REGULAR MEETING
OF THE BOARD OF EDUCATION
Virtual via Webex
Tuesday, October 6, 2020
6:00 PM

AGENDA

I. **CALL TO ORDER**	
A. Roll Call	
B. Pledge of Allegiance	
II. **ITEMS FROM THE PRESIDENT**	
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XIII. **RECOMMENDATIONS FOR FUTURE AGENDA ITEMS**
XIV. **GOOD AND WELFARE**
XV. **ADJOURNMENT**

**PUBLIC COMMENTS is intended to provide individuals an opportunity to address the Board of Education. Those who wish to do so are asked to complete a Public Comment Card, available at the back of the room. In the interest of fairness, the Board requests each speaker to limit his or her comments up to three (3) minutes.*

ANY PERSON with a disability who needs accommodation for participation in this meeting should contact the Superintendent's office at 248-489-3338 at least three (3) business days in advance of the meeting to request assistance.

ALL MEETINGS, with the exception of closed sessions, are open to the public. Regular Board of Education meetings and most premeetings of the Board of Education are cablecast live on TV10.

The official minutes of the Board of Education are stored and available for inspection
in the Lewis Schulman Administration Building of the Farmington Public School District.

III. ITEMS FROM THE SECRETARY.

The Board has received communications regarding the return to school plans and the curriculum. Communications are acknowledged and, when appropriate, a response is provided. A list of correspondents can be found in the Board packet, which is available on the FPS website.

III. ITEMS FROM THE SECRETARY.

A. Correspondence.

1. Rose: FPS Return to School Plan
2. Cameron: School Calendar
3. Shea: Support to Continue Current Remote Learning Model and Concern for Teacher/Student Safety
4. Brewart: Support for Keeping 100% Virtual Learning and Concern for Student/Staff Safety
5. Wright: Re: Letter to Parents from the Special Education Department
6. Holland: Going to School
7. Fuller: Wyatt's Computer Issues
8. Hedo: Face to Face Vs Virtual Learning
9. Sroka: A Very Unsatisfied Parent
10. Butler: Return to School
11. Bushey: Proposed Plans
12. Dickson: Curriculum in Farmington Public Schools
13. Nofzinger: Back to School Plan
14. Mattison: Going Back to School Survey
15. Luke: Farmington Public Schools
16. Headstart: Virtual Research and Evaluation Conference on Self-Sufficiency 2020 – Register Online Now!
17. Moss: Capitol Update
18. Butler: News Article
19. Bell: FPS Concerned Parent
20. Mallett: Reopening Elementary Schools in November
21. Headstart: Questions and Answers on Wages and Benefits
22. Lucas: Struggling High School Student
23. Butler: Ontario
24. Taulbee: Protest
25. Bell: Return to In-Person School
26. Bell: End Distance Learning
27. Bell: Going Back to School
28. Bell: A Letter to the School Board from a FPS Student
29. Bell: Put Us Back in School ASAP
30. Hermann: Return to School
31. Young: Frustrated Parents in Need of Some Assistance
32. Hedo: Question Regarding F2F
33. Lamott: Items to Consider Before Returning to In-Person Learning
34. Butler: Bridge Article

V. DISTRICT UPDATES

A. **FAAPN UPDATE.**
Presenter: Lester Thomas, FAAPN president

B. **PTA COUNCIL UPDATE.**
Presenter: Beth Hulett, PTA Council president

VII. DISCUSSION ITEMS

A. PLANTE MORAN ANNUAL AUDIT REVIEW.

Presenter: Jennifer Kaminski, assistant superintendent-business services and staff from Plante Moran

B. UPDATE ON SECONDARY RETURN TO IN-PERSON INSTRUCTION PLANNING.

Presenter: Bobbie Goodrum, assistant superintendent-diversity, equity, and inclusion

FARMINGTON PUBLIC SCHOOLS
MEMORANDUM

TO: Board of Education

FROM: Jennifer F. Kaminski, Assistant Superintendent for Business Services

SUBJECT: 2019-20 Comprehensive Annual Financial Report

DATE: October 6, 2020

Please find enclosed the Comprehensive Annual Financial Report for the fiscal year end June 30, 2020. The report has been prepared in compliance with the Association of School Business Official's Certificate of Excellence in Financial Reporting. Also included in your packet is a copy of the Federal Awards Supplemental Information Report, the Report to the Board of Education and Plante Moran's Board of Education slide presentation. The slide presentation will be presented by Nevra Kreger, Jenny Kolbow and Dan O'Donahue from Plante Moran.

