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# Wayland Union Schools

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**Financial Report  
with Supplemental Information  
June 30, 2021**

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## Independent Auditor's Report

To the Board of Education  
Wayland Union Schools

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wayland Union Schools (the "School District") as of and for the ended June 30, 2021 and the related notes to the financial statements, which collectively comprise Wayland Union Schools' basic financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

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

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

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

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wayland Union Schools as of June 30, 2021 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Emphasis of Matter***

As described in Note 2 to the financial statements, as of July 1, 2020, the School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

To the Board of Education  
Wayland Union Schools

**Required Supplemental Information**

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

**Other Information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2021 on our consideration of Wayland Union Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wayland Union Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wayland Union Schools' internal control over financial reporting and compliance.



October 13, 2021

This section of Wayland Union Schools' (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2021. Please read it in conjunction with the School District's financial statements, which immediately follow this section.

### ***Using This Annual Report***

This annual report consists of a series of financial statements and notes to those financial statements. These statements are organized so the reader can understand Wayland Union Schools financially as a whole. The district-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the district-wide financial statements by providing information about the School District's most significant funds, the General Fund and the Common Debt Retirement Fund, with all other funds presented in one column as nonmajor funds. This report is composed of the following elements:

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

##### **Basic Financial Statements**

District-wide Financial Statements

Fund Financial Statements

Notes to Financial Statements

##### **Required Supplemental Information**

Budgetary Information for Major Fund

Schedule of the School District's Proportionate Share of the Net Pension Liability

Schedule of the School District's Pension Contributions

Schedule of the School District's Proportionate Share of the Net OPEB Liability

Schedule of OPEB Contributions

##### **Other Supplemental Information**

### ***Reporting the School District as a Whole - District-wide Financial Statements***

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

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

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

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

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

**Governmental Funds**

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

**The School District as a Whole**

Recall that the statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position as of June 30, 2021 and 2020:

	Governmental Activities	
	2021	2020
	(in millions)	
<b>Assets</b>		
Current and other assets	\$ 13.8	\$ 13.3
Capital assets	65.0	66.2
Total assets	78.8	79.5
<b>Deferred Outflows of Resources</b>	21.6	23.9
<b>Liabilities</b>		
Current liabilities	5.3	5.8
Noncurrent liabilities	60.2	64.9
Net pension liability	61.2	57.3
Net OPEB liability	9.6	12.7
Total liabilities	136.3	140.7
<b>Deferred Inflows of Resources</b>	9.7	9.0
<b>Net Position (Deficit)</b>		
Net investment in capital assets	6.3	2.7
Restricted	0.1	0.7
Unrestricted	(52.0)	(49.7)
Total net position (deficit)	<b>\$ (45.6)</b>	<b>\$ (46.3)</b>

The above analysis focuses on net position. The change in net position of the School District's governmental activities is discussed below. The School District's net position was \$(45.6) million at June 30, 2021. Net investment in capital assets totaling \$6.3 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position (\$0.1 million) is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position (\$(52.0) million) was unrestricted.

The \$(52.0) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and the impact from adoption of GASB Statement Nos. 68 and 75 (recording the School District's share of the net pension and OPEB liabilities from the state-managed retirement system). Unrestricted net position, when available, would enable the School District to meet working capital and cash flow requirements, as well as to provide for future uncertainties. The operating results of the General Fund and the change in the net pension/OPEB liabilities will have significant impacts on the change in unrestricted net position from year to year.

As required by the Governmental Accounting Standards Board (GASB), the School District adopted Statement No. 84, *Fiduciary Activities*, as of July 1, 2020. This standard provides guidance on the identification and reporting of fiduciary activities and required the School District to evaluate activities to determine if they were fiduciary in nature. The standard also changed the reporting and presentation requirements of fiduciary activities. The effect of the adoption on the governmental activities was to increase July 1, 2020 beginning net position by approximately \$196,000, which represents the activities that used to be reported as fiduciary but are now reported as governmental under GASB 84. The governmental statement of net position at June 30, 2021 and statement of activities for the year ended June 30, 2021 include all the balances and transactions for those activities that used to be reported as fiduciary but are now reported as governmental. All school districts were required to adopt this new standard.

The results of this year's operations for the School District as a whole are reported in the condensed statement of activities below, which shows the changes in net position for the years ended June 30, 2021 and 2020:

	Governmental Activities	
	2021	2020
	(in millions)	
<b>Revenue</b>		
Program revenue:		
Charges for services	\$ 0.1	\$ 0.7
Operating grants	10.5	7.4
General revenue:		
Taxes	9.9	9.6
State aid not restricted to specific purposes	20.6	20.2
Other	2.1	2.5
Total revenue	43.2	40.4
<b>Expenses</b>		
Instruction	21.6	22.2
Support services	15.3	12.6
Athletics	0.9	0.9
Food services	2.2	1.9
Community services	0.2	0.3
Payments to other public schools	0.5	0.5
Debt service	2.0	2.2
Total expenses	42.7	40.6
<b>Change in Net Position</b>	0.5	(0.2)
<b>Net Position (Deficit) - Beginning of year, as restated</b>	(46.1)	(46.1)
<b>Net Position (Deficit) - End of year</b>	\$ (45.6)	\$ (46.3)

As reported in the statement of activities, the cost of all of our governmental activities this year was \$42.7 million. Certain activities were partially funded from those who benefited from the programs (\$0.1 million) or by other governments and organizations that subsidized certain programs with grants and contributions (\$10.5 million). We paid for the remaining public benefit portion of our governmental activities with \$9.9 million in taxes, \$20.6 million in state foundation allowance, and other revenue (i.e., interest and general entitlements).

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

### **The School District's Funds**

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

As the School District completed this year, the governmental funds reported a combined fund balance of \$8.8 million, which is an increase of \$0.9 million from last year. The primary reasons for the increase are as follows:

In the General Fund, our principal operating fund, the fund balance increased by approximately \$1.5 million to \$6.4 million. The change is due mainly to pass-through federal funding of Coronavirus Relief Funds (CRF) and the savings from severely reduced programming due to virtual and hybrid pandemic programming, resulting in less operations costs, including athletics and transportation.

The General Fund fund balance is available to fund costs related to allowable school operating purposes.



## Wayland Union Schools

### Management's Discussion and Analysis (Continued)

Combined, the fund balance of our capital project funds decreased from \$1.7 million to \$1.2 million. The decrease is primarily due to ongoing construction projects related to the 2018 capital project series bond issue.

Our special revenue funds remained stable from the prior years, showing a net decrease of approximately \$120,000. With the adoption of GASB 84, the School District created the Student Activity special revenue fund to account for activities previously reported as fiduciary funds. The effect of the adoption was to increase the July 1, 2019 beginning fund balance by approximately \$196,000.

#### **General Fund Budgetary Highlights**

Over the course of the year, the School District revises its budget as it attempts to deal with unexpected changes in revenue and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. The final amendment to the budget was adopted in June 2021. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in the required supplemental information of these financial statements. The School District increased budgeted amounts during the year in response to revenue changes and to reflect approved expenditures.

