

Manchester Community Schools

Financial Report
With Supplemental Information

Year Ended June 30, 2021

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WILLIS & JURASEK
— CPAS AND CONSULTANTS —

Independent Auditors' Report

Board of Education
Manchester Community Schools
Manchester, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Manchester Community Schools, as of and for the year ended June 30, 2021, 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 Manchester Community Schools as of June 30, 2021, and the respective changes in financial position, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and certain pension and OPEB information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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 Manchester Community Schools' basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report under separate cover dated October 14, 2021, on our consideration of Manchester Community Schools' internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Manchester Community Schools' internal control over financial reporting and compliance.

Willis & Jurasek, P.C.

Willis & Jurasek, P.C.

October 14, 2021

Manchester Community Schools
Management Discussion and Analysis
Year Ended June 30, 2021

As management of the Manchester Community Schools (the “District”), a K-12 school district located in Washtenaw and Jackson Counties, Michigan, we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. Please read it in conjunction with the District’s financial statements, which immediately follow this section.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District’s basic financial statements, which comprise three components: 1) District-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are the District-wide financial statements that provide both short-term and long-term information about the District’s overall financial status. These statements present an aggregate view of the District’s finances and a longer-term view of those finances.
- The next set of statements are fund financial statements that focus on individual funds of the District. These statements look at the District’s operations in more detail than the District-wide financial statements by providing information about the District’s most significant funds – the General Fund and the Debt Fund, with all other funds aggregated and presented in one column as nonmajor funds.

The Fiduciary Fund statements present financial information about activities for which the District acts solely as an agent for the benefit of scholarship recipients and participants in an insurance consortium.

District-wide Financial Statements

The *District-wide financial statements* are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private sector business.

The *statement of net position* presents information on all of the District assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The relationship between revenues and expenses is the District’s operating results. However, it should be noted that unlike most private-sector companies where improving shareholder wealth is the goal, the District’s goal is to provide services to our students. Therefore, in order to assess the overall health of the District, one must consider many nonfinancial factors such as the quality of education provided, breadth of curriculum offered, condition of school facilities, and the safety of the schools.

The *statement of net position* and *statement of activities* report the governmental activities for the District, which encompass all of the District’s services including instruction, supporting services, community services, food services, and athletics. Property taxes, unrestricted state aid, state grants, and federal grants finance most of these activities.

Manchester Community Schools
Management Discussion and Analysis
Year Ended June 30, 2021

Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State law and by bond covenants, though the District may establish other funds to help control and manage money for particular purposes. It may also establish other funds to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

The fund level financial statements are reported on a modified accrual basis, which measures only those revenues that are “measurable” and “currently available”. Expenditures are recognized to the extent that they are normally expected to be paid with current financial resources.

The fund financial statements are formatted to comply with the legal requirements of the Michigan Department of Education's Bulletin 1022. The District's major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in their relevant funds including:

- Debt Service Funds – consisting of the 2016-A, 2016-B, 2017, and 2019 and 2020 refunding bonds plus 2014 school improvement bonds and 2020 building and site bonds
- Special Revenue Funds – consisting of the Food Service Fund, Community Services Fund, and Student Activities Fund
- Capital Project Funds – consisting of the Pleasant Lake Improvements Fund, 2009 Capital Projects Fund, 2017 Energy Conservation Capital Projects Fund, and 2020 Bond Capital Projects Fund

In the fund financial statements, purchased capital assets are reported as expenditures in the year of acquisition. Assets are not capitalized at the fund level. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. Future debt obligations are not recorded at the fund level.

The District is the trustee, or fiduciary, for certain scholarship monies and an insurance consortium. All of the District's fiduciary activities are reported in separate fiduciary statements. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Manchester Community Schools
Management Discussion and Analysis
Year Ended June 30, 2021

District-Wide Financial Analysis

As stated earlier, the statement of net position provides the financial perspective of the District as a whole. At June 30, 2021, the District reported a net position of \$(20,589,422). The table below provides a summary of the District's net position as of June 30:

	Governmental Activities	
	2021	2020
Assets:		
Current assets	\$ 6,296,796	\$ 4,824,327
Non-current assets	27,363,409	28,275,474
Total assets	<u>33,660,205</u>	<u>33,099,801</u>
 Deferred Outflows of Resources	 <u>5,222,285</u>	 <u>6,650,554</u>
 Liabilities:		
Current liabilities	2,406,747	2,108,228
Non-current liabilities	50,641,642	55,180,093
Total liabilities	<u>53,048,389</u>	<u>57,288,321</u>
 Deferred Inflows of Resources	 <u>6,423,523</u>	 <u>5,769,976</u>
 Net Position:		
Invested in capital assets - net of related debt	(3,163,632)	(4,186,327)
Restricted	201,447	318,297
Unrestricted	<u>(17,627,237)</u>	<u>(19,439,912)</u>
Total net position	<u><u>\$(20,589,422)</u></u>	<u><u>\$(23,307,942)</u></u>

Net investment in capital assets is the original cost of the District's capital assets, less depreciation, less the long-term debt outstanding used to finance the acquisition of these assets. This debt will be repaid mainly from voter-approved property taxes collected as the debt and interest payments come due.

The remaining amount of net position, a deficit of approximately \$17,400,000 represents the accumulated results of the current and all past years' operations. This deficit includes the impact of the Governmental Accounting Standards Board requirement to report the District's portion of the net pension liability and net other postemployment benefit liability on its statement of net position. Absent these net pension and other postemployment benefit liabilities, the unrestricted net position of the District would be a positive balance of approximately \$165,000. The operating results of the General Fund will also have a significant impact on the change in unrestricted net position from year to year.

Manchester Community Schools
Management Discussion and Analysis
Year Ended June 30, 2021

The following condensed financial information was derived from the District-wide statement of activities and reflects how the District's net position changed during the fiscal year ended June 30:

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Charges for services	\$ 249,413	\$ 405,921
Operating grants	3,870,955	3,471,186
General revenues:		
Property taxes	6,311,323	5,788,985
State aid	4,510,499	4,740,934
Other	226,195	72,787
Total revenues	<u>15,168,385</u>	<u>14,479,813</u>
Functions/Program Expenses:		
Instruction	5,263,437	5,663,021
Support services	3,417,053	3,573,489
Food service activities	592,725	435,274
Student activities	289,292	227,164
Community service	442,826	504,153
Other	-	796,389
Interest	1,402,311	166,644
Depreciation (unallocated)	1,042,221	1,091,086
Total expenses	<u>12,449,865</u>	<u>12,457,220</u>
Increase (decrease) in net position	2,718,520	2,022,593
Net position beginning of year	(23,307,942)	(25,330,535)
Ending net position	<u>\$(20,589,422)</u>	<u>\$(23,307,942)</u>

Of the District's total revenues available to operate the District, 2% or approximately \$250,000 came from fees charged to those who benefited from the programs. Revenues from other governments or organizations that subsidize certain programs with grants and other directed types of funding approximated 26% or approximately \$3.9 million. Revenue from other sources comprised approximately 1% of the District's 2020-21 funding.

The State foundation allowance accounted for 30% or approximately \$4.5 million of the revenue available. This revenue is determined by a formula that incorporates pupil headcount, the annual per pupil allowance, and the non-homestead property taxable values of the District.

Local property taxes, approximately \$6.3 million or 41% of total revenue, supported the remaining portion of the governmental activities. Property tax revenue increased by 9% due to taxable value increases. The property tax revenue comes mainly from the 18 mills on all non-homestead property, which is required to be levied by the State in order to receive the full State foundation allowance

Manchester Community Schools
Management Discussion and Analysis
Year Ended June 30, 2021

The expense portion of the above table shows the financial support of each functional area required during the year. In comparison to the prior year, expenses remained about the same at approximately \$12.5 million. Being in the business of educating children, the largest expenses were incurred in instruction, which accounted for approximately \$5.2 million or 42% of total expenses. Support services cost approximately \$3.4 million or 28% of total expenses, which include such items as transportation, maintenance, security, supervision, counseling, health care, and a variety of similar services that support the District's mission of educating children.

The District experienced an increase in net position of approximately \$2.7 million which is a 12% increase compared to 2020. Overall, revenue increased 4.8% while expenses remained the same. It should be noted that under the accrual basis of accounting, property taxes collected for debt service are recognized as revenue, while only interest on the debt is recognized as expense. The increase in net position differs from the change in fund balance and a reconciliation appears later in the financial statements.

Financial Analysis of the District's Funds

As we noted earlier, the District uses funds to help it control and manage money for particular purposes. Looking at funds helps the reader consider whether the District is being accountable for the resources taxpayers and others provide, and may provide more insight in the District's overall financial health. As the District completed this year, the governmental funds reported a combined fund balance of approximately \$4 million, which is an increase of approximately \$1.2 million from the prior year.

In the General Fund, our principal operating fund, the fund balance increased approximately \$490,000 to \$2.2 million. The change was mainly due to changes in student enrollment. The blended student count for the school year was 865.

Of the combined governmental fund balances, 53%, or approximately \$2,157,000, constitutes fund balance which is available for spending at the District's discretion. District management has assigned approximately \$645,000 of fund balance for next year's expenditures. In addition, the District has committed approximately \$254,000 of fund balance for specific use including approximately \$229,000 set aside to repay the 2017 QZAB Energy Loan. Also, just over \$1,760,000 of the fund balance has been restricted to indicate that it is not available for spending at the District's discretion. Of the restricted fund balance, approximately \$899,000 is earmarked for debt service.