Plante Moran has issued an unmodified opinion which means that the financial statements present fairly, in all material respects, the respective financial position of the Farmington Public School District as of June 30, 2020.

The financial statements contain both government-wide statements as well as statements for all of the Governmental Funds of the district. Farmington has three major funds; the General Fund, which is always reported as a major fund, the 2018 Building and Site Fund and the 2020 Building and Site Fund. The other funds of the district are grouped together and included in one column of the fund financial statements as nonmajor. The District also maintains an Agency Fund, the Student Activity Fund, to record the transactions of student and community groups for school and school-related purposes. The funds are segregated and held in trust for the students. GASB Statement No. 84, Fiduciary Activities, will change how these funds are accounted for and reported in the 2020-21 fiscal year. In addition, the district maintains a Proprietary Fund which is an Internal Service Fund for Benefit Stabilization. This fund maintains the cost of the self-insured medical coverage and tracks the charges for the insurance costs for both the employee and employer. It also includes the costs for dental, vision, life and long-term disability benefits.

Total General Fund revenue was $138,502,063 and total expenditures were $135,275,535. The total General Fund fund balance is $21,390,904 or 15.81 percent of expenditures and other uses. Pages 26 and 27 in the report describe the categories of fund balance and page 14 reflects these categories on the face of the balance sheet of the General Fund.

On a government-wide basis, Farmington has a negative net position of approximately $201 million. This negative net position is similar to all school districts in Michigan. This does not affect the fund level statements which is the level that is budgeted and monitored continually throughout the year. If this obligation is removed from the statements, The District would have a positive net position of approximately $75 million.

Thanks to Kim Pincheck, Karla Swanson and the entire business office staff for their efforts in completing this audit.

If you have any questions about the financial statements, please feel free to contact me.

Farmington Public School District

Federal Awards Supplemental Information

June 30, 2020

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Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Farmington Public School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Farmington Public School District (the "School District") as of and for the year ended June 30, 2020 and the related notes to the basic financial statements, which collectively comprise the School District's basic financial statements. We issued our report thereon dated September 22, 2020, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to September 22, 2020.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis, as required by the Uniform Guidance, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

September 22, 2020

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plante moran

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Education
Farmington Public School District

We have audited, 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Farmington Public School District (the "School District") as of and for the year ended June 30, 2020 and the related notes to the basic financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 22, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

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To Management and the Board of Education
Farmington Public School District

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

September 22, 2020

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Education
Farmington Public School District

Report on Compliance for Each Major Federal Program

We have audited Farmington Public School District's (the "School District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2020. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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To the Board of Education
Farmington Public School District

