(925,147)
Instructional staff	1,150,565	1,231,212	1,275,249	44,037
General administration	530,914	497,818	510,634	12,816
School administration	2,443,326	2,457,691	2,511,880	54,189
Business	760,896	764,812	714,979	(49,833)
Operations and maintenance	3,380,208	3,591,388	3,453,652	(137,736)
Pupil transportation services	1,339,071	1,377,437	1,318,958	(58,479)
Central	1,355,291	1,440,534	1,403,694	(36,840)
Athletic activities	696,143	677,954	592,848	(85,106)
Community services	34,718	15,452	2,853	(12,599)
Total expenditures	46,525,372	48,173,497	45,971,336	(2,202,161)
Excess of revenues over expenditures	(247,226)	399,637	1,339,429	939,792

Avondale School District
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2020

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Budget
Other financing sources				
Proceeds from sale of capital assets	$ 1,500	$ 1,062	$ 1,063	$ 1
Transfers in	3,000	3,000	-	(3,000)
Transfers out	-	-	(1,695)	1,695
Total other financing sources (uses)	4,500	4,062	(632)	(1,304)
Net change in fund balance	(242,726)	403,699	1,338,797	938,488
Fund balance - beginning	5,971,526	5,971,526	5,971,526	-
Fund balance - ending	$ 5,728,800	$ 6,375,225	$ 7,310,323	$ 938,488

Avondale School District
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 net pension liability (%)	0.2287%	0.2184%	0.2147%	0.2195%	0.2280%	0.2225%				
B. School District's proportionate share of net pension liability	$ 75,745,440	$ 65,659,272	$ 55,634,482	$ 54,769,013	$ 55,698,711	$ 49,001,443				
C. School District's covered payroll	$ 20,579,496	$ 18,999,967	$ 17,957,969	$ 18,202,454	$ 19,143,660	$ 19,735,345				
D. School District's proportionate share of net pension liability as a percentage of its covered payroll	368.06%	345.58%	309.80%	300.89%	290.95%	248.29%				
E. Plan fiduciary net position as a percentage of total pension liability	60.31%	62.36%	64.21%	63.27%	63.17%	66.20%				

Note Disclosures

Changes of benefit terms - There were no changes of benefit terms to plan fiscal year 2019.

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

Avondale School District

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
A. Statutorily required contributions	$ 6,473,502	$ 6,042,622	$ 5,428,809	$ 2,827,984	$ 3,622,235	$ 4,201,269				
B. Contributions in relation to statutorily required contributions	6,473,502	6,042,622	5,428,809	2,827,984	3,622,235	4,201,269				
C. Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -				
D. School District's covered payroll	$ 21,415,024	$ 20,388,748	$ 18,815,348	$ 18,302,584	$ 18,486,725	$ 19,498,632				
E. Contributions as a percentage of covered payroll	30.23%	29.64%	28.85%	15.45%	19.59%	21.55%				

Avondale School District
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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
A. School District's proportion of the net OPEB liability (%)	0.2344%	0.2227%	0.2149%							
B. School District's proportionate share of the net OPEB liability	$ 16,827,564	$ 17,704,052	$ 19,026,477							
C. School District's covered payroll	$ 20,579,496	$ 18,999,967	$ 17,957,969							
D. School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	81.77%	93.18%	105.95%							
E. Plan fiduciary net position as a percentage of the total OPEB liability	48.46%	42.95%	36.39%							

Note Disclosures

Changes of benefit terms - There were no changes of benefit terms to plan fiscal year 2019.