There were no significant variances between the final budget and actual amounts.

#### **Capital Assets and Debt Administration**

##### **Capital Assets**

As of June 30, 2021, the School District had \$65.0 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This amount represents a net decrease (including additions, disposals, and depreciation) of approximately \$1.2 million, or 1.7 percent, from last year.

	2021	2020
Land	\$ 844,605	\$ 844,605
Construction in progress	-	1,031,314
Buildings and improvements	86,981,174	86,362,732
Furniture and equipment	6,203,097	6,177,718
Buses and other vehicles	2,279,008	2,232,310
Land improvements	6,086,058	4,685,476
Total capital assets	102,393,942	101,334,155
Less accumulated depreciation	37,380,609	35,163,326
Total capital assets - Net of accumulated depreciation	<b><u>\$ 65,013,333</u></b>	<b><u>\$ 66,170,829</u></b>

This year's additions of \$1.4 million included furniture, vehicles, buildings and improvements, and construction in progress. Several major capital projects that began in prior years were completed in the 2020-2021 fiscal year. We present more detailed information about our capital assets in the notes to the financial statements.

##### **Debt**

At the end of this year, the School District had \$48.9 million in bonds outstanding versus \$55.3 million in the previous year, a change of 11.5 percent. The bonds and other long-term liabilities consisted of the following:

	2021	2020
General obligation bonds	\$ 48,915,000	\$ 55,255,000
Premium on bonds and deferred amount on refunding	4,903,234	5,411,452
School bond loan and school loan revolving fund	5,146,907	2,702,427
Installment purchase agreements	1,081,613	1,334,239
Compensated absences	46,454	47,538
Capital leases	90,142	130,852
Total	<b><u>\$ 60,183,350</u></b>	<b><u>\$ 64,881,508</u></b>

The School District's general obligation bond rating continues to be AA-, as determined by Standard & Poor's. The School District's issuer credit rating is A+. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District's boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit.

We present more detailed information about our long-term liabilities in the notes to the financial statements.

#### ***Economic Factors and Next Year's Budgets and Rates***

Our elected officials and administration consider many factors when setting the School District's 2021-2022 fiscal year budget. One of the most important factors affecting the budget is our student count. The state foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The 2021-2022 budget was adopted in June 2021 based on an estimate of students who will enroll in September 2021. Approximately 73.0 percent of total General Fund revenue is from the foundation allowance. Under state law, the School District cannot access additional property tax revenue for general operations. As a result, district funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2021 school year, we anticipate that the fall student count will be close to the estimates used in creating the 2021-2022 budget. Once the final student count and related per pupil funding are validated, state law requires the School District to amend the budget if actual district resources are not sufficient to fund original appropriations.

Since the School District's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue to fund its appropriation to the School District. The State periodically holds a Revenue Estimating Conference to estimate revenue. Based on the results of the most recent conference, the state estimates funds are sufficient to fund the appropriation, including a foundation allowance increase of \$171 per pupil.

#### ***Contacting the School District's Management***

This financial report is intended to provide our taxpayers, parents, and investors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the assistant superintendent of finance and operations at 850 Superior Street, Wayland, MI 49348.

	<b>June 30, 2021</b>
	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and investments (Note 4)	\$ 5,961,002
Receivables:	
Property taxes receivable	399,514
Other receivables	998,430
Due from other governments	4,887,162
Inventory	64,062
Prepaid expenses and other assets	90,859
Restricted assets (Note 10)	1,432,271
Capital assets: (Note 6)	
Assets not subject to depreciation	844,605
Assets subject to depreciation - Net	<u>64,168,728</u>
Total assets	78,846,633
<b>Deferred Outflows of Resources</b>	
Deferred charges on bond refunding (Note 8)	1,248,725
Deferred pension costs (Note 12)	15,116,918
Deferred OPEB costs (Note 12)	<u>5,202,021</u>
Total deferred outflows of resources	21,567,664
<b>Liabilities</b>	
Accounts payable	552,792
Accrued liabilities and other	3,336,547
State aid anticipation note (Note 13)	1,300,000
Unearned revenue (Note 5)	93,995
Noncurrent liabilities:	
Due within one year (Note 8)	6,818,079
Due in more than one year (Note 8)	53,365,271
Net pension liability (Note 12)	61,235,390
Net OPEB liability (Note 12)	<u>9,644,064</u>
Total liabilities	136,346,138
<b>Deferred Inflows of Resources</b>	
Revenue in support of pension contributions made subsequent to the measurement date (Note 12)	2,338,812
Deferred pension cost reductions (Note 12)	177,086
Deferred OPEB cost reductions (Note 12)	<u>7,197,050</u>
Total deferred inflows of resources	<u>9,712,948</u>
<b>Net Position (Deficit)</b>	
Net investment in capital assets	6,234,790
Restricted - Debt service	124,552
Unrestricted	<u>(52,004,131)</u>
Total net position (deficit)	<u><u>\$ (45,644,789)</u></u>

Year Ended June 30, 2021

Functions/Programs	Program Revenue			Governmental
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Primary government - Governmental activities:				
Instruction	\$ 21,550,759	\$ -	\$ 5,331,392	\$ (16,219,367)
Support services	15,330,615	1,170	3,554,261	(11,775,184)
Athletics	883,470	15,828	-	(867,642)
Food services	2,160,702	79,830	1,562,007	(518,865)
Community services	233,800	27,759	-	(206,041)
Payments to other public schools (ISDs and LEAs)	507,807	-	-	(507,807)
Interest	2,020,299	-	-	(2,020,299)
Other debt costs	2,450	-	-	(2,450)
Total primary government	<b>\$ 42,689,902</b>	<b>\$ 124,587</b>	<b>\$ 10,447,660</b>	(32,117,655)
General revenue:				
Taxes:				
Property taxes levied for general purposes				3,721,779
Property taxes levied for debt service				6,190,005
State aid not restricted to specific purposes				20,574,319
Federal grants and contributions not restricted to specific purposes				27,434
Interest and investment earnings				31,462
Gain on sale of capital assets				1,200
Other				2,051,379
Total general revenue				<u>32,597,578</u>
<b>Change in Net Position</b>				479,923
<b>Net Position (Deficit) - Beginning of year, as restated (Note 2)</b>				<u>(46,124,712)</u>
<b>Net Position (Deficit) - End of year</b>				<b><u>\$ (45,644,789)</u></b>