The fund balance of the District's General Fund increased by approximately \$490,000 during the current fiscal year. This increase is significantly less than the original budgeted decrease of approximately \$1,105,000 due to continued energy savings efforts, snow days, savings due to COVID-19, changes in staffing, the super blended stabilizing of State Aid, grant funds to combat the effects of COVID-19, and modest expenditure reductions implemented during the year.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with changes in revenues and expenditures. State law requires the budget be amended to ensure that expenditures do not exceed appropriations. A statement showing the District's original and final budget amounts, compared with amounts actually paid and received, is provided in the basic financial statements.

Manchester Community Schools
Management Discussion and Analysis
Year Ended June 30, 2021

A summary of variances from the final amended budget is as follows:

- The District's General Fund revenues were approximately \$22,000 less than the final amended budget. The actual revenue was under budget mainly due to state aid prior year adjustments.
- The difference between the original and final amended budget for the General Fund is mainly related to changes in health and retirement benefits, pupil count, state funding, COVID-19, staffing changes, and other factors that were not known at the time of the original budget, along with modest expenditure reductions designed to bring resource usage in line with expected revenues.

Capital Assets and Debt Administration

Capital Assets

By June 30, 2021, the District had invested approximately \$47.7 million in a broad range of capital assets, including school buildings, land, athletic facilities, vehicles, furniture, and equipment. This amount represents a net decrease (including all additions and disposals) of approximately \$66,000 from last year. More detailed information about capital assets is available in Note 6 to the financial statements.

This year's major capital asset additions include District wide network replacement, Athletic field scoreboards, buildings and grounds cleaning equipment additions, and a Junior & Senior High digital sign.

	Governmental Activities	
	2021	2020
Land and improvements	\$ 2,343,629	\$ 2,343,629
Buildings and improvements	39,403,163	39,358,438
Furniture and equipment	4,733,598	4,678,503
Buses and other vehicles	1,269,249	1,435,459
Total capital assets	47,749,639	47,816,029
Less accumulated depreciation	20,386,230	19,540,555
Net capital assets	\$27,363,409	\$28,275,474

Manchester Community Schools
Management Discussion and Analysis
Year Ended June 30, 2021

Debt Administration

At year-end, the District had approximately \$31.4 million in general obligation bonds and other long-term debt outstanding – a decrease of 6.6% from last year – as shown in the table below. The net decrease is due to scheduled annual principal payments made throughout the year, and issuing 2020 refunding bonds to pay down on the School Bond Loan Program debt. More detailed information about the District's long-term debt is presented in Note 9 to the financial statements, and in the Other Supplementary Information section.

	Governmental Activities	
	2021	2020
Government obligation bonds	\$ 27,655,000	\$ 25,770,000
School bond loan fund	-	4,168
School bond loan revolving fund	2,089,263	6,604,053
Total	<u>\$ 29,744,263</u>	<u>\$ 32,378,221</u>

Factors Bearing on the District's Future

We considered many factors when setting the District's 2021-2022 fiscal year budget, including anticipated increases of state and federal funding, decreasing enrollment, and increased retirement and health care costs. The District has planned for these changes, as evidenced by the cost-savings measures implemented over the past several years, and the stability in our fund balance.

Approximately 87% of total General Fund revenues are from the foundation allowance, including property taxes. The State foundation allowance is determined by multiplying the blended student count by the foundation allowance per pupil. That makes our student count estimate one of the most important factors impacting our budget. In setting the budget for 2021-22, we assumed a reduction of thirty-two (32) students based on the past enrollment trends.

Since the 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 the revenues to fund its appropriation to school districts. For fiscal year 2020-21, the District saw a foundation allowance of \$8,111, which was the same in 2019-20, and \$240 more than in 2018-2019. The uncertainty of student foundation funding levels, as well as funding for other K-12 education programs, reflects the economic difficulties faced by the State of Michigan, as well as the budget priorities of the State's legislators.

Demographic projections indicate that enrollment is likely to decrease over the next several years. While the schools of choice program may continue to offset the anticipated losses to a degree, based upon our projected enrollment, we anticipate slightly declining K-12 enrollment that mirrors the state-wide trend for the next several years.

Modest budget cuts and decreased spending in 2020-21 allowed the District to turn an expected loss of \$1,105,000 into a gain of approximately \$450,000. As a result of tight fiscal controls, and Administration and staffing changes, the District anticipates to do its best to minimize the impacts of student loss and COVID-19 for the General Fund fund balance going into 2021-22. We believe the 2021-2022 foundation allowance will increase to \$8,700 but student enrollment will decline. Due to these factors, the District anticipates \$482,000 less revenue for the year. We also assume that our costs will increase by approximately \$457,000 due to increased costs due to COVID-19, staffing changes, increased employee benefit costs, increased maintenance and repair costs. The anticipated changes are expected to place our fund balance in a range between \$800,000-\$1.1 million by the end

Manchester Community Schools
Management Discussion and Analysis
Year Ended June 30, 2021

by the end of the 2021-2022 fiscal year. The District policy is to have a fund balance of 5-10% of the preceding year's expenditures.

The District believes that constant monitoring of the budget and modest on-going cost cutting measures, when combined with the State's retirement reform and health care cost reforms, is sufficient to maintain the current programming for the next one to two years with only modest increases from State revenue sources. However, State funding increases over the past ten years have been less than the rate of inflation, and further cuts in the short-term will be necessary if that trend continues, absent other sources of revenue.

The District's labor contract with the MEA is set to expire June 2022. The District's labor contract with the ESP, which represents the District's support personnel, expired June 30, 2021.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional information, please contact the Superintendent's office, located in Central Office, Manchester Community Schools, 710 East Main Street, Manchester, Michigan 48158.

Manchester Community Schools

Statement of Net Position

June 30, 2021

	Governmental Activities
Assets:	
Cash and investments	\$ 4,743,606
Due from other governmental units	1,265,102
Due from fiduciary funds	163,064
Inventories	27,150
Prepaid expenditures	97,874
Capital assets not being depreciated	2,343,629
Capital assets net of accumulated depreciation of \$20,386,230	25,019,780
Total assets	<u>33,660,205</u>
Deferred Outflows:	
Deferred amount on debt refunding	296,259
Pension related	3,703,715
OPEB related	1,222,311
Total deferred outflows	<u>5,222,285</u>
Liabilities:	
Accounts payable and accrued expenses	1,067,183
State aid anticipation notes	1,142,272
Unearned revenue	38,492
Accrued interest on long-term debt	158,800
Long-term liabilities:	
Due within one year:	
Bonds and notes payable	4,525,000
Compensated absences	18,000
Due in more than one year:	
Bonds and notes payable	25,219,263
Compensated absences	342,000
Net pension liability	17,870,841
Net OPEB liability	2,666,538
Total liabilities	<u>53,048,389</u>
Deferred Inflows:	
Deferred amount on bond premium	1,280,484
Pension related	2,402,435
OPEB related	2,740,604
Total deferred inflows	<u>6,423,523</u>
Net Position:	
Net investment in capital assets, net of related debt	(3,163,632)
Restricted for:	
Capital projects	201,447
Unrestricted	(17,627,237)
Total net position	<u>\$ (20,589,422)</u>

Manchester Community Schools

Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenue		Governmental Activities
		Charges for Services	Operating Grants and Contributions	Net (Expenses) Revenues and Change in Net Position
Primary Government				
Governmental activities:				
Instruction	\$ 5,263,437	\$ -	\$ 977,700	\$ (4,285,737)
Support services	3,417,053	54,963	1,636,787	(1,725,303)
Food service activities	592,725	33,450	651,771	92,496
Student activities	289,292	-	372,817	83,525
Community services	442,826	161,000	231,880	(49,946)
Interest on long-term debt	1,402,311	-	-	(1,402,311)
Depreciation (unallocated)	1,042,221	-	-	(1,042,221)
Total governmental activities	<u>\$ 12,449,865</u>	<u>\$ 249,413</u>	<u>\$ 3,870,955</u>	<u>(8,329,497)</u>
General Revenues:				
Taxes:				
Property taxes, levied for general purposes				2,470,636
Property taxes, levied for debt service				3,840,687
State aid not restricted to specific purposes				4,510,499
Unrestricted investment earnings				15,631
Other				210,564
Total general revenues				<u>11,048,017</u>
Change in Net Position				2,718,520
Net Position - Beginning of Year				<u>(23,307,942)</u>
Net Position - End of Year				<u>\$ (20,589,422)</u>

Manchester Community Schools

Balance Sheet Governmental Funds June 30, 2021

	<u>General Fund</u>	<u>Debt Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and investments	\$ 3,010,154	\$ 898,956	\$ 834,496	\$ 4,743,606
Due from other funds	136,607	-	34,055	170,662
Receivable from other governments	1,194,890	-	70,212	1,265,102
Inventories	-	-	27,150	27,150
Prepaid expenditures	69,874	-	28,000	97,874
Total assets	<u>\$ 4,411,525</u>	<u>\$ 898,956</u>	<u>\$ 993,913</u>	<u>\$ 6,304,394</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 56,502	\$ -	\$ 54,141	\$ 110,643
Due to other funds	-	-	7,598	7,598
Revenue anticipation notes	1,142,272	-	-	1,142,272
Unearned revenue	29,463	-	9,029	38,492
Accrued expenditures	956,540	-	-	956,540
Total liabilities	<u>2,184,777</u>	<u>-</u>	<u>70,768</u>	<u>2,255,545</u>
Fund Balances:				
Nonspendable:				
Inventories	-	-	27,150	27,150
Prepaid expenses	69,874	-	28,000	97,874
Restricted:				
Food services	-	-	113,595	113,595
Community education	-	-	47,443	47,443
Student activities	-	-	505,510	505,510
Debt service	-	898,956	-	898,956
Capital projects	-	-	201,447	201,447
Committed	253,852	-	-	253,852
Assigned for subsequent expenditures	644,639	-	-	644,639
Unassigned	1,258,383	-	-	1,258,383
Total fund balances	<u>2,226,748</u>	<u>898,956</u>	<u>923,145</u>	<u>4,048,849</u>
Total liabilities and fund balances	<u>\$ 4,411,525</u>	<u>\$ 898,956</u>	<u>\$ 993,913</u>	<u>\$ 6,304,394</u>

See Notes to Financial Statements.