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

Avondale School District
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	$ 1,686,537	$ 1,586,382	$ 1,198,430							
B. Contributions in relation to statutorily required contributions	1,686,537	1,586,382	1,198,430							
C. Contribution deficiency (excess)	$ -	$ -	$ -							
D. School District's covered payroll	$ 21,415,024	$ 20,388,748	$ 18,815,348							
E. Contributions as a percentage of covered payroll	7.88%	7.78%	6.37%							

OTHER SUPPLEMENTARY INFORMATION

Avondale School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020

	Special Revenue Funds		Debt Service Funds			
	Food Service	Community Services	2009	2010 Series A	2010 Series B	2015 Series A
Assets						
Cash	$ 230,266	$ 304,953	$ 21,446	$ 2,893	$ 412,089	$ 79,490
Accounts receivable	-	49,116	-	-	-	-
Due from other funds	2,038	-	-	-	-	-
Due from other governmental units	84,652	-	-	-	-	-
Inventory	61,312	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	$ 378,268	$ 354,069	$ 21,446	$ 2,893	$ 412,089	$ 79,490
Liabilities						
Accounts payable	$ 76,421	$ 488	$ -	$ -	$ -	$ -
Due to other governmental units	-	16,168	-	-	-	-
Payroll deductions and withholdings	-	1,236	-	-	-	-
Accrued salaries payable	-	6,939	-	-	-	-
Unearned revenue	-	53,802	-	-	-	-
Total liabilities	76,421	78,633	-	-	-	-
Fund balances						
Nonspendable						
Inventory	61,312	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Restricted for						
Food service	240,535	-	-	-	-	-
Debt service	-	-	21,446	2,893	412,089	79,490
Capital projects	-	-	-	-	-	-
Assigned for						
Community services	-	275,436	-	-	-	-
Total fund balances	301,847	275,436	21,446	2,893	412,089	79,490
Total liabilities and fund balances	$ 378,268	$ 354,069	$ 21,446	$ 2,893	$ 412,089	$ 79,490

Avondale School District
Other Supplementary Information
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2020

	Debt Service Funds				Capital Project Funds		Total Nonmajor Governmental Funds
	2015 Series B	2017 Refunding Bond	2018 Building & Site Bond	2020 Series B	Sinking	2018 Capital Projects	
Assets							
Cash	$ 36,742	$ 2,887	$ 9,069	$ 3,898	$ 1,087,080	$ 847,233	$ 3,038,046
Accounts receivable	-	-	-	-	-	-	49,116
Due from other funds	-	-	-	-	-	-	2,038
Due from other governmental units	-	-	-	-	-	-	84,652
Inventory	-	-	-	-	-	-	61,312
Prepaid items	-	-	-	-	-	53,224	53,224
Total assets	$ 36,742	$ 2,887	$ 9,069	$ 3,898	$ 1,087,080	$ 900,457	$ 3,288,388
Liabilities							
Accounts payable	$ -	$ -	$ -	$ 500	$ 258,242	$ 74,493	$ 410,144
Due to other governmental units	-	-	-	-	-	-	16,168
Payroll deductions and withholdings	-	-	-	-	-	-	1,236
Accrued salaries payable	-	-	-	-	-	-	6,939
Unearned revenue	-	-	-	-	-	-	53,802
Total liabilities	-	-	-	500	258,242	74,493	488,289
Fund balances							
Nonspendable							
Inventory	-	-	-	-	-	-	61,312
Prepaid items	-	-	-	-	-	53,224	53,224
Restricted for							
Food service	-	-	-	-	-	-	240,535
Debt service	36,742	2,887	9,069	3,398	-	-	568,014
Capital projects	-	-	-	-	828,838	772,740	1,601,578
Assigned for							
Community services	-	-	-	-	-	-	275,436
Total fund balances	36,742	2,887	9,069	3,398	828,838	825,964	2,800,099
Total liabilities and fund balances	$ 36,742	$ 2,887	$ 9,069	$ 3,898	$ 1,087,080	$ 900,457	$ 3,288,388