Governmental Funds  
Balance Sheet

June 30, 2021

	General Fund	Common Debt Retirement Fund	Nonmajor Funds	Total Governmental Funds
<b>Assets</b>				
Cash and investments (Note 4)	\$ 5,219,810	\$ -	\$ 741,192	\$ 5,961,002
Receivables:				
Property taxes receivable	203,923	195,591	-	399,514
Other receivables	921,246	-	77,184	998,430
Due from other governments	4,887,162	-	-	4,887,162
Inventory	39,531	-	24,531	64,062
Prepaid expenses and other assets	90,859	-	-	90,859
Restricted assets (Note 10)	-	257,271	1,175,000	1,432,271
<b>Total assets</b>	<b>\$ 11,362,531</b>	<b>\$ 452,862</b>	<b>\$ 2,017,907</b>	<b>\$ 13,833,300</b>
<b>Liabilities</b>				
Accounts payable	\$ 540,662	\$ -	\$ 12,130	\$ 552,792
Accrued liabilities and other	3,013,970	-	11,466	3,025,436
State aid anticipation note (Note 13)	1,300,000	-	-	1,300,000
Unearned revenue (Note 5)	58,314	-	35,681	93,995
<b>Total liabilities</b>	<b>4,912,946</b>	<b>-</b>	<b>59,277</b>	<b>4,972,223</b>
<b>Deferred Inflows of Resources - Unavailable revenue</b>	<b>-</b>	<b>17,199</b>	<b>-</b>	<b>17,199</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>4,912,946</b>	<b>17,199</b>	<b>59,277</b>	<b>4,989,422</b>
<b>Fund Balances</b>				
Nonspendable:				
Inventory	39,531	-	24,531	64,062
Prepays	90,859	-	-	90,859
Restricted:				
Debt service	-	435,663	-	435,663
Capital projects	-	-	1,175,000	1,175,000
Food service	-	-	579,159	579,159
Committed - Student activities	-	-	179,940	179,940
Unassigned	6,319,195	-	-	6,319,195
<b>Total fund balances</b>	<b>6,449,585</b>	<b>435,663</b>	<b>1,958,630</b>	<b>8,843,878</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 11,362,531</b>	<b>\$ 452,862</b>	<b>\$ 2,017,907</b>	<b>\$ 13,833,300</b>

**Reconciliation of the Balance Sheet to the Statement of Net Position**

**June 30, 2021**

<b>Fund Balances Reported in Governmental Funds</b>	<b>\$ 8,843,878</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the funds:	
Cost of capital assets	102,393,942
Accumulated depreciation	<u>(37,380,609)</u>
Net capital assets used in governmental activities	65,013,333
Receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds	17,199
Deferred inflows and outflows related to bond refundings are not reported in the funds	1,248,725
Long-term obligations and related premiums and deferred charges, including bonds payable, installment purchase agreements, and the school bond loan and school loan revolving funds, are not due and payable in the current period and are not reported in the funds	(60,136,896)
Accrued interest is not due and payable in the current period and is not reported in the funds	(311,111)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(46,454)
Net pension liability and related deferred inflows and outflows	(46,295,558)
Net OPEB liability and related deferred inflows and outflows	(11,639,093)
Revenue in support of pension contributions made subsequent to the measurement date is reported as a deferred inflow of resources in the statement of net position and is not reported in the funds	<u>(2,338,812)</u>
<b>Net Position (Deficit) of Governmental Activities</b>	<b><u><u>\$ (45,644,789)</u></u></b>

**Governmental Funds**  
**Statement of Revenue, Expenditures, and Changes in Fund Balances**

**Year Ended June 30, 2021**

	General Fund	Common Debt Retirement Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenue</b>				
Local sources	\$ 5,607,906	\$ 6,199,310	\$ 294,797	\$ 12,102,013
State sources	25,866,346	-	58,073	25,924,419
Federal sources	1,800,446	-	1,523,083	3,323,529
Interdistrict sources	2,195,867	-	-	2,195,867
Total revenue	35,470,565	6,199,310	1,875,953	43,545,828
<b>Expenditures</b>				
Current:				
Instruction	18,507,094	-	-	18,507,094
Support services	12,071,165	-	660,799	12,731,964
Athletics	785,249	-	-	785,249
Food services	-	-	1,594,248	1,594,248
Community services	209,796	-	-	209,796
Payments to other public schools (ISDs and LEAs)	507,807	-	-	507,807
Debt service:				
Principal	40,710	6,340,000	252,626	6,633,336
Interest	10,145	2,234,120	36,277	2,280,542
Other debt costs	-	2,450	-	2,450
Capital outlay	505,720	-	1,277,877	1,783,597
Total expenditures	32,637,686	8,576,570	3,821,827	45,036,083
<b>Excess of Revenue Over (Under) Expenditures</b>	2,832,879	(2,377,260)	(1,945,874)	(1,490,255)
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	1,200	-	-	1,200
School Bond Loan Revolving Fund proceeds	-	2,350,000	-	2,350,000
Transfers in (Note 7)	-	-	1,287,018	1,287,018
Transfers out (Note 7)	(1,287,018)	-	-	(1,287,018)
Total other financing (uses) sources	(1,285,818)	2,350,000	1,287,018	2,351,200
<b>Net Change in Fund Balances</b>	1,547,061	(27,260)	(658,856)	860,945
<b>Fund Balances</b> - Beginning of year, as restated (Note 2)	4,902,524	462,923	2,617,486	7,982,933
<b>Fund Balances</b> - End of year	<u>\$ 6,449,585</u>	<u>\$ 435,663</u>	<u>\$ 1,958,630</u>	<u>\$ 8,843,878</u>

**Governmental Funds**

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

**Year Ended June 30, 2021**

<b>Net Change in Fund Balances Reported in Governmental Funds</b>	<b>\$ 860,945</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:	
Capitalized capital outlay	1,393,529
Depreciation expense	(2,551,025)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until it is available	17,199
Revenue in support of pension contributions made subsequent to the measurement date	(394,402)
Issuing debt, net of premiums and discounts, provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position	(2,350,000)
Repayment of bond principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces long-term debt); amortization of premium/discounts and inflows/outflows related to bond refundings are not expenses in the governmental funds	6,610,021
Interest expense is recognized in the district-wide statements as it accrues	30,932
Some employee costs (pension, OPEB, and compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(3,389,902)
Claims and similar costs that do not use current financial resources are not reported as expenditures in the governmental funds	252,626
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 479,923</u></b>



June 30, 2021

**Note 1 - Nature of Business**

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

**Note 2 - Significant Accounting Policies**

***Accounting and Reporting Principles***

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

***Reporting Entity***

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

***Report Presentation***

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

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

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

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

***Fund Accounting***

**Governmental Funds**

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

- The General Fund is the primary operating fund because it accounts for all financial resources used to provide government services other than those specifically assigned to another fund.

June 30, 2021

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

- The Common Debt Retirement Fund is used to record tax, interest, and other revenue and the payment of interest, principal, and other expenditures on the long-term debt issued by the School District.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes. The School District's nonmajor special revenue fund is the Food Service and the Student Activity funds. Revenue sources for the Food Service Fund include sales to customers and dedicated grants from state and federal sources. Revenue sources for the Student Activity Fund include fundraising revenue and donations earned and received by student groups. Any operating deficit generated by this activity is the responsibility of the General Fund.
- Capital projects funds are used to record bond proceeds or other revenue and the disbursement of invoices specifically designated for acquiring new school sites, buildings, and equipment; technology upgrades; and remodeling and repairs. The funds operate until the purpose for which they were created is accomplished.