Manchester Community Schools

Reconciliation of Fund Balances on the Balance Sheet of Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position June 30, 2021

Total Fund Balances - Governmental Funds		\$ 4,048,849
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		
The cost of capital assets is	\$ 47,749,639	
Accumulated depreciation is	<u>(20,386,230)</u>	27,363,409
Accrued interest payable on long-term debt is not included as a liability in governmental activities.		
		(158,800)
Long-term liabilities and related deferred outflows and inflows are not due and payable in the current period and are not reported in the funds.		
Bonds payable	(27,655,000)	
School bond loan revolving fund payable	(2,089,263)	
Compensated absences	(360,000)	
Deferred outflows from debt refunding	296,259	
Deferred inflows related to bond premium	<u>(1,280,484)</u>	(31,088,488)
The pension/OPEB liabilities and related deferred inflows and outflows are not due and payable in the current period and therefore are not reported in the funds.		
Deferred outflows related to net pension liability	3,703,715	
Deferred outflows related to net OPEB liability	1,222,311	
Deferred inflows related to net pension liability	(2,402,435)	
Deferred inflows related to net OPEB liability	(2,740,604)	
Net pension liability	(17,870,841)	
Net OPEB liability	<u>(2,666,538)</u>	(20,754,392)
Total Net Position - Governmental Activities		\$ <u>(20,589,422)</u>

Manchester Community Schools
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021

	General Fund	Debt Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Local sources	\$ 2,689,650	\$ 3,848,390	\$ 621,708	\$ 7,159,748
State sources	5,935,406	-	97,520	6,032,926
Federal sources	572,052	-	786,131	1,358,183
Interdistrict and other	652,439	-	-	652,439
Total revenues	<u>9,849,547</u>	<u>3,848,390</u>	<u>1,505,359</u>	<u>15,203,296</u>
Expenditures:				
Instruction	5,539,618	-	-	5,539,618
Support services	3,582,036	-	-	3,582,036
Food service activities	-	-	597,034	597,034
Student activities	-	-	289,292	289,292
Community education	-	-	442,826	442,826
Debt service:				
Principal	195,000	10,822,221	-	11,017,221
Interest and other charges	43,495	1,474,559	-	1,518,054
Capital outlay	-	-	124,618	124,618
Total expenditures	<u>9,360,149</u>	<u>12,296,780</u>	<u>1,453,770</u>	<u>23,110,699</u>
Revenues Over (Under) Expenditures	<u>489,398</u>	<u>(8,448,390)</u>	<u>51,589</u>	<u>(7,907,403)</u>
Other Financing Sources (Uses):				
Proceeds from long-term debt, net	-	9,107,854	-	9,107,854
Total other financing sources (uses)	<u>-</u>	<u>9,107,854</u>	<u>-</u>	<u>9,107,854</u>
Net Change in Fund Balances	489,398	659,464	51,589	1,200,451
Fund Balances - Beginning of Year	<u>1,737,350</u>	<u>239,492</u>	<u>871,556</u>	<u>2,848,398</u>
Fund Balances - End of Year	<u>\$ 2,226,748</u>	<u>\$ 898,956</u>	<u>\$ 923,145</u>	<u>\$ 4,048,849</u>

Manchester Community Schools

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds	\$ 1,200,451
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation expense	\$ (1,042,221)	
Capital outlay	<u>130,156</u>	(912,065)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Interest accrued on long-term debt		(26,500)
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Compensated absences are subject to full accrual in the Statement of Activities, while being recorded when financial resources are used in the governmental funds.

	9,000
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Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds.

Debt issued - bonded debt	(6,295,000)	
Repayments to bond and note holders	11,017,221	
Premium on new debt	(831,291)	
School bond loan revolving fund proceeds	(2,088,263)	
Amortization of premiums	390,726	
Amortization of deferred amount on debt refunding	<u>(141,784)</u>	2,051,609

Governmental funds report the required pension and OPEB contributions for each fiscal year as an expenditures. The Statement of Activities reports the fully accrued pension and OPEB expenses based upon a September year-end to coincide with the State of Michigan's fiscal year.

Changes in pension related liabilities and deferrals	(239,270)	
Changes in OPEB related liabilities and deferrals	<u>635,295</u>	<u>396,025</u>

Change in Net Position of Governmental Activities	<u><u>\$ 2,718,520</u></u>
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Manchester Community Schools

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2021

	Private Purpose Trust Funds (GAP Scholarship)	Insurance Consortium
Assets:		
Cash and cash equivalents	\$ 4,253	\$ 923,991
Total assets	<u>4,253</u>	<u>923,991</u>
Liabilities:		
Due to other funds	\$ -	\$ 163,064
Due to other governments	-	760,927
Total liabilities	<u>-</u>	<u>923,991</u>
Net Position:		
Held in trust for benefits and other purposes	<u>\$ 4,253</u>	

Manchester Community Schools
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2021

	Private Purpose Trust Funds (GAP Scholarship)
Additions:	
Interest	\$ 3
Contributions	88,496
Total additions	<u>88,499</u>
Deductions:	
Scholarships awarded	<u>89,750</u>
Total deductions	<u>89,750</u>
Change in Net Position	(1,251)
Net Position - Beginning of Year	<u>5,504</u>
Net Position - End of Year	<u><u>\$ 4,253</u></u>

Manchester Community Schools
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

The basic financial statements of Manchester Community Schools (the “School District” or “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

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. Based on the application of the criteria, the District has no component units.

District-Wide and Fund Financial Statements

District-Wide Financial Statements - The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

All of the School District’s government-wide activities are considered governmental activities. The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

The Statement of Net Position presents all governmental activities on a consolidated basis. The Statement of Net Position reports all assets and liabilities including those of a long-term nature. The net difference is reported as net position. Net position is categorized as net investment in capital assets, restricted net position, and unrestricted net position. It is the District’s policy to allocate resource outlays first to restricted net position with the remainder allocated to unrestricted net position.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Manchester Community Schools
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

District-Wide and Fund Financial Statements (Continued)

Fund Financial Statements - Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements with nonmajor governmental funds aggregated into a single column.

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 government 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, severance pay, 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. Expenditure reimbursing grants are recognized when the qualifying expenditures have been incurred, eligibility requirements have been met, and receipt of monies is expected within the current availability period (60 days post year-end). All other revenue items are considered to be available only when cash is received by the government.

The fiduciary fund statements 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 the School District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Debt Fund – The Debt Fund is used to record property taxes, interest, and other revenue for payment of principal and other expenditures thereof on all bond issues.

Additionally, the government 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 Special Revenue Funds maintained by the District are the Food Service Fund, the Community Education Fund, and the Student Activities Fund.

Capital Project Funds – Capital Project Funds are used to record bond proceeds or other revenue and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment, instructional technology, purchasing school buses, and for major remodeling and repairs. The District maintains the Pleasant Lake Improvements Fund, the 2017 Energy Conservation Capital Projects Fund, and the 2020 Bond Capital Projects Fund, reported as nonmajor funds. For these capital projects, the School District has complied with the applicable provisions of §1351a and §1212(1) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

Manchester Community Schools
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

District-Wide and Fund Financial Statements (Continued)

Fiduciary Funds – Fiduciary Funds are used to account for assets held by the District in a trustee capacity (trust funds) or as an agent (agency funds). Fiduciary Fund net position and results of operations are not included in the district-wide statements.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations. The District presently maintains one agency fund, the Insurance Consortium Fund, which maintains funds for several districts in an insurance pool. Private purpose trust funds account for assets and the related activity as per the trust documents. The District maintains one trust fund, the GAP Scholarship Fund, which provides scholarships for post-secondary education.

Revenues, Assets, Liabilities, and Net Position or Equity

State Revenue - The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a State-wide formula. The foundation allowance is funded from a combination of State and local sources. Revenues from State sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of State funds to school districts based on information supplied by the districts. For the year ended June 30, 2021, the foundation allowance was based on blended pupil membership counts.

The State portion of the foundation is provided primarily by a State education property tax millage of six mills on Principal Residence Exemption (PRE) property and an allocated portion of State sales and other taxes. The local portion of the foundation is funded primarily by non-PRE (non-homestead) property taxes which may be levied at a rate of up to 18 mills plus 6 mills on Commercial Personal Property. The State revenue is recognized during the foundation period and is funded through payments from October to August of each year. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The District also receives revenue from the State to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain categorical funds require an accounting to the State of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year, are recorded as unearned revenue. Other categorical funding is recognized when the appropriation is received.