Avondale School District
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			
	Food Service	Community Services	2009	2010 Series A	2010 Series B	2015 Series A
Revenues						
Local sources	$ 340,363	$ 537,138	$ 1,561,952	$ 38,429	$ 1,518,244	$ 3,062,838
State sources	46,098	-	-	-	-	-
Federal sources	1,088,702	-	-	185,475	348,238	-
Total revenues	1,475,163	537,138	1,561,952	223,904	1,866,482	3,062,838
Expenditures						
Current						
Education						
Food services	1,663,873	-	-	-	-	-
Community services	-	636,376	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Principal	-	-	1,360,000	-	900,000	2,695,000
Interest and other expenditures	-	-	170,523	221,136	558,530	298,876
Bond issuance costs	-	-	-	-	-	-
Total expenditures	1,663,873	636,376	1,530,523	221,136	1,458,530	2,993,876
Excess (deficiency) of revenues over expenditures	(188,710)	(99,238)	31,429	2,768	407,952	68,962
Other financing sources						
Payment to bond refunding escrow agent	-	-	-	-	-	-
Proceeds from issuance of bonds	-	-	-	-	-	-
Premium on issuance of bonds	-	-	-	-	-	-
Transfers in	1,695	-	-	-	-	-
Transfers out	-	-	(15,000)	-	-	-
Total other financing sources (uses)	1,695	-	(15,000)	-	-	-
Net change in fund balance	(187,015)	(99,238)	16,429	2,768	407,952	68,962
Fund balances - beginning	488,862	374,674	5,017	125	4,137	10,528
Fund balances - ending	$ 301,847	$ 275,436	$ 21,446	$ 2,893	$ 412,089	$ 79,490

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

	Debt Service Funds				Capital Project Funds		
	2015 Series B	2017 Refunding Bond	2018 Building & Site Bond	2020 Series B	Sinking	2018 Capital Projects	Total Nonmajor Governmental Funds
Revenues							
Local sources	$ 643,523	$ 2,575,796	$ 490,620	$ -	$ 1,030,352	$ 1,102	$ 11,800,357
State sources	-	-	-	-	-	-	46,098
Federal sources	-	-	-	-	-	-	1,622,415
Total revenues	643,523	2,575,796	490,620	-	1,030,352	1,102	13,468,870
Expenditures							
Current							
Education							
Food services	-	-	-	-	-	-	1,663,873
Community services	-	-	-	-	-	-	636,376
Capital outlay	-	-	-	-	1,055,127	5,636,928	6,692,055
Debt service							
Principal	595,000	-	-	1,790,000	-	-	7,340,000
Interest and other expenditures	16,107	797,914	483,063	504,400	-	-	3,050,549
Bond issuance costs	-	-	-	131,305	-	-	131,305
Total expenditures	611,107	797,914	483,063	2,425,705	1,055,127	5,636,928	19,514,158
Excess (deficiency) of revenues over expenditures	32,416	1,777,882	7,557	(2,425,705)	(24,775)	(5,635,826)	(6,045,288)
Other financing sources							
Payment to bond refunding escrow agent	-	-	-	(23,008,123)	-	-	(23,008,123)
Proceeds from issuance of bonds	-	-	-	23,629,400	-	-	23,629,400
Premium on issuance of bonds	-	-	-	17,826	-	-	17,826
Transfers in	-	-	-	1,790,000	-	-	1,791,695
Transfers out	-	(1,775,000)	-	-	-	-	(1,790,000)
Total other financing sources (uses)	-	(1,775,000)	-	2,429,103	-	-	640,798
Net change in fund balance	32,416	2,882	7,557	3,398	(24,775)	(5,635,826)	(5,404,490)
Fund balances - beginning	4,326	5	1,512	-	853,613	6,461,790	8,204,589
Fund balances - ending	$ 36,742	$ 2,887	$ 9,069	$ 3,398	$ 828,838	$ 825,964	$ 2,800,099

Avondale School District
Other Supplementary Information
General Fund
Comparative Balance Sheet
June 30, 2020