**Interfund Activity**

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

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

**Basis of Accounting**

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

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

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

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

***Specific Balances and Transactions***

**Cash and Investments**

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

**Inventories and Prepaid Items**

Inventories are valued at cost on a first-in, first-out basis. Inventories 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, when applicable.

**Restricted Assets**

The following amounts are reported as restricted assets:

- Unspent property taxes levied held in the debt service funds required to be set aside for future bond principal and interest payments
- Unspent Public Act 177 funds required to be set aside for capital outlays

**Capital Assets**

Capital assets are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

<u>Asset Class</u>	<u>Depreciable Life - Years</u>
Buildings and improvements	20 to 50 years
Furniture and equipment	5 to 20 years
Vehicles	5 to 10 years
Site improvements	10 to 20 years

**Long-term Obligations**

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

**Deferred Outflows/Inflows of Resources**

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

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

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

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

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

**Net Position**

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

**Net Position Flow Assumption**

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

**Fund Balance Flow Assumption**

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

**Fund Balance Policies**

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

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

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

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

**Property Tax Revenue**

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

The School District considers all receivables to be fully collectible; accordingly, no allowance for uncollectible amounts is recorded.

**Grants and Contributions**

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

**Pension and Other Postemployment Benefit (OPEB) Plans**

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

**Compensated Absences (Vacation and Sick Leave)**

It is the School District's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. A liability for these amounts is reported in governmental funds as it comes due for payment. The liability has been calculated using the vesting method, in which leave amounts for both employees who are currently eligible to receive termination payments at normal retirement age and other employees who are expected to become eligible in the future to receive such payments upon normal retirement are included.

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

**Use of Estimates**

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

**Adoption of New Accounting Pronouncement**

During the current year, the School District adopted GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying and reporting fiduciary activities. As a result of implementing this standard, student activities were previously reported as fiduciary activities but no longer meet the definition of such; therefore, these activities are now reported within a nonmajor governmental special revenue fund.

The effect of this new standard on fund balance/net position was as follows:

	Governmental Activities	Nonmajor Funds
Net position (deficit)/fund balance - June 30, 2020 - As previously reported	\$ (46,320,852)	\$ 2,421,346
Adjustment for GASB Statement No. 84 - To change fund type	196,140	196,140
Net position (deficit)/fund balance - June 30, 2020 - As restated	\$ (46,124,712)	\$ 2,617,486

**Upcoming Accounting Pronouncement**

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement were originally effective for the School District's financial statements for the year ended June 30, 2021 and were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

**Subsequent Events**

The financial statements and related disclosures include evaluation of events up through and including October 13, 2021, which is the date the financial statements were available to be issued.

June 30, 2021

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

***Budgetary Information***

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and state law for the General Fund and all special revenue funds, except that capital outlay is budgeted by function. All annual appropriations lapse at fiscal year end. The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the function level. State law requires the School District to have its budget in place by July 1. Expenditures in excess of amounts budgeted are a violation of Michigan law. State law permits districts to amend their budgets during the year. During the year, the budget was amended in a legally permissible manner. The School District increased budgeted amounts during the year in response to revenue changes and to reflect approved expenditures.

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

***Excess of Expenditures Over Appropriations in Budgeted Funds***

The School District did not have significant expenditure budget variances.

***Capital Projects Funds Compliance***

The capital projects funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the School District has complied with the applicable provisions of §1351a of the State of Michigan's School Code.

Beginning with the year of bond issuance, the School District has reported the annual construction activity in the 2018 Bond Fund capital projects fund. The projects for which the 2018 bonds were issued were considered complete in June 2021. The cumulative expenditures recognized for the construction period were \$19,924,424.

**Note 4 - Deposits and Investments**

State statutes and the School District's investment policy authorize the School District to make deposits in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The School District is allowed to invest in U.S. Treasury or agency obligations, U.S. government repurchase agreements, bankers' acceptances, certificates of deposit, commercial paper rated prime at the time of purchase that matures no more than 270 days after the date of purchase, mutual funds, and investment pools that are composed of authorized investment vehicles. The School District's deposits and investments are in accordance with statutory authority.

The School District has designated one bank for the deposit of its funds.

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

***Custodial Credit Risk of Bank Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. At year end, the School District's deposit balance of \$7,790,037 had no amounts of bank deposits (checking and savings accounts) that were uninsured and uncollateralized. The School District evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

June 30, 2021

**Note 4 - Deposits and Investments (Continued)**

***Custodial Credit Risk of Investments***

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

***Interest Rate Risk***

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The School District's investment policy minimizes interest rate risk by requiring the board to apply the following methods to assess and control such risks: segmented timed distribution, specific identification, weighted-average maturity, duration, and simulation model. The School District's policy does not address more specific ways to minimize interest rate risk.

***Credit Risk***

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District has no investment policy that would further limit its investment choices. At June 30, 2021, the School District does not have investments with custodial credit risk.

***Concentration of Credit Risk***

The School District places no limit on the amount it may invest in any one issuer. The School District does not have any investments subject to concentration of credit risk.

***Foreign Currency Risk***

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

**Note 5 - Unavailable and Unearned Revenue**

Governmental funds report unavailable revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue recognition in connection with resources that have been received but not yet earned. At June 30, 2021, the components of unavailable and unearned revenue were as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Delinquent property taxes	\$ 17,199	\$ -
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	93,995



June 30, 2021

**Note 6 - Capital Assets**

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

	Balance July 1, 2020	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated:					
Land	\$ 844,605	\$ -	\$ -	\$ -	\$ 844,605
Construction in progress	1,031,314	(1,031,314)	-	-	-
Subtotal	1,875,919	(1,031,314)	-	-	844,605
Capital assets being depreciated:					
Site improvements	4,685,476	720,914	679,668	-	6,086,058
Buildings and improvements	86,362,732	310,400	308,042	-	86,981,174
Furniture and equipment	6,177,718	-	25,379	-	6,203,097
Vehicles	2,232,310	-	380,440	(333,742)	2,279,008
Subtotal	99,458,236	1,031,314	1,393,529	(333,742)	101,549,337
Accumulated depreciation:					
Land improvements	2,249,577	-	234,274	-	2,483,851
Buildings and improvements	28,444,247	-	1,904,128	-	30,348,375
Furniture and equipment	2,959,791	-	282,158	-	3,241,949
Vehicles	1,509,711	-	130,465	(333,742)	1,306,434
Subtotal	35,163,326	-	2,551,025	(333,742)	37,380,609
Net capital assets being depreciated	64,294,910	1,031,314	(1,157,496)	-	64,168,728
Net governmental activities capital assets	<u>\$ 66,170,829</u>	<u>\$ -</u>	<u>\$ (1,157,496)</u>	<u>\$ -</u>	<u>\$ 65,013,333</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:	
Instruction	\$ 816,328
Support services	1,326,533
Food services	408,164
Total governmental activities	<u>\$ 2,551,025</u>

**Note 7 - Interfund Receivables, Payables, and Transfers**

Interfund balances represent routine and temporary cash flow assistance until amounts are transferred from investment accounts.