Property Taxes - Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. For the year ended June 30, 2021, the District levied the following amounts per \$1,000 of assessed taxable valuation:

General Fund – Non-principal residence	18.0000
General Fund – Commercial personal property	6.0000
Debt Funds – All taxable values	8.5000

Tax abatements provided to property tax payers, if any, were not significant, and thus no disclosure was deemed required in accordance with GASB Statements No. 77, *Tax Abatement Disclosures*.

Manchester Community Schools
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Revenues, Assets, Liabilities, and Net Position or Equity (Continued)

Cash and Investments – Cash and cash equivalents include cash on hand, demand deposits, and certificates of deposit.

The District reports its investments in accordance with GASB professional standards. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the District intends to hold the investment until maturity. Accordingly, investments in bankers' acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds, and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively, but only if the bank, savings and loan association, or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act No. 105 of the Public Acts of 1855, as amended, contained in Michigan Compiled Laws. The District is also authorized to invest in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase, U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other funds." Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." Property tax and other trade receivables are shown net of an allowance for uncollectible amounts. The District has determined the uncollectible amounts are immaterial and no provision has been recorded.

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

Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both district-wide and fund financial statements.

Capital Assets - Capital assets, which include land, construction in process, buildings, improvements, equipment, and vehicles, are reported in the district-wide financial statements. The government defines capital assets as assets with an initial individual cost of \$5,000 or greater and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. 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 type assets. Buildings, improvements, furniture and equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20-50 years
Buses and other vehicles	8-15 years
Furniture and equipment	5-10 years

Manchester Community Schools
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Revenues, Assets, Liabilities, and Net Position or Equity (Continued)

Compensated Absences – Compensated absences is a liability for earned but unused accumulated vacation and sick leave balances. A liability for compensated absences is reported in the governmental funds for amounts due but not yet paid at fiscal year end. The liability for compensated absences reported in the district-wide statements also includes amounts earned through vesting and thus payable upon termination.

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 reported as a deferred inflow or outflow, separate from liabilities, and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bond issuance costs are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. Debt issued is reported as other financing sources, as are premiums received on debt issuances, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources – In addition to assets, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District currently reports deferred outflows of resources related to the net pension liability and the net OPEB liability. The District also reports deferred outflows of resources for pension and OPEB contributions made subsequent to the plan measurement date which will be recognized in the following year. Also reported are deferred outflows related to bond refunding amounts which are determined based upon the difference in carrying value and the reacquisition costs and are amortized over the life of the related bonds. For governmental funds, deferred outflows include unavailable revenue in connection with receivables for revenues that are not considered available to liquidate liabilities of the current period.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District currently reports deferred inflows of resources related to its net pension and net OPEB liabilities including amounts deferred for MPERS Unfunded Actuarial Accrued Liabilities (UAAL) stabilization statutorily required contributions. The pension and OPEB related future resources will be amortized and recognized over a time period established by the actuary and relate to differences between actuarial estimates and actual results. When applicable, deferred inflows also include bond premiums which are amortized over the life of the related bonds.

Defined Benefit Pension Plan – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Michigan Public Employees' Retirement System (MPERS), and additions to/deductions from MPERS fiduciary net position, have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Related investments are reported at fair value. See Note 11 for detailed information.

Manchester Community Schools
Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (Continued)

Revenues, Assets, Liabilities, and Net Position or Equity (Continued)

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, OPEB expense, information about the fiduciary net position of the Michigan Public Employees' Retirement System (MPERS), and additions to/deductions from MPERS fiduciary net position, have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Related investments are reported at fair value. See Note 11 for detailed information.

Fund Balance – The District has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. In accordance with this guidance, fund balances of governmental funds are categorized according to five defined categories of fund balance. These categories consist of *nonspendable* amounts which are not in spendable form or are legally or contractually required to be maintained intact; *restricted* amounts that are constrained for specific purposes set by external parties or law; *committed* amounts that are constraints set by the highest decision making authority (the School Board) through adoption of a resolution and may only be removed by the School Board through a rescindment resolution; *assigned* amounts that have an intended purpose but require no formal specific action; and *unassigned* amounts which are the residual of the other categories and have no specific purpose.

It is the District's policy to generally use fund balance in order according to the hierarchy of fund balance categories, from restricted down to unassigned.

Use of Estimates - The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Note 2 – Stewardship, Compliance, and Accountability

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriations lapse at fiscal year-end.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the *Uniform Budgeting and Accounting Act* (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated at the function level per State law. Violations, if any, for the General Fund, are noted in the required supplementary information section.

Manchester Community Schools
Notes to Financial Statements

Note 2 – Stewardship, Compliance, and Accountability (Continued)

4. The Superintendent is authorized to transfer budgeted amounts between expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
6. The budget was amended during the year with supplemental appropriations, the last one approved prior to June 30, 2021.

Note 3 – Cash and Investments

At year-end, the District's cash and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and investments	<u>\$ 4,743,606</u>	<u>\$ 928,244</u>	<u>\$ 5,671,850</u>

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

Deposits (checking and savings accounts, certificates of deposits)	\$ 3,293,631
Investments in bank investment pool	304,400
Investments in MILAF pooled investment fund	<u>2,073,819</u>
Total	<u>\$ 5,671,850</u>

The District holds investments in a pooled bank investment account, which has no limitations or restrictions. The District also holds investments in a pooled Michigan Investment Liquid Asset Fund (MILAF) account that is a qualified local government investment pool for Michigan School Districts. These funds are considered external investment pools as defined by GASB and as such are recorded at amortized cost which approximates fair value. There are no limitations or restrictions on withdrawals from the investments held in the MILAF account except for a one-day minimum investment period on MILAF cash management funds and a fourteen-day redemption limitation on MILAF MAX Class funds.

Investment and Deposit Risk – The District's cash and investments are subject to several types of risk, as noted below.

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. The District requires that financial institutions be evaluated and only those with an acceptable risk level are used for the District's deposits for custodial credit risk. At year-end, the District's deposit balance of \$3,336,861 included \$2,836,861 that was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk – Investments – Custodial credit risk of investments is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have an investment policy for custodial credit risk.

Manchester Community Schools
Notes to Financial Statements

Note 3 – Cash and Investments (Continued)

Interest Rate Risk – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The District's investment policy does not restrict investment maturities beyond State law.

Credit Risk – State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools. See Note 1 for a full description of allowed investments. The District's investment policy does not further limit its investment choices.

The District's investments in Comerica Government Cash Investment Fund J of \$304,400 are not FDIC insured. The District's investments under the interlocal agreement (MILAF) in the amount of \$2,073,819 are regulated by the Urban Cooperation Act. The interlocal agreement (MILAF) is rated at AAAM according to Standard and Poor's.

Concentration of Credit Risk – The District's investment policy does not limit investments with individual issuers.

Foreign Currency Risk – The District does not invest in foreign currency and does not maintain a policy regarding foreign currency risk.

Note 4 – Receivables

Receivables at year-end totaled \$1,265,102 and consist mainly of amounts due from the Michigan Department of Education for state aid and federal grants.

Note 5 – Interfund Receivables, Payables and Transfers

The District reports interfund balances between some of its funds. The sum of all balances presented in the tables below agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The composition of interfund balances is as follows:

		Due to:			
		<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Due From:					
Nonmajor governmental funds	\$	136,607	\$ 34,055	\$ -	\$ 170,662
Fiduciary funds		-	7,598	163,064	170,662
Total	\$	136,607	\$ 41,653	\$ 163,064	\$ 341,324

Manchester Community Schools
Notes to Financial Statements

Note 6 – Capital Assets

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals and Adjustments</u>	<u>Year-End Balance</u>
Assets not being depreciated:				
Land	\$ 2,343,629	\$ -	\$ -	\$ 2,343,629
Subtotal	<u>2,343,629</u>	<u>-</u>	<u>-</u>	<u>2,343,629</u>
Capital assets beings depreciated:				
Buildings and improvements	39,358,438	44,725	-	39,403,163
Furniture and equipment	4,678,503	85,431	(30,336)	4,733,598
Buses and other vehicles	1,435,459	-	(166,210)	1,269,249
Subtotal	<u>45,472,400</u>	<u>130,156</u>	<u>(196,546)</u>	<u>45,406,010</u>
Accumulated depreciation:				
Buildings and improvements	14,676,424	750,294	-	15,426,718
Furniture and equipment	3,716,994	194,106	(30,336)	3,880,764
Buses and other vehicles	1,147,137	97,821	(166,210)	1,078,748
Subtotal	<u>19,540,555</u>	<u>1,042,221</u>	<u>(196,546)</u>	<u>20,386,230</u>
Net capital assets being depreciated	<u>25,931,845</u>	<u>(912,065)</u>	<u>-</u>	<u>25,019,780</u>
Net capital assets	<u>\$28,275,474</u>	<u>\$ (912,065)</u>	<u>\$ -</u>	<u>\$27,363,409</u>

Disposals for the year included recording the impairment of the Ackerson building as it was removed from service. Depreciation for the fiscal year ended June 30, 2021 totaled \$1,042,221. The District determined that it was impractical to allocate depreciation to the various governmental activities as the assets serve multiple functions.

Note 7 – Unearned Revenue

Governmental funds report unearned revenue in connection with resources that have been received but not yet earned. At the end of the current fiscal year, unearned revenue consisted of student meal balances prepaid in the amount of \$9,029 and COVID-19 related federal monies totaling \$29,463.