	2020	2019
Assets		
Cash	$ 8,356,545	$ 5,496,908
Accounts receivable	72,952	145,210
Due from other governmental units	5,612,863	6,437,455
Prepaid items	380,964	558,549
Total assets	$ 14,423,324	$ 12,638,122
Liabilities		
Accounts payable	$ 694,495	$ 1,163,768
State aid anticipation note payable	-	190,554
Due to other funds	2,038	2,038
Due to other governmental units	877,624	843,350
Payroll deductions and withholdings	481,484	417,902
Accrued salaries payable	4,586,812	3,678,531
Unearned revenue	149,882	64,691
Total liabilities	6,792,335	6,360,834
Deferred Inflows of Resources		
Unavailable grant receivables	320,666	305,762

Avondale School District
Other Supplementary Information
General Fund
Comparative Balance Sheet
June 30, 2020

	2020	2019
Fund Balance		
Nonspendable		
Prepaid items	$ 380,964	$ 558,549
Committed for future dental claims	19,945	32,371
Assigned for:		
Budgeted excess expenditures over revenues	1,826,106	-
Unassigned	5,083,308	5,380,606
Total fund balance	7,310,323	5,971,526
Total liabilities, deferred inflows of resources, and fund balance	$ 14,423,324	$ 12,638,122

Avondale School District
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2020

Year Ending June 30	Interest Rate (Percent)	Interest Due November 1	Interest Due May 1	Principal Due May 1	Total Debt Service Cost
2009 Refunding Bonds					
2021	4.20	$ 57,160	$ 57,160	$ 1,350,000	$ 1,464,320
2022	4.30	28,810	28,810	1,340,000	1,397,620
		$ 85,970	$ 85,970	$ 2,690,000	$ 2,861,940
2010 Building & Site Series A Bonds					
2021	5.50	$ 110,000	$ 110,000	$ -	$ 220,000
2022	5.50	110,000	110,000	-	220,000
2023	5.50	110,000	110,000	-	220,000
2024	5.50	110,000	110,000	-	220,000
2025	5.50	110,000	110,000	-	220,000
2026	5.50	110,000	110,000	-	220,000
2027	5.50	110,000	110,000	1,325,000	1,545,000
2028	5.50	73,563	73,563	1,335,000	1,482,125
2029	5.50	36,850	36,850	1,340,000	1,413,700
		$ 880,413	$ 880,413	$ 4,000,000	$ 5,760,825

Avondale School District
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2020

Year Ending June 30	Interest Rate (Percent)	Interest Due November 1	Interest Due May 1	Principal Due May 1	Total Debt Service Cost
2015 Refunding Series A Bonds					
2021	5.00	$ 99,500	$ 64,625	$ 2,090,000	$ 2,254,125
2022	5.00	47,250	17,750	1,890,000	1,955,000
		$ 146,750	$ 82,375	$ 3,980,000	$ 4,209,125
2017 Refunding Bonds					
2021	5.00	$ 397,000	$ 397,000	$ -	$ 794,000
2022	5.00	397,000	397,000	-	794,000
2023	5.00	397,000	342,250	2,190,000	2,929,250
2024	5.00	342,250	284,500	2,310,000	2,936,750
2025	5.00	284,500	224,125	2,415,000	2,923,625
2026	5.00	224,125	164,000	2,405,000	2,793,125
2027	5.00	164,000	121,500	2,690,000	2,975,500
2028	5.00	96,750	62,000	2,810,000	2,968,750
2029	5.00	26,500	13,375	1,060,000	1,099,875
		$ 2,329,125	$ 2,005,750	$ 15,880,000	$ 20,214,875

Avondale School District
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2020