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Public Improvement Fund	\$ 1,037,002
	Act 177 Fund	250,000
	Food Service Fund	16
	Total	<u>\$ 1,287,018</u>

June 30, 2021

**Note 7 - Interfund Receivables, Payables, and Transfers (Continued)**

The operating transfer from the General Fund is to provide support for non-bond-funded capital projects to the Public Improvement Fund. The transfer from the General Fund to the Act 177 Fund is to fund the construction of future capital projects.

**Note 8 - Long-term Debt**

Long-term debt activity for the year ended June 30, 2021 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Direct borrowings and direct placements - School Bond Loan Fund and School Loan Revolving Fund:	\$ 2,702,427	\$ 2,444,480	\$ -	\$ 5,146,907	\$ -
Other debt - General obligations	55,255,000	-	(6,340,000)	48,915,000	6,515,000
Unamortized bond premiums	5,411,452	-	(508,218)	4,903,234	-
Total bonds payable	63,368,879	2,444,480	(6,848,218)	58,965,141	6,515,000
Capital leases (Note 9)	130,852	-	(40,710)	90,142	43,582
Compensated absences	47,538	-	(1,084)	46,454	-
Direct borrowing - Installment purchase agreements	1,334,239	-	(252,626)	1,081,613	259,497
Total governmental activities long-term debt	<u>\$ 64,881,508</u>	<u>\$ 2,444,480</u>	<u>\$ (7,142,638)</u>	<u>\$ 60,183,350</u>	<u>\$ 6,818,079</u>

The School District had deferred outflows of \$1,248,725 related to deferred charges on bond refundings at June 30, 2021.

June 30, 2021

**Note 8 - Long-term Debt (Continued)****General Obligation Bonds and Contracts**

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities. General obligations have been issued for governmental activities. General obligation bonds pledge the full faith and credit of the School District. All of the School District's bonds are qualified and, thus, fully guaranteed by the State of Michigan. The primary source of any required repayment is from the School District's property tax levy; however, the State of Michigan may withhold the School District's state aid funding in order to recover amounts it has paid on behalf of the School District. Installment purchase agreements are also general obligations of the School District. General obligations outstanding at June 30, 2021 are as follows:

Purpose	Remaining Annual Installments	Interest Rates - Percent	Maturing	Outstanding
\$3,135,000 general obligation unlimited tax and refunding bonds (2009)	\$225,000 - \$250,000	4.00 - 4.15	May 2024	\$ 720,000
\$22,455,000 general obligation unlimited tax and refunding bonds (2016 Series A)	\$1,735,000 - \$3,145,000	5.00	May 2028	17,915,000
\$23,920,000 general obligation unlimited tax and refunding bonds (2016 Series B)	\$3,960,000 - \$4,055,000	2.20 - 2.40	May 2023	8,015,000
\$2,590,000 general obligation unlimited tax and refunding bonds (2016 Series C)	\$260,000 - \$295,000	2.00 - 3.00	May 2024	830,000
\$16,780,000 general obligation unlimited tax bonds (2018)	\$300,000 - \$1,150,000	4.00 - 5.00	May 2042	16,050,000
\$5,385,000 general obligation unlimited tax and refunding bonds (2019)	\$1,325,000 - \$1,370,000	2.16 - 2.39	May 2028	5,385,000
Total				<u>\$ 48,915,000</u>
Installment purchase agreement - \$2,500,000 installment purchase agreement (2014)	\$259,497 - \$281,254	2.72	July 2024	<u>\$ 1,081,613</u>

**Other Long-term Liabilities**

Compensated absences attributable to the governmental activities and the net pension liability and the net OPEB liability will be liquidated from the funds from which the employees' salaries are paid, generally the General Fund.

**Debt Service Requirements to Maturity**

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

Years Ending June 30	Governmental Activities		
	Principal	Interest	Total
2022	\$ 6,774,497	\$ 2,113,525	\$ 8,888,022
2023	6,976,556	1,893,296	8,869,852
2024	3,598,806	1,657,677	5,256,483
2025	4,751,754	1,465,564	6,217,318
2026	4,610,000	1,286,368	5,896,368
2027-2031	12,035,000	3,905,116	15,940,116
Thereafter	11,250,000	3,553,750	14,803,750
Total	<u>\$ 49,996,613</u>	<u>\$ 15,875,296</u>	<u>\$ 65,871,909</u>

**June 30, 2021****Note 8 - Long-term Debt (Continued)*****School Bond Loan***

The school bond loan payable represents a direct borrowing from the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. The School Bond Loan Fund was accessible to school districts for borrowings that were initiated before July 20, 2005. Interest rates are to be annually determined by the State Administrative Board. Interest during the year ended June 30, 2021 was 3.0 percent. Repayment is required when the millage rate necessary to cover the annual bonded debt falls below 7 mills. The School District is required to levy 7 mills and repay 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 School District, no provision for repayment has been included in the above amortization schedule. The School Bond Loan Fund principal and interest outstanding balances at June 30, 2021 were \$3,226 and \$152, respectively.

***School Loan Revolving Fund***

The School Loan Revolving Fund payable represents a direct borrowing from the State of Michigan for loans made to the School District, as authorized by the 1963 State of Michigan Constitution, for the purpose of paying principal and interest on general obligation bonds of the School District issued for capital expenditures. Interest rates are to be annually determined by the State Administrative Board in accordance with Section 9 of Act No. 92 of the Public Acts of 2005 (the "Act"), as amended. The School Loan Revolving Fund is accessible to school districts for borrowings that initiated after July 19, 2005. Interest during the year ended June 30, 2021 was 3.0 percent. Repayment begins as soon as annual tax collections exceed annual debt service payment requirements. The predetermined mandatory final loan repayment date is May 1, 2030. 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 School District, no provision for repayment has been included in the above amortization schedule. The School Loan Revolving Fund principal and interest outstanding balances at June 30, 2021 were \$5,034,053 and \$109,476, respectively.

***Bond Refunding***

In previous years, the School District defeased certain bonds by completing advance refundings. As of June 30, 2021, there is still \$21,475,000 of bonds outstanding that are considered defeased and continue to be serviced with the related refunding bond proceeds that are held in trust.

Subsequent to year end, the School District issued \$5,035,000 in general obligation bonds with an interest rate of 2.00 percent. The net proceeds of these bonds (after payment of \$78,353 in underwriting fees and other issuance costs) were used to refund \$5,159,000 of the outstanding School Loan Revolving Fund, including accrued interest, with an interest rate of 3.0 percent.