Note 8 – Notes Payable

For the fiscal year ended June 30, 2021, the District issued State Aid Anticipation Notes to allow for needed cash flow prior to receipt of State Aid totaling \$2,000,000, as follows:

<u>Note</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
2020A-1	\$ 1,000,000	0.70%	7/20/2021
2020A-2	1,000,000	0.25%	8/20/2021

Manchester Community Schools
Notes to Financial Statements

Note 8 – Notes Payable (Continued)

The State Aid Anticipation Notes are secured by the full faith and credit of the District as well as pledged State Aid. The notes required payments under a set-aside arrangement due in seven increments including interest at 0.70% of approximately \$143,500 each beginning in January, 2021 and ending in July, 2021 with the remaining balance due August 20, 2021. At year-end, the outstanding balance totaled \$1,142,272. Activity for the year is as follows:

<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2021</u>
\$ 436,944	\$ 2,000,000	\$ (1,294,672)	\$ 1,142,272

The District has approved the issuance of State Aid Anticipation Notes for the 2021-22 school year totaling \$1,300,000 under a set-aside arrangement due in seven increments including interest at 0.11% of approximately \$185,900 beginning in January, 2022 and ending in July, 2022.

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. Long-term obligations can be summarized as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts Due</u> <u>Within One</u> <u>Year</u>
Governmental Activities:					
General obligation bonds	\$25,770,000	\$ 6,295,000	\$ 4,410,000	\$27,655,000	\$ 4,525,000
School Bond Loan Fund	4,168	-	4,168	-	-
School Bond Loan Revolving Fund	6,604,053	2,088,263	6,603,053	2,089,263	-
Compensated absences	369,000	-	9,000	360,000	15,000
Premium on bonds	839,919	831,291	390,726	1,280,484	-
Total governmental activities	<u>\$33,587,140</u>	<u>\$ 9,214,554</u>	<u>\$11,416,947</u>	<u>\$31,384,747</u>	<u>\$ 4,540,000</u>

The 2017 Energy Conservation Bonds (Qualified Zone Academy Bonds) are paid through the General Fund. All other general obligation bonds are payable from the Debt Service Fund. As of year-end, the Debt Fund had a balance of approximately \$900,000 available to pay this debt. Future debt and interest will be payable from future tax levies.

The School Bond Loan Fund and School Bond Loan Revolving Fund consist of borrowing agreements with the State of Michigan for the purpose of meeting the financing of current debt maturities on the School District's various general obligation bonds issued for capital expenditures. Interest rates are to be determined annually by the State Administrative Board. The interest rate was 3.00% at the current fiscal year end. Repayment begins as soon as the annual tax collections exceed annual debt service requirements. The District is required to levy 8.5 mills and repay to the State any excess of the amount levied over the bonded debt service requirements. Due to the variability of the factors that affect the timing of repayment, including the future amount of State equalized value of property in the District, no provision for repayment of the notes or related interest has been included in the above annual debt service requirements.

Manchester Community Schools
Notes to Financial Statements

Note 9 – Long-Term Debt (Continued)

General obligation bonds consist of:

\$2,825,000 - 2014 school improvement bonds due in annual installments of \$380,000 - \$405,000 through May, 2022; interest at 2.00%	\$ 405,000
\$8,790,000 - 2016 Series A refunding bonds due in annual installments of \$1,025,000 - \$1,300,000 through May, 2026; interest at 4.00% to 5.00%	6,225,000
\$13,760,000 - 2016 Series B refunding bonds due in annual installments of \$2,295,000 - \$2,520,000 through May, 2022; interest at 2.08% to 2.48%	2,520,000
\$8,250,000 - 2017 refunding bonds due in annual installments of \$95,000 - \$1,500,000 through May, 2031; interest at 3.00% to 4.00%	7,435,000
\$3,150,000 - 2017 energy conservation bonds due in annual installments of \$195,000 - \$230,000 through December, 2032; interest at 1.25%	2,565,000
\$1,805,000 - 2019 refunding bonds due in annual installments of \$105,000 - \$545,000 through May, 2029; interest at 1.90% to 2.65%	1,805,000
\$405,000 - 2020 school building & site bonds due in annual installments of \$100,000 - \$105,000 through May, 2025; interest at 1.30% to 1.55%	405,000
\$6,295,000 - 2020 refunding bonds due in annual installments of \$1,195,000 - \$1,825,000 through May, 2026, interest at 4.00%	<u>6,295,000</u>
Total general obligation bonds	<u>\$ 27,655,000</u>

Manchester Community Schools
Notes to Financial Statements

Note 9 – Long-Term Debt (Continued)

Annual debt service requirements to maturity on the above governmental bond obligations are as follows:

	Governmental Activities		
	Principal	Interest	Total
2022	\$ 4,525,000	\$ 952,856	\$ 5,477,856
2023	3,340,000	824,433	4,164,433
2024	3,470,000	710,399	4,180,399
2025	3,610,000	669,337	4,279,337
2026	3,275,000	423,090	3,698,090
2027-2031	8,980,000	933,803	9,913,803
2032-2033	455,000	5,720	460,720
Total	<u>\$ 27,655,000</u>	<u>\$ 4,519,638</u>	<u>\$ 32,174,638</u>

Note 10 – Risk Management

The School District is exposed to various risks of loss-related torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and natural disasters. The District has purchased commercial insurance for general liability, property and casualty, as well as health and vision coverage. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in the past three years.

The District participates in a distinct pool of educational institutions within the State of Michigan for self-insuring workers' disability compensation. The pool is considered a public entity risk pool. The District pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required.

COVID-19 Risk Considerations – The continuing pandemic, both in the U.S. and globally, in regards to the outbreak of the coronavirus (COVID-19) has made evaluation of the future uncertain. Areas that may be affected by the change in daily lives and work include investment values, levels of sales and services, availability of cash, supply chains, etc. As a result, funding to schools from the State and federal governments is subject to risk and potential change. Because of the uncertainty of the full impact, no amounts can be estimated and have not been reflected in these financial statements.

Note 11 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions

Organization

Pension/OPEB Plan Description – The School District participates in the Michigan Public School Employees' Retirement System ("MPERS" or "the System"), a State-wide, cost-sharing, multiple-employer defined benefit public employee retirement plan governed by the State of Michigan. The System's pension plan was established by the State to provide retirement, survivor, and disability benefits to public school employees, and covers substantially all employees of the School District. There are currently approximately 700 participating employers in the System which meets the definition of a qualified pension trust fund under Section 401(a) of the Internal Revenue Code. In addition, the System maintains a health plan ("OPEB") which provides postemployment healthcare benefits to all eligible retirees as an elective option including health, prescription drug, dental, and vision coverage.

The System was originally created under Public Act 136 of 1945, recodified, and currently operates under the provisions of Public Act 300 of 1980, as amended. Section 25 of this Act establishes a governing board and its 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 is administered by the Office of Retirement Services 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 of Michigan Investment Board serves as the investment fiduciary and custodian for the System.

The System's financial statements are included as a pension and other employee benefit trust fund in the State of Michigan Comprehensive Annual Financial Report and are available on the ORS website at www.michigan.gov/orsschools. Information provided in this report includes financial data, actuarial assumptions data, and detailed information about the pension plan and OPEB plan fiduciary net positions.

Pension 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 upon the plan option selected, member retirement benefits are determined by final average compensation, years of service, and a pension factor ranging from 1.25% to 1.50%. 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 member or Pension Plus plan member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. A refund cancels a former member's right 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.

Manchester Community Schools
Notes to Financial Statements

**Note 11 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions
(Continued)**

Organization (Continued)

OPEB 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 OPEB, 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 MPSERS, who earned service credit in the twelve months ending September 3, 2012 or were on an approved professional service 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.

Pension/OPEB Plan Contributions – Public Act 300 of 1980, as amended, requires contributions from both the participating employers and the active plan members. The School District, as a participating employer, is required to contribute amounts necessary to finance the coverage of pension and OPEB benefits of active and retired members. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature. Under these provisions, each school district's contribution is expected to finance the costs of benefits earned by employees (plan members) during the year, with an additional amount paid in to finance a portion of the unfunded actuarial accrued liability.

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 will be amortized over a 19-year period beginning October 1, 2019 and ending September 30, 2038.

Manchester Community Schools
Notes to Financial Statements

Note 11 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Organization (Continued)

Pension Plan Contributions – The schedule below summarizes pension contribution rates in effect for fiscal year ended September 30, 2020:

<u>Benefit Type</u>	<u>Member Rates</u>	<u>Status</u>
Basic (Defined Benefit)	0.0% - 4.0%	Closed
MIP (Defined Benefit)	3.0% - 7.0%	Closed
Pension Plus (Hybrid)	3.0% - 6.4%	Closed
Pension Plus 2 (Hybrid)	6.2%	Open
Defined Contribution	0.0%	Open

Employer contributions range from 13.39% to 19.59% and are determined based on employee elections. The District's required and actual contributions to the plan for the year ended September 30, 2020 were \$1,429,690. The District's required and actual contributions include an allocation of \$608,253 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended September 30, 2020.

OPEB Contributions – OPEB employee contribution rates in effect for the fiscal year ended September 30, 2020 range from 0% - 3%. Employer contributions range from 7.57% to 8.09% for the plan year ended September 30, 2020 and are determined based on employee elections. Required contributions to the OPEB plan from the District were \$351,667 for the year ended September 30, 2020. The District's required and actual OPEB contributions include an allocation of \$0 in revenue received from the State of Michigan, and remitted to the System, to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended September 30, 2020.