Year Ending June 30	Interest Rate (Percent)	Interest Due November 1	Interest Due May 1	Principal Due May 1	Total Debt Service Cost
2018 Building & Site Bonds					
2021	5.00	$ 241,138	$ 232,138	$ 360,000	$ 833,276
2022	5.00	232,138	213,638	740,000	1,185,776
2023	5.00	213,638	185,388	1,130,000	1,529,026
2024	5.00	185,388	175,388	400,000	760,776
2025	5.00	175,388	175,388	-	350,776
2026	5.00	175,388	175,388	-	350,776
2027	5.00	175,388	175,388	-	350,776
2028	5.00	175,388	175,388	-	350,776
2029	5.00	175,388	175,388	-	350,776
2030	5.40	175,388	162,888	500,000	838,276
2031	4.00	162,888	152,888	500,000	815,776
2032	3.13	152,888	142,888	500,000	795,776
2033	3.25	142,888	135,075	500,000	777,963
2034	3.25	135,075	126,950	500,000	762,025
2035	3.25	126,950	118,825	500,000	745,775
2036	3.38	118,825	113,138	750,000	981,963
2037	3.50	106,838	100,481	750,000	957,319
2038	3.50	93,481	87,356	750,000	930,837
2039	3.50	80,356	73,767	750,000	904,123
2040	3.50	67,231	61,106	750,000	878,337
2041	3.50	54,106	47,981	750,000	852,087
2042	3.50	40,981	34,856	710,000	785,837
2043	3.50	28,556	22,431	700,000	750,987
2044	3.63	16,306	11,056	510,000	537,362
2045	3.63	7,250	5,438	100,000	112,688
2046	3.63	5,438	3,625	100,000	109,063
2047	3.63	3,625	1,813	100,000	105,438
2048	3.63	1,813	-	100,000	101,813
		$ 3,270,125	$ 3,086,054	$ 12,450,000	$ 18,806,179

Avondale School District
Other Supplementary Information
Schedule of Outstanding Bonded Indebtedness
June 30, 2020

Year Ending June 30	Interest Rate (Percent)	Interest Due November 1	Interest Due May 1	Principal Due May 1	Total Debt Service Cost
2020 Refunding Series A Bonds					
2021	5.00	$ 378,746	$ 277,131	$ -	$ 655,877
2022	5.00	277,131	277,131	-	554,262
2023	5.00	277,131	277,131	-	554,262
2024	5.00	277,131	277,131	-	554,262
2025	5.00	277,131	277,131	180,000	734,262
2026	5.00	277,131	277,131	5,765,000	6,319,262
2027	5.00	274,631	274,631	2,500,000	3,049,262
2028	5.00	274,631	274,631	2,630,000	3,179,262
2029	5.00	274,631	274,631	3,335,000	3,884,262
2030	5.00	249,631	232,131	4,200,000	4,681,762
2031	5.00	144,631	129,631	3,630,000	3,904,262
2032	4.00	54,631	48,631	2,600,000	2,703,262
2033	2.00	24,031	24,031	1,840,000	1,888,062
2034	2.25	15,631	15,631	340,000	371,262
2035	2.25	11,806	11,806	365,000	388,612
2036	2.25	7,700	7,700	140,000	155,400
2037	2.25	6,125	6,125	170,000	182,250
2038	1.50	4,213	4,213	100,000	108,426
2039	1.50	3,463	3,463	135,000	141,926
2040	1.50	2,450	2,450	165,000	169,900
2041	0.05	1,213	1,213	-	2,426
2042	0.05	1,165	1,165	455,000	457,330
2043	0.05	1,099	1,099	-	2,198
2044	0.05	1,024	1,024	810,000	812,048
2045	0.05	896	896	-	1,792
2046	0.05	666	666	-	1,332
2047	0.05	436	436	-	872
2048	0.05	216	216	3,585,000	3,585,432
		$ 3,119,321	$ 2,979,206	$ 32,945,000	$ 39,043,527
2020 Refunding Series B Bonds					
2021	1.55	$ 267,964	$ 192,921	$ 2,805,000	$ 3,265,885
2022	1.60	174,438	168,838	3,430,000	3,773,276
2023	1.65	146,998	146,998	4,620,000	4,913,996
2024	1.75	108,883	105,483	5,790,000	6,004,366
2025	1.80	58,319	50,399	6,480,000	6,588,718
		$ 756,602	$ 664,639	$ 23,125,000	$ 24,546,241