June 30, 2021

**Note 9 - Capital Leases**

**Capital Leases**

The School District has entered into lease agreements as lessee for financing the purchase of copier equipment. This lease agreement qualifies as a capital lease and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. The future minimum lease obligations and the net present value are as follows:

Years Ending June 30	Amount
2022	\$ 48,405
2023	48,309
Total	96,714
Less amount representing interest	6,572
Present value	<u>\$ 90,142</u>

**Note 10 - Restricted Assets**

At June 30, 2021, restricted assets are composed of the following:

Unspent debt service funds	\$ 257,271
Unspent capital project funds	1,175,000
Total	<u>\$ 1,432,271</u>

**Note 11 - Risk Management**

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

The School District participates in the MASB-SEG Property Casualty Pool program. This program provides substantially all the insurance needs of the School District, including property, general liability, automobile, and umbrella. The contributions made by the School District fund the program at rates predicated on expected losses, excess insurance premium contribution, and administration costs, including appropriate state assessment. The members of the trust have contributed amounts sufficient to fund individual and aggregate losses of up to \$1,000,000 each, along with \$5,000,000 umbrella coverage. The expenditures for the year were approximately \$95,600.

The School District is insured under the Michigan Workers' Disability Compensation Act through the SEG Workers' Compensation Fund. The fund (risk-sharing pool) pays the first \$500,000 of any workers' compensation and \$1,500,000 of employers' liability exposure. The expenditures for the year were approximately \$61,900.

The School District is subject to the Michigan Employment Security Act and has elected to pay unemployment claims on a direct self-insured basis. Under this method, the School District must reimburse the employment commission for all benefits charged against the School District. The School District had approximately \$4,300 in unemployment compensation expense for the year. The School District believes that any claims incurred but not reported would be insignificant.

June 30, 2021

**Note 12 - Michigan Public School Employees' Retirement System**

***Plan Description***

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

The System is administered by the Office of Retirement Services (ORS). The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the pension and postemployment health care plans. That report is available on the web at <http://www.michigan.gov/orsschools>.

***Benefits Provided***

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

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

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

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

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

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

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

June 30, 2021

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

**Contributions**

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

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

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

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

The ranges of rates are as follows:

	Pension	OPEB
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%
October 1, 2020 - September 30, 2021	13.39% - 19.78%	7.57% - 8.43%

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

The School District's required and actual pension contributions to the plan for the year ended June 30, 2021 were \$5,537,138, which includes the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of \$2,338,812 in revenue received from the State of Michigan and remitted to the System to fund the MPSERS unfunded actuarial accrued liability (UAAL) stabilization rate for the year ended June 30, 2021.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2021 were \$1,388,941, which includes the School District's contributions required for those members with a defined contribution benefit.

June 30, 2021

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

**Net Pension Liability**

At June 30, 2021, the School District reported a liability of \$61,235,390 for its proportionate share of the net pension liability. 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 as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. The School District's proportion of the net pension liability was based on a projection of its long-term share of contributions to the pension plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020 and 2019, the School District's proportion was 0.178 and 0.173 percent, respectively, representing a change of 3.00 percent.

**Net OPEB Liability**

At June 30, 2021, the School District reported a liability of \$9,644,064 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2021 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 as of September 30, 2019, which used update procedures to roll forward the estimated liability to September 30, 2020. The School District's proportion of the net OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected contributions of all participating reporting units, actuarially determined. At September 30, 2020 and 2019, the School District's proportion was 0.180 and 0.177 percent, respectively, representing a change of 1.92 percent.

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

For 2021, the School District recognized pension expense of \$10,049,258, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 935,627	\$ (130,698)
Changes in assumptions	6,785,472	-
Net difference between projected and actual earnings on pension plan investments	257,284	-
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	2,468,222	(46,388)
The School District's contributions to the plan subsequent to the measurement date	4,670,313	-
Total	<u>\$ 15,116,918</u>	<u>\$ (177,086)</u>

The \$2,338,812 reported as deferred inflows of resources resulting from the pension portion of state aid payments received pursuant to the UAAL payment will be recognized as state appropriations revenue for the year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending	Amount
2022	\$ 4,588,548
2023	3,290,266
2024	1,821,902
2025	568,803
Total	<u>\$ 10,269,519</u>



June 30, 2021

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

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

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

For the year ended June 30, 2021, the School District recognized OPEB recovery of \$(1,458).

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ (7,185,729)
Changes in assumptions	3,179,839	-
Net difference between projected and actual earnings on OPEB plan investments	80,491	-
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	941,379	(11,321)
Employer contributions to the plan subsequent to the measurement date	<u>1,000,312</u>	<u>-</u>
Total	<u>\$ 5,202,021</u>	<u>\$ (7,197,050)</u>

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

<u>Years Ending</u>	<u>Amount</u>
2022	\$ (800,777)
2023	(688,630)
2024	(556,837)
2025	(495,457)
2026	<u>(453,640)</u>
Total	<u>\$ (2,995,341)</u>

June 30, 2021

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

The total pension liability and total OPEB liability as of September 30, 2020 are based on the results of an actuarial valuation as of September 30, 2019 and rolled forward. The total pension liability and OPEB liability were determined using the following actuarial assumptions:

Actuarial cost method		Entry age normal
Investment rate of return - Pension	6.00% - 6.80%	Net of investment expenses based on the groups
Investment rate of return - OPEB	6.95%	Net of investment expenses based on the groups
Salary increases	2.75% - 11.55%	Including wage inflation of 2.75%
Health care cost trend rate - OPEB	7.00%	Year 1 graded to 3.5% in year 15, 3.0% in year 120
Mortality basis		RP-2014 Male and Female Employee Annuitant Mortality tables, scaled 100% (retirees: 82% for males and 78% for females) and adjusted for mortality improvements using projection scale MP-2017 from 2006
Cost of living pension adjustments	3.00%	Annual noncompounded for MIP members

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

Significant assumption changes since the prior measurement date, September 30, 2019, for the OPEB plan include a reduction in the health care cost trend rate of 0.50 percentage points and the actual per person health benefit cost being lower than projected. There were no significant changes in assumptions for the pension actuarial valuation. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2019.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2020 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2020. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that district contributions will be made at statutorily required rates.

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

June 30, 2021

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic equity pools	25.00 %	5.60 %
Private equity pools	16.00	9.30
International equity pools	15.00	7.40
Fixed-income pools	10.50	0.50
Real estate and infrastructure pools	10.00	4.90
Absolute return pools	9.00	3.20
Real return/opportunistic pools	12.50	6.60
Short-term investment pools	2.00	(0.10)
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.1 percent.

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

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

	1 Percentage Point Decrease (5.00 - 5.80%)	Current Discount Rate (6.00 - 6.80%)	1 Percentage Point Increase (7.00 - 7.80%)
Net pension liability of the School District	\$ 79,258,824	\$ 61,235,390	\$ 46,297,980

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

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

	1 Percentage Point Decrease (5.95%)	Current Discount Rate (6.95%)	1 Percentage Point Increase (7.95%)
Net OPEB liability of the School District	\$ 12,388,896	\$ 9,644,064	\$ 7,333,145

June 30, 2021

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

***Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate***

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

	1 Percentage Point Decrease (6.00%)	Current Rate (7.00%)	1 Percentage Point Increase (8.00%)
Net OPEB liability of the School District	\$ 7,244,664	\$ 9,644,064	\$ 12,373,084

***Pension Plan and OPEB Plan Fiduciary Net Position***

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

***Payable to the Pension Plan and OPEB Plan***

At June 30, 2021, the School District reported a payable of \$800,550 and \$160,942 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2021.