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

Proportionate Share of School District's Net Pension Liability - At June 30, 2021, the District reported a liability of \$17,870,841 for its proportionate share of the MPSERS net pension liability which totaled \$34,351,087,793 for non-university employers in the MPSERS Plan year ended September 30, 2020. The net pension liability was measured as of September 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation rolled forward from September 30, 2019. The District's proportionate share of the net pension liability was determined by dividing each employer's statutorily required pension contributions to the System during the measurement period by the percent of statutorily required pension contributions from all applicable employers during the measurement period. At September 30, 2020, the District's proportionate share percent was .05202409 percent, a decrease of .00372897 percent from its proportion measured as of September 30, 2019.

Pension Expense - For the year ended June 30, 2021, the School District recognized pension expense of \$1,665,650, inclusive of payments to fund the MPSERS UAAL stabilization rate.

Manchester Community Schools
Notes to Financial Statements

Note 11 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Pension/OPEB Liabilities, Pension/OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions/OPEB (Continued)

Proportionate Share of School District's Net OPEB Liability - At June 30, 2021, the District reported a liability of \$2,666,538 for its proportionate share of the MPSERS net OPEB liability which totaled \$5,357,266,979 for non-university employers in the MPSERS Plan year ended September 30, 2020. The net OPEB liability was measured as of September 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation rolled forward from September 30, 2019. The District's proportionate share 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 statutorily required OPEB contributions from all applicable employers during the measurement period. At September 30, 2020, the District's proportionate share was .04977422 percent, a decrease of .00552631 percent from its proportion measured as of September 30, 2019.

OPEB Expense - For the year ended June 30, 2021, the School District recognized OPEB benefit of \$281,494.

Deferred Outflows and Deferred Inflows - At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions and OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>Pension</u>	<u>OPEB</u>	<u>Pension</u>	<u>OPEB</u>
Difference between expected and actual experience	\$ 273,052	\$ -	\$ 38,143	\$ 1,986,820
Changes of assumptions	1,980,261	879,210	-	-
Net difference between projected and actual earnings on pension/OPEB plan investments	75,085	22,255	-	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	-	3,643	1,721,127	753,784
District contributions subsequent to the measurement date	<u>1,375,317</u>	<u>317,203</u>	<u>643,165</u>	<u>-</u>
Total	<u>\$ 3,703,715</u>	<u>\$ 1,222,311</u>	<u>\$ 2,402,435</u>	<u>\$ 2,740,604</u>

\$1,375,317 reported as deferred outflows of resources related to pensions resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

\$317,203 reported as deferred outflows of resources related to OPEB resulting from District employer contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022.

Manchester Community Schools
Notes to Financial Statements

Note 11 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Pension/OPEB Liabilities, Pension/OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions/OPEB (Continued)

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

Year Ended			
June 30	Pension		OPEB
2022	\$ 304,885	\$	(502,502)
2023	198,302		(471,550)
2024	58,526		(380,641)
2025	7,415		(265,762)
2026	-		(215,041)

Payables to the Pension/OPEB Plan - The District reported an accrued pension/OPEB plan payable at June 30, 2021 of \$144,447. This amount represents employee withholdings and the employer amount payable for wages earned at June 30, 2021 but not yet paid. The District is current on all required pension and OPEB plan payments. Amounts accrued at year end include current payments for June paid in July, accruals for summer pay primarily for teachers, and the contributions due from State revenue Section 147c restricted to fund the MPSERS unfunded actuarial accrued liability (UAAL).

Actuarial Assumptions

Actuarial Valuations and 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.

Manchester Community Schools
Notes to Financial Statements

Note 11 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Actuarial Assumptions (Continued)

A summary of actuarial assumptions as of the latest actuarial valuation follows:

Valuation date	September 30, 2019
Actuarial cost method	Entry age, normal
Asset valuation method	Fair value
Wage inflation rate	2.75%
Investment rate of return:	
MIP and Basic plans	6.80%, net of investment expenses
Pension Plus Plan	6.80%, net of investment expenses
Pension Plus 2 Plan	6.00%, net of investment expenses
OPEB	6.95%, net of investment expenses
Projected salary increases	2.75 – 11.55%, including wage inflation at 2.75%
Healthcare cost trend rate	7.00% Year 1 graded to 3.50% Year 15
Cost of living pension adjustments	3.0 % annual non-compounded for MIP members
Mortality: Retirees:	RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active Members:	RP-2014 Male and Female Employee Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees:	RP-2014 Male and Female Employee Disabled Annuitant Mortality Tables, scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.

Other Assumptions (OPEB) – applies to individuals hired before September 4, 2012:	
Opt-Out Assumption	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.

Additional assumption information includes the following:

- Assumption changes as a result of an experience study for the periods 2012 through 2017 have been adopted by the System for use in determination of the total pension and OPEB liabilities beginning with the September 30, 2017 valuation. The total pension/OPEB liability as of September 30, 2020 is based on the results of an actuarial valuation date of September 30, 2019, and rolled forward using generally accepted actuarial procedures, including the experience study.
- Recognition period for liabilities is the average of the expected remaining service lives of all employees in years – 4.4892 for pension plan employers and 5.9870 for OPEB plan employers.
- Recognition period for assets in years is 5.0000.
- Full actuarial assumptions are available in the 2020 MPSERS Comprehensive Annual Financial Report found on the ORS website at www.michigan.gov/orsschools.

Manchester Community Schools
Notes to Financial Statements

Note 11 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Actuarial Assumptions (Continued)

Long-Term Expected Rate of Return on Plan Assets – The long-term expected rate of return on pension/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 pension/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 pension/OPEB plan's target asset allocation as of September 30, 2020, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return*</u>
Domestic equity pools	25.0%	5.6%
Private equity pools	16.0%	9.3%
International equity pools	15.0%	7.4%
Fixed income pools	10.5%	0.5%
Real estate and infrastructure pools	10.0%	4.9%
Absolute return pools	9.0%	3.2%
Real return/opportunistic pools	12.5%	6.6%
Short-term investment pools	2.0%	(0.1)%
Total	<u>100.0%</u>	

*Long-term rates of return are net of administrative expenses and 2.1% inflation.

Rate of Return – For the fiscal year ended September 30, 2020, the annual money-weighted rate of return on pension/OPEB plan investments, net of pension/OPEB plan investment expense, was 5.37% and 5.24%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate - Discount rates of 6.80% and 6.95% were used to measure the total pension and OPEB liabilities, respectively (6.0% for the Pension Plus 2 Plan). These discount rates were based on the long-term expected rates of return on pension and OPEB plan investments of 6.80% and 6.95%, respectively (6.0% for the Pension Plus 2 Plan). The projection of cash flows used to determine these discount rates assumed that plan member contributions will be made at the current contribution rates and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on these assumptions, the pension/OPEB plans' 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/OPEB plan investments was applied to all periods of projected benefits payments to determine the total pension/OPEB liabilities.

Manchester Community Schools
Notes to Financial Statements

Note 11 – Defined Benefit Pension Plan and Postemployment Benefits Other Than Pensions (Continued)

Actuarial Assumptions (Continued)

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

1% Decrease	Current Single Discount Rate Assumption	1% Increase
<u>5.80% / 5.80% / 5.00%</u>	<u>6.80% / 6.80% / 6.00%</u>	<u>7.80% / 7.80% / 7.00%</u>
<u>\$23,130,772</u>	<u>\$17,870,841</u>	<u>\$13,511,530</u>

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

Sensitivity 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 District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

1% Decrease	Current Discount Rate	1% Increase
<u>5.95%</u>	<u>6.95%</u>	<u>7.95%</u>
<u>\$3,425,471</u>	<u>\$2,666,538</u>	<u>\$2,027,580</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the School District's proportionate share of the net OPEB liability calculated using the assumed healthcare cost trend rates, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current rate:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
<u> </u>	<u> </u>	<u> </u>
<u>\$2,003,115</u>	<u>\$2,666,538</u>	<u>\$3,421,099</u>

Manchester Community Schools
Notes to Financial Statements

Note 12 – Federal and State Grants

The District has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements would not be material.

Note 13 – Fund Balance

The General Fund has a portion of its fund balance, \$253,852, committed by the Board for use as follows:

- QZAB debt repayment \$228,281
- Facilities and equipment maintenance 25,571

The General Fund also has a portion of its fund balance, \$644,639, assigned to subsequent year expenditures per the Board's approved 2021/22 Original Budget approved in June, 2021.

Note 14 – Upcoming Accounting and Reporting Changes

Statement No. 87, *Leases*, was issued by the Governmental Accounting Standards Board to increase the usefulness of government financial statements by requiring reporting of certain lease assets and liabilities that currently are not reported as such. It will enhance comparability of financial statements among governments by requiring lessees and lessors to report leases under a single model based on the premise that leases are financings of the right to use the underlying asset. The Statement also addresses standards for note disclosures to include information regarding the timing, significance, and purpose of a government's leasing arrangements. Statement No. 87 will be effective for the District's fiscal year ending June 30, 2022.