**Note 13 - State Aid Anticipation Notes**

***State Aid Anticipation Note***

The School District borrows money to provide sufficient resources before receiving its scheduled state aid. This liability is recorded as a fund liability in the General Fund.

During the year, the School District repaid \$1,300,000 of these state aid anticipation notes (the "notes") and issued new notes of \$1,300,000, resulting in an outstanding balance of \$1,300,000 at June 30, 2021. The current notes bear interest at 0.2 percent and are due on July 21, 2021.

In the event of default, the notes are fully collateralized by the School District's future state aid funding. In the event of the unavailability or insufficiency of state school aid for any reason, the note is payable from tax levies within the issuer's constitutional and statutory limitations or from unencumbered funds of the issuer.

In September 2021, the School District borrowed \$1,000,000 in state aid anticipation notes with an interest rate of 0.2 percent. The notes mature in July 2022 and have similar terms and provisions as the notes outstanding at June 30, 2021.

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## Required Supplemental Information

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**Required Supplemental Information  
Budgetary Comparison Schedule - General Fund**

**Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
<b>Revenue</b>				
Local sources	\$ 5,308,560	\$ 5,624,311	\$ 5,607,906	\$ (16,405)
State sources	24,741,501	25,765,965	25,866,346	100,381
Federal sources	324,966	1,796,980	1,800,446	3,466
Interdistrict sources	1,162,151	2,212,338	2,195,867	(16,471)
Total revenue	31,537,178	35,399,594	35,470,565	70,971
<b>Expenditures</b>				
Current:				
Instruction:				
Basic programs	15,231,037	15,789,368	15,462,535	(326,833)
Added needs	3,122,674	3,073,500	3,044,559	(28,941)
Total instruction	18,353,711	18,862,868	18,507,094	(355,774)
Support services:				
Pupil	1,697,115	1,850,553	1,747,034	(103,519)
Instructional staff	1,253,611	3,231,316	3,202,584	(28,732)
General administration	456,105	444,840	433,356	(11,484)
School administration	1,960,200	1,996,265	1,914,487	(81,778)
Business	548,593	510,128	503,676	(6,452)
Operations and maintenance	2,584,842	2,650,419	2,603,325	(47,094)
Pupil transportation services	1,323,539	1,337,858	1,232,728	(105,130)
Central	895,795	1,002,171	925,865	(76,306)
Athletics	858,331	892,118	799,079	(93,039)
Community services	241,342	237,397	209,796	(27,601)
Payments to other public schools (ISDs and LEAs)	567,294	513,024	507,807	(5,217)
Debt service	48,986	51,352	50,855	(497)
Total expenditures	30,789,464	33,580,309	32,637,686	(942,623)
<b>Excess of Revenue Over Expenditures</b>	747,714	1,819,285	2,832,879	1,013,594
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	3,000	1,200	1,200	-
Transfers out	(750,714)	(1,290,813)	(1,287,018)	3,795
Total other financing uses	(747,714)	(1,289,613)	(1,285,818)	3,795
<b>Net Change in Fund Balance</b>	-	529,672	1,547,061	1,017,389
<b>Fund Balance - Beginning of year</b>	4,902,524	4,902,524	4,902,524	-
<b>Fund Balance - End of year</b>	<u>\$ 4,902,524</u>	<u>\$ 5,432,196</u>	<u>\$ 6,449,585</u>	<u>\$ 1,017,389</u>

## Wayland Union Schools

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

	<b>Last Seven Plan Years Plan Years Ended September 30</b>						
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
School District's proportion of the net pension liability	0.17826 %	0.17307 %	0.16662 %	0.16284 %	0.15781 %	0.15875 %	0.15476 %
School District's proportionate share of the net pension liability	\$ 61,235,390	\$ 57,315,124	\$ 50,089,407	\$ 42,199,409	\$ 39,372,274	\$ 38,773,528	\$ 34,087,798
School District's covered payroll	\$ 15,935,578	\$ 15,429,367	\$ 14,425,758	\$ 13,881,001	\$ 13,358,781	\$ 13,263,637	\$ 13,273,958
School District's proportionate share of the net pension liability as a percentage of its covered payroll	384.27 %	371.47 %	347.22 %	304.01 %	294.73 %	292.33 %	256.80 %
Plan fiduciary net position as a percentage of total pension liability	59.49 %	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.20 %

## Wayland Union Schools

### Required Supplemental Information Schedule of the School District's Pension Contributions Michigan Public School Employees' Retirement System

	<b>Last Seven Fiscal Years Years Ended June 30</b>						
	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 5,433,241	\$ 4,943,731	\$ 4,610,817	\$ 4,281,929	\$ 3,812,795	\$ 3,689,628	\$ 2,858,398
Contributions in relation to the statutorily required contribution	5,433,241	4,943,731	4,610,817	4,281,929	3,812,795	3,689,628	2,858,398
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>School District's Covered Payroll</b>	<b>\$ 15,870,026</b>	<b>\$ 15,829,136</b>	<b>\$ 15,200,286</b>	<b>\$ 14,265,203</b>	<b>\$ 13,739,269</b>	<b>\$ 13,253,647</b>	<b>\$ 13,059,499</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>34.24 %</b>	<b>31.23 %</b>	<b>30.33 %</b>	<b>30.02 %</b>	<b>27.75 %</b>	<b>27.84 %</b>	<b>21.89 %</b>



## Wayland Union Schools

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

	Last Four Plan Years			
	Plan Years Ended September 30			
	2020	2019	2018	2017
School District's proportion of the net OPEB liability	0.18002 %	0.17662 %	0.16955 %	0.16301 %
School District's proportionate share of the net OPEB liability	\$ 9,644,064	\$ 12,677,290	\$ 13,477,052	\$ 14,435,350
School District's covered payroll	\$ 15,935,578	\$ 15,429,367	\$ 14,425,758	\$ 13,881,001
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.52 %	82.16 %	93.42 %	103.99 %
Plan fiduciary net position as a percentage of total OPEB liability	59.76 %	48.67 %	43.10 %	36.53 %

## Wayland Union Schools

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

	Last Four Fiscal Years Years Ended June 30			
	2021	2020	2019	2018
Statutorily required contribution	\$ 1,320,664	\$ 1,271,966	\$ 1,193,986	\$ 1,030,336
Contributions in relation to the statutorily required contribution	1,320,664	1,271,966	1,193,986	1,030,336
<b>Contribution Deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>School District's Covered Payroll</b>	<b>\$ 15,870,026</b>	<b>\$ 15,829,136</b>	<b>\$ 15,200,286</b>	<b>\$ 14,265,203</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>8.32 %</b>	<b>8.04 %</b>	<b>7.86 %</b>	<b>7.22 %</b>

June 30, 2021

### ***Pension Information***

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

### **Benefit Changes**

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

### **Changes in Assumptions**

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

- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.25 percentage points.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.45 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017.
- 2017 - The discount rate used in the September 30, 2016 actuarial valuation decreased by 0.50 percentage points.