Required Supplementary Information

Manchester Community Schools
 Budgetary Comparison Schedule - General Fund
 Year Ended June 30, 2021

	Budgeted Amounts		
	Original	Final	Actual
Revenues:			
Local sources	\$ 2,722,639	\$ 2,696,192	\$ 2,689,650
State sources	4,967,499	5,937,967	5,935,406
Federal sources	308,215	633,185	572,052
Interdistrict and other	756,000	571,747	652,439
Total revenues	<u>8,754,353</u>	<u>9,839,091</u>	<u>9,849,547</u>
Expenditures:			
Instruction:			
Basic programs	4,708,588	4,693,915	4,526,448
Added needs	1,001,462	1,041,783	1,013,170
Support services:			
Pupil	799,239	801,482	766,386
Instructional staff	101,489	153,999	135,182
General administration	333,697	224,360	226,307
School administration	453,451	468,351	443,197
Business	251,961	216,959	198,838
Operation & maintenance	984,590	916,124	903,952
Pupil transportation	397,751	315,473	269,935
Central services	268,621	431,331	351,831
Athletic activities	330,369	306,786	286,408
Debt service	228,281	228,281	238,495
Total expenditures	<u>9,859,499</u>	<u>9,798,844</u>	<u>9,360,149</u>
Revenues Over (Under) Expenditures	<u>(1,105,146)</u>	<u>40,247</u>	<u>489,398</u>
Net Changes in Fund Balances	(1,105,146)	40,247	489,398
Fund Balances - Beginning of Year	<u>1,737,350</u>	<u>1,737,350</u>	<u>1,737,350</u>
Fund Balances - End of Year	<u>\$ 632,204</u>	<u>\$ 1,777,597</u>	<u>\$ 2,226,748</u>

Manchester Community Schools

Schedule of the District's Proportionate Share of the Net Pension Liability of the MPSERS Plan
Last Seven Fiscal Years (Amounts Determined Each Year as of September 30)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of net pension liability (%)	<u>0.05202409%</u>	<u>0.05575306%</u>	<u>0.05924614%</u>	<u>0.06301824%</u>	<u>0.06701009%</u>	<u>0.07019207%</u>	<u>0.07249000%</u>
District's proportionate share of net pension liability	<u>17,870,841</u>	<u>\$ 18,463,539</u>	<u>\$ 17,810,459</u>	<u>\$ 16,330,705</u>	<u>\$ 16,718,469</u>	<u>\$ 17,144,432</u>	<u>\$ 15,966,492</u>
District's covered payroll	<u>\$ 4,401,882</u>	<u>\$ 4,826,637</u>	<u>\$ 4,828,060</u>	<u>\$ 5,180,464</u>	<u>\$ 5,544,060</u>	<u>\$ 5,546,591</u>	<u>\$ 6,384,410</u>
District's proportionate share of net pension liability as a percentage of its covered payroll	<u>405.98%</u>	<u>382.53%</u>	<u>368.89%</u>	<u>315.24%</u>	<u>301.56%</u>	<u>309.10%</u>	<u>250.09%</u>
Plan fiduciary net position as a percentage of total pension liability	<u>59.72%</u>	<u>60.31%</u>	<u>62.36%</u>	<u>64.21%</u>	<u>63.27%</u>	<u>63.17%</u>	<u>66.20%</u>

Manchester Community Schools
Schedule of the District's Pension Contributions to the MPSERS Plan
Last Seven Fiscal Years (Amounts Determined Each Year as of June 30)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required pension contributions	\$ 1,429,690	\$ 1,481,102	\$ 1,496,723	\$ 1,487,320	\$ 929,840	\$ 1,023,614	\$ 1,287,233
Pension contributions in relation to statutorily required contributions	<u>1,429,690</u>	<u>1,481,102</u>	<u>1,496,723</u>	<u>1,487,320</u>	<u>929,840</u>	<u>1,023,614</u>	<u>1,287,233</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 4,323,875</u>	<u>\$ 4,400,196</u>	<u>\$ 4,918,975</u>	<u>\$ 4,840,084</u>	<u>\$ 5,208,603</u>	<u>\$ 5,546,591</u>	<u>\$ 6,131,999</u>
Pension contributions as a percentage of covered payroll	<u>33.07%</u>	<u>33.66%</u>	<u>30.43%</u>	<u>30.73%</u>	<u>17.85%</u>	<u>18.45%</u>	<u>20.99%</u>

Manchester Community SchoolsSchedule of the District's Proportionate Share of the Net OPEB Liability of the MPSERS Plan
Last Four Fiscal Years (Amounts Determined Each Year as of September 30)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of net OPEB liability (%)	<u>0.04977422%</u>	<u>0.05530053%</u>	<u>0.05677025%</u>	<u>0.06333727%</u>
District's proportionate share of net OPEB liability	<u>\$ 2,666,538</u>	<u>\$ 3,969,333</u>	<u>\$ 4,512,640</u>	<u>\$ 5,608,814</u>
District's covered payroll	<u>\$ 4,401,882</u>	<u>\$ 4,826,637</u>	<u>\$ 4,828,060</u>	<u>\$ 5,180,464</u>
District's proportionate share of net OPEB liability as a percentage of its covered payroll	<u>60.58%</u>	<u>82.24%</u>	<u>93.47%</u>	<u>108.27%</u>
Plan fiduciary net position as a percentage of total OPEB liability	<u>59.44%</u>	<u>48.46%</u>	<u>42.95%</u>	<u>36.39%</u>

Manchester Community SchoolsSchedule of the District's OPEB Contributions to the MPSERS Plan
Last Four Fiscal Years (Amounts Determined Each Year as of June 30)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required OPEB contributions	\$ 351,667	\$ 379,698	\$ 388,688	\$ 357,828
OPEB contributions in relation to statutorily required contributions	<u>351,667</u>	<u>379,698</u>	<u>388,688</u>	<u>357,828</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 4,323,875</u>	<u>\$ 4,400,196</u>	<u>\$ 4,918,975</u>	<u>\$ 4,840,084</u>
OPEB contributions as a percentage of covered payroll	<u>8.13%</u>	<u>8.63%</u>	<u>7.90%</u>	<u>7.39%</u>

Manchester Community Schools

Notes to Required Supplementary Information Pension and OPEB Schedules
Year Ended June 30, 2021

Changes of Benefit Terms: There were no changes of benefit terms in fiscal year 2020.

Changes of Assumptions: For the State's fiscal year ended September 30, 2020:

The investment rate of return for Pension Plus 2 Plans changed from 6.80% to 6.00% net of investment expenses.

The healthcare cost trend rate was 7.5% Year 1 graded to 3.50% Year 12, This changed to 7.00% Year 1 graded to 3.50% Year 15

The recognition period for liabilities, an average of the expected remaining service lives of all employees, changed to 4.4892 from 4.4977 for pension plan employers and to 5.9870 from 5.7101 for OPEB plan employers.

Other Supplementary Information

Manchester Community Schools

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
<u>Assets</u>			
Cash and investments	\$ 633,049	\$ 201,447	\$ 834,496
Due from other funds	34,055	-	34,055
Receivable from other governments	70,212	-	70,212
Inventories	27,150	-	27,150
Prepaid expenditures	28,000	-	28,000
Total assets	<u>\$ 792,466</u>	<u>\$ 201,447</u>	<u>\$ 993,913</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ 54,141	\$ -	\$ 54,141
Due to other funds	7,598	-	7,598
Unearned revenue	9,029	-	9,029
Total liabilities	<u>70,768</u>	<u>-</u>	<u>70,768</u>
Fund balances:			
Nonspendable:			
Inventories	27,150	-	27,150
Prepaid expenses	28,000	-	28,000
Restricted for:			
Food service	113,595	-	113,595
Community education	47,443	-	47,443
Student activities	505,510	-	505,510
Capital projects	-	201,447	201,447
Total fund balances	<u>721,698</u>	<u>201,447</u>	<u>923,145</u>
Total liabilities and fund balances	<u>\$ 792,466</u>	<u>\$ 201,447</u>	<u>\$ 993,913</u>

Manchester Community Schools
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2021

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues:			
Local sources	\$ 613,940	\$ 7,768	\$ 621,708
State sources	97,520	-	97,520
Federal sources	786,131	-	786,131
Total revenues	<u>1,497,591</u>	<u>7,768</u>	<u>1,505,359</u>
Expenditures:			
Food service activities	597,034	-	597,034
Student activities	289,292	-	289,292
Community education	442,826	-	442,826
Capital outlay	-	124,618	124,618
Total expenditures	<u>1,329,152</u>	<u>124,618</u>	<u>1,453,770</u>
Net Changes in Fund Balances	168,439	(116,850)	51,589
Fund Balances - Beginning of Year	<u>553,259</u>	<u>318,297</u>	<u>871,556</u>
Fund Balances - End of Year	<u><u>\$ 721,698</u></u>	<u><u>\$ 201,447</u></u>	<u><u>\$ 923,145</u></u>

Manchester Community Schools
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2021

	<u>Food Service Fund</u>	<u>Community Education</u>	<u>Student Activities</u>	<u>Total Nonmajor Special Revenue Funds</u>
<u>Assets</u>				
Cash and investments	\$ 103,579	\$ 16,362	\$ 513,108	\$ 633,049
Due from other funds	7,278	26,777	-	34,055
Receivable from other governments	47,587	22,625	-	70,212
Inventories	27,150	-	-	27,150
Prepaid expenditures	28,000	-	-	28,000
Total assets	<u>\$ 213,594</u>	<u>\$ 65,764</u>	<u>\$ 513,108</u>	<u>\$ 792,466</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ 35,820	\$ 18,321	\$ -	\$ 54,141
Due to other funds	-	-	7,598	7,598
Unearned revenue	9,029	-	-	9,029
Total liabilities	<u>44,849</u>	<u>18,321</u>	<u>7,598</u>	<u>70,768</u>
Fund balances:				
Nonspendable:				
Inventories	27,150	-	-	27,150
Prepaid expenses	28,000	-	-	28,000
Restricted for:				
Food service	113,595	-	-	113,595
Community education	-	47,443	-	47,443
Student activities	-	-	505,510	505,510
Total fund balances	<u>168,745</u>	<u>47,443</u>	<u>505,510</u>	<u>721,698</u>
Total liabilities and fund balances	<u>\$ 213,594</u>	<u>\$ 65,764</u>	<u>\$ 513,108</u>	<u>\$ 792,466</u>

Manchester Community Schools
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
Year Ended June 30, 2021

	Food Service Fund	Community Education	Student Activities	Total Nonmajor Special Revenue Funds
Revenues:				
Local sources	\$ 33,454	\$ 206,843	\$ 373,643	\$ 613,940
State sources	23,583	73,937	-	97,520
Federal sources	628,188	157,943	-	786,131
Total revenues	<u>685,225</u>	<u>438,723</u>	<u>373,643</u>	<u>1,497,591</u>
Expenditures:				
Food service activities	597,034	-	-	597,034
Student activities	-	-	289,292	289,292
Community education	-	442,826	-	442,826
Total expenditures	<u>597,034</u>	<u>442,826</u>	<u>289,292</u>	<u>1,329,152</u>
Net Changes in Fund Balances	88,191	(4,103)	84,351	168,439
Fund Balances - Beginning of Year	<u>80,554</u>	<u>51,546</u>	<u>421,159</u>	<u>553,259</u>
Fund Balances - End of Year	<u>\$ 168,745</u>	<u>\$ 47,443</u>	<u>\$ 505,510</u>	<u>\$ 721,698</u>

Manchester Community Schools
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2021

	<u>Pleasant Lake Improvements</u>	<u>2017 Energy Cons. Capital Projects</u>	<u>2020 Bond Capital Projects</u>	<u>Total Nonmajor Capital Project Funds</u>
<u>Assets</u>				
Cash and investments	\$ 41,774	\$ -	\$ 159,673	\$ 201,447
Total assets	<u>\$ 41,774</u>	<u>\$ -</u>	<u>\$ 159,673</u>	<u>\$ 201,447</u>
<u>Liabilities and Fund Balances</u>				
Fund Balances:				
Restricted for:				
Capital improvements	\$ 41,774	\$ -	\$ 159,673	\$ 201,447
Total fund balances	<u>41,774</u>	<u>-</u>	<u>159,673</u>	<u>201,447</u>
Total liabilities and fund balances	<u>\$ 41,774</u>	<u>\$ -</u>	<u>\$ 159,673</u>	<u>\$ 201,447</u>

Manchester Community Schools
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Project Funds
Year Ended June 30, 2021

	Pleasant Lake Improvements	2017 Energy Cons. Capital Projects	2020 Bond Capital Projects	Total Nonmajor Capital Project Funds
Revenues:				
Local sources	\$ 5	\$ 3	\$ 7,760	\$ 7,768
Total revenues	<u>5</u>	<u>3</u>	<u>7,760</u>	<u>7,768</u>
Expenditures:				
Capital outlay	-	19,587	105,031	124,618
Total expenditures	<u>-</u>	<u>19,587</u>	<u>105,031</u>	<u>124,618</u>
Net Changes in Fund Balances	5	(19,584)	(97,271)	(116,850)
Fund Balances - Beginning of Year	<u>41,769</u>	<u>19,584</u>	<u>256,944</u>	<u>318,297</u>
Fund Balances - End of Year	<u><u>\$ 41,774</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 159,673</u></u>	<u><u>\$ 201,447</u></u>

Manchester Community Schools
Schedule of Bonded Indebtedness
June 30, 2021

	Amount of Issue	Interest Rate	Date of Maturity	Fiscal Year Interest Requirements	Fiscal Year Principal Requirements	Bonds Outstanding June 30, 2021
2014 School Improvement Bonds	\$ 2,825,000	2.000%	05/01/22	\$ 10,125	\$ 405,000	\$ 405,000
						<u>\$ 405,000</u>

	Amount of Issue	Interest Rate	Date of Maturity	Fiscal Year Interest Requirements	Fiscal Year Principal Requirements	Bonds Outstanding June 30, 2021
2016 Refunding Bonds, Series A	\$ 8,790,000	4.000%	05/01/22	\$ 285,250	\$ 1,300,000	\$ 1,300,000
		4.000%	05/01/23	233,250	1,300,000	1,300,000
		5.000%	05/01/24	181,250	1,300,000	1,300,000
		5.000%	05/01/25	116,250	1,300,000	1,300,000
		5.000%	05/01/26	51,250	1,025,000	1,025,000
						<u>\$ 6,225,000</u>

	Amount of Issue	Interest Rate	Date of Maturity	Fiscal Year Interest Requirements	Fiscal Year Principal Requirements	Bonds Outstanding June 30, 2021
2016 Refunding Bonds, Series B	\$ 13,760,000	2.480%	05/01/22	\$ 62,496	\$ 2,520,000	\$ 2,520,000
						<u>\$ 2,520,000</u>

Manchester Community Schools
Schedule of Bonded Indebtedness (Continued)
June 30, 2021

	Amount of Issue	Interest Rate	Date of Maturity	Fiscal Year Interest Requirements	Fiscal Year Principal Requirements	Bonds Outstanding June 30, 2021
2017 Refunding Bonds	\$ 8,250,000	3.000%	05/01/22	\$ 267,450	\$ -	\$ -
		3.000%	05/01/23	267,450	-	-
		3.000%	05/01/24	267,450	-	-
		3.000%	05/01/25	267,450	-	-
		3.000%	05/01/26	267,450	-	-
		3.000%	05/01/27	267,450	1,495,000	1,495,000
		3.000%	05/01/28	222,600	1,500,000	1,500,000
		4.000%	05/01/29	177,600	1,485,000	1,485,000
		4.000%	05/01/30	118,200	1,480,000	1,480,000
		4.000%	05/01/31	59,000	1,475,000	1,475,000
						\$ 7,435,000

	Amount of Issue	Interest Rate	Date of Maturity	Fiscal Year	Fiscal Year	Bonds
				Interest Requirements	Principal Requirements	Outstanding June 30, 2021
2017 Qualified Zone Academy Bonds	\$ 3,150,000	1.250%	12/15/21	\$ 30,812	\$ 200,000	\$ 200,000
		1.250%	12/15/22	28,312	200,000	200,000
		1.250%	12/15/23	25,781	205,000	205,000
		1.250%	12/15/24	23,219	205,000	205,000
		1.250%	12/15/25	20,625	210,000	210,000
		1.250%	12/15/26	18,000	210,000	210,000
		1.250%	12/15/27	15,344	215,000	215,000
		1.250%	12/15/28	12,625	220,000	220,000
		1.250%	12/15/29	9,875	220,000	220,000
		1.250%	12/15/30	7,094	225,000	225,000
		1.250%	12/15/31	4,282	225,000	225,000
		1.250%	12/15/32	1,438	230,000	230,000
						\$ 2,565,000

Manchester Community Schools
Schedule of Bonded Indebtedness (Continued)
June 30, 2021

	Amount of Issue	Interest Rate	Date of Maturity	Fiscal Year Interest Requirements	Fiscal Year Principal Requirements	Bonds Outstanding June 30, 2021
2019 Refunding Bonds	\$ 1,805,000	1.900%	05/01/22	\$ 39,195	\$ -	\$ -
		1.900%	05/01/23	39,195	545,000	545,000
		2.000%	05/01/24	28,840	110,000	110,000
		2.100%	05/01/25	26,640	175,000	175,000
		2.200%	05/01/26	22,965	520,000	520,000
		2.350%	05/01/27	11,525	105,000	105,000
		2.500%	05/01/28	9,058	145,000	145,000
		2.650%	05/01/29	5,432	205,000	205,000
						<u>\$ 1,805,000</u>
	Amount of Issue	Interest Rate	Date of Maturity	Fiscal Year Interest Requirements	Fiscal Year Principal Requirements	Bonds Outstanding June 30, 2021
2020 Building and Site Bonds, Series B	\$ 405,000	1.300%	05/01/22	\$ 5,728	\$ 100,000	\$ 100,000
		1.350%	05/01/23	4,428	100,000	100,000
		1.450%	05/01/24	3,078	100,000	100,000
		1.550%	05/01/25	1,628	105,000	105,000
						<u>\$ 405,000</u>
	Amount of Issue	Interest Rate	Date of Maturity	Fiscal Year Interest Requirements	Fiscal Year Principal Requirements	Bonds Outstanding June 30, 2021
2020 Refunding Bonds	\$ 6,295,000	4.000%	05/01/22	\$ 251,800	\$ -	\$ -
		4.000%	05/01/23	251,800	1,195,000	1,195,000
		4.000%	05/01/24	204,000	1,755,000	1,755,000
		4.000%	05/01/25	234,150	1,825,000	1,825,000
		4.000%	05/01/26	60,800	1,520,000	1,520,000
						<u>\$ 6,295,000</u>