### ***OPEB Information***

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

### **Benefit Changes**

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

### **Changes in Assumptions**

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

- 2020 - The health care cost trend rate used in the September 30, 2019 actuarial valuation decreased by 0.50 percentage points. This, in addition to the actual per person health benefit costs being lower than projected, reduced the plan's total OPEB liability by an additional \$1.8 billion in 2020.
- 2019 - The discount rate used in the September 30, 2018 actuarial valuation decreased by 0.20 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by an additional \$1.4 billion in 2019.
- 2018 - The discount rate used in the September 30, 2017 actuarial valuation decreased by 0.35 percentage points. The valuation also includes the impact of an updated experience study for the periods from 2012 to 2017. This resulted in a lower than projected per person health benefit cost to reduce the plan's total OPEB liability by \$1.4 billion in 2018.

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## Other Supplemental Information

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Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2021

	Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
	Food Service Fund	Student Activity Fund	2018 Bond Fund	Public Improvement Fund	Act 177 Fund	
<b>Assets</b>						
Cash and investments	\$ 549,293	\$ 191,899	\$ -	\$ -	\$ -	\$ 741,192
Receivables - Other receivables	77,184	-	-	-	-	77,184
Inventory	24,531	-	-	-	-	24,531
Restricted assets	-	-	-	-	1,175,000	1,175,000
<b>Total assets</b>	<b>\$ 651,008</b>	<b>\$ 191,899</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,175,000</b>	<b>\$ 2,017,907</b>
<b>Liabilities</b>						
Accounts payable	\$ 171	\$ 11,959	\$ -	\$ -	\$ -	\$ 12,130
Accrued liabilities and other	11,466	-	-	-	-	11,466
Unearned revenue	35,681	-	-	-	-	35,681
<b>Fund Balances</b>						
Nonspendable - Inventory	24,531	-	-	-	-	24,531
Restricted:						
Capital projects	-	-	-	-	1,175,000	1,175,000
Food service	579,159	-	-	-	-	579,159
Committed - Student activities	-	179,940	-	-	-	179,940
<b>Total fund balances</b>	<b>603,690</b>	<b>179,940</b>	<b>-</b>	<b>-</b>	<b>1,175,000</b>	<b>1,958,630</b>
<b>Total liabilities and fund balances</b>	<b>\$ 651,008</b>	<b>\$ 191,899</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,175,000</b>	<b>\$ 2,017,907</b>

## Wayland Union Schools

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

**Year Ended June 30, 2021**

	Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
	Food Service Fund	Student Activity Fund	2018 Bond Fund	Public Improvement Fund	Act 177 Fund	
<b>Revenue</b>						
Local sources	\$ 92,705	\$ 201,084	\$ 1,008	\$ -	\$ -	\$ 294,797
State sources	58,073	-	-	-	-	58,073
Federal sources	1,523,083	-	-	-	-	1,523,083
Total revenue	1,673,861	201,084	1,008	-	-	1,875,953
<b>Expenditures</b>						
Current:						
Support services	-	217,284	375,084	68,431	-	660,799
Food services	1,594,248	-	-	-	-	1,594,248
Debt service:						
Principal	-	-	-	252,626	-	252,626
Interest	-	-	-	36,277	-	36,277
Capital outlay	182,383	-	415,826	679,668	-	1,277,877
Total expenditures	1,776,631	217,284	790,910	1,037,002	-	3,821,827
<b>Excess of Expenditures over Revenue</b>	(102,770)	(16,200)	(789,902)	(1,037,002)	-	(1,945,874)
<b>Other Financing Sources - Transfers in</b>	16	-	-	1,037,002	250,000	1,287,018
<b>Net Change in Fund Balances</b>	(102,754)	(16,200)	(789,902)	-	250,000	(658,856)
<b>Fund Balances - Beginning of year, as restated</b>	706,444	196,140	789,902	-	925,000	2,617,486
<b>Fund Balances - End of year</b>	<b>\$ 603,690</b>	<b>\$ 179,940</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,175,000</b>	<b>\$ 1,958,630</b>

# Wayland Union Schools

## Other Supplemental Information Schedule of Bonded Indebtedness

June 30, 2021

Years Ending June 30	2009 Refunding Bonds	2016 Series A Refunding Bonds	2016 Series B Refunding Bonds	2016 Series C Refunding Bonds	2018 Building and Site Bonds	2019 Refunding Bonds	Total
	Principal	Principal	Principal	Principal	Principal	Principal	
2022	\$ 225,000	\$ 1,735,000	\$ 3,960,000	\$ 295,000	\$ 300,000	\$ -	\$ 6,515,000
2023	250,000	1,830,000	4,055,000	275,000	300,000	-	6,710,000
2024	245,000	2,495,000	-	260,000	325,000	-	3,325,000
2025	-	2,795,000	-	-	350,000	1,325,000	4,470,000
2026	-	2,895,000	-	-	375,000	1,340,000	4,610,000
2027	-	3,020,000	-	-	400,000	1,350,000	4,770,000
2028	-	3,145,000	-	-	425,000	1,370,000	4,940,000
2029	-	-	-	-	750,000	-	750,000
2030	-	-	-	-	775,000	-	775,000
2031	-	-	-	-	800,000	-	800,000
2032	-	-	-	-	850,000	-	850,000
2033	-	-	-	-	875,000	-	875,000
2034	-	-	-	-	925,000	-	925,000
2035	-	-	-	-	950,000	-	950,000
2036	-	-	-	-	1,000,000	-	1,000,000
2037	-	-	-	-	1,050,000	-	1,050,000
2038	-	-	-	-	1,075,000	-	1,075,000
2039	-	-	-	-	1,100,000	-	1,100,000
2040	-	-	-	-	1,125,000	-	1,125,000
2041	-	-	-	-	1,150,000	-	1,150,000
2042	-	-	-	-	1,150,000	-	1,150,000
Total remaining payments	<u>\$ 720,000</u>	<u>\$ 17,915,000</u>	<u>\$ 8,015,000</u>	<u>\$ 830,000</u>	<u>\$ 16,050,000</u>	<u>\$ 5,385,000</u>	<u>\$ 48,915,000</u>
Principal payments due	May 1	May 1	May 1	May 1	May 1	May 1	
Interest payments due	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	May 1 and November 1	
Interest rate	4.00% - 4.15%	5.00%	2.20% - 2.40%	2.00% - 3.00%	4.00% - 5.00%	2.16% - 2.39%	
Original issue	<u>\$ 3,135,000</u>	<u>\$ 22,455,000</u>	<u>\$ 23,920,000</u>	<u>\$ 2,950,000</u>	<u>\$ 16,780,000</u>	<u>\$ 5,385,000</u>	