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

September 22, 2020

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	CFDA Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2019	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2020	Current Year Cash Transferred to Subrecipients
Clusters:										
Child Nutrition Cluster - U.S. Department of Agriculture -										
Passed through the Michigan Department of Education:										
Noncash Assistance (Commodities) -										
National Lunch Program Commodities	N/A	10.555	$ 181,354	$ -	$ -	$ -	$ 181,354	$ 181,354	$ -	$ -
Cash Assistance:										
National School Lunch Program 2018-2019	191960	10.555	1,009,021	1,009,021	44,565	-	44,565	-	-	-
National School Lunch Program 2019-2020	201960	10.555	702,077	-	-	-	702,077	702,077	-	-
COVID-19 - Unanticipated School Closures Program 2019-2020	200902	10.555	785,552	-	-	-	568,695	785,552	216,857	-
Total National School Lunch Program (incl. commodities) - Unanticipated School Closure Program Subtotal		10.555	2,678,004	1,009,021	44,565	-	1,496,691	1,668,983	216,857	-
National School Breakfast Program 2018-2019	191970	10.553	249,076	249,076	12,141	-	12,141	-	-	-
National School Breakfast Program 2019-2020	201970	10.553	173,106	-	-	-	173,106	173,106	-	-
Total National School Breakfast Program		10.553	422,182	249,076	12,141	-	185,247	173,106	-	-
Summer Food Service Program 2019-2020	192000	10.559	1,982	-	-	-	1,982	1,982	-	-
Total Child Nutrition Cluster			3,102,168	1,258,097	56,706	-	1,683,920	1,844,071	216,857	-
Special Education Cluster - U.S. Department of Education -										
Passed through Oakland County ISD:										
IDEA Flowthrough:										
IDEA Flowthrough 1718	180450	84.027	2,058,355	2,058,355	5,842	-	5,842	-	-	-
IDEA Flowthrough 1819	190450	84.027	2,160,812	2,058,928	515,028	-	597,322	93,424	11,130	-
IDEA Flowthrough 1920	200450	84.027	1,959,907	-	-	-	1,512,330	1,959,907	447,577	-
Total IDEA Flowthrough		84.027	6,179,074	4,117,283	520,870	-	2,115,494	2,053,331	458,707	-
IDEA Preschool Incentive:										
IDEA Preschool 1718	180460	84.173	98,308	93,919	2,599	(1,498)	6,988	5,887	-	-
IDEA Preschool 1819	190450	84.173	84,539	84,539	22,579	-	22,579	-	-	-
IDEA Preschool 1920	190460	84.173	90,864	-	-	-	68,682	89,717	21,035	-
Total IDEA Preschool Incentive		84.173	273,711	178,458	25,178	(1,498)	98,249	95,604	21,035	-
Total Special Education Cluster			6,452,785	4,295,741	546,048	(1,498)	2,213,743	2,148,935	479,742	-

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	CFDA Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2019	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2020	Current Year Cash Transferred to Subrecipients
Clusters (continued):										
Medicaid Cluster - U.S. Department of Health and Human Services - Passed through the Oakland County ISD - Medicaid Outreach - Medicaid Outreach AOP - 2019-2020	2020AOP	93.778	$ 35,457	$ -	$ -	$ -	$ 35,457	$ 35,457	$ -	$ -
Other federal awards:										
U.S. Department of Agriculture - Passed through the Michigan Department of Education - Child and Adult Care Food Program - 2019-2020	201920	10.558	8,259	-	-	-	8,259	8,259	-	-
Title I, Part A - U.S. Department of Education - Passed through the Michigan Department of Education:										
Title I, Part A 1819	191530	84.010	937,983	636,748	237,467	-	308,553	71,086	-	-
Title I, Part A 1920	201530	84.010	889,161	-	-	-	507,481	759,912	252,431	-
Total Title I, Part A		84.010	1,827,144	636,748	237,467	-	816,034	830,998	252,431	-
Improving Teacher Quality, Title II - Part A - U.S. Department of Education - Passed through the Michigan Department of Education:										
Title II, Part A 1819	190520	84.367	425,788	257,997	120,529	-	124,783	4,254	-	-
Title II, Part A 1920	200520	84.367	374,543	-	-	(35,908)	141,415	189,400	12,077	-
Total Title II, Part A		84.367	800,331	257,997	120,529	(35,908)	266,198	193,654	12,077	-
English Language Acquisition Grant - U.S. Department of Education - Passed through the Michigan Department of Education:										
Title III - 1819	190580	84.365	219,037	83,502	52,808	-	91,335	38,527	-	-
Title III - 1819	190570	84.365	92,766	25,447	24,443	-	25,508	1,065	-	-
Title III - 1920	200580	84.365	225,740	-	-	-	49,657	76,844	27,187	-
Title III - 1920	200570	84.365	78,454	-	-	-	9,475	22,743	13,268	-
Total Title III		84.365	615,997	108,949	77,251	-	175,975	139,179	40,455	-
Title IV, Part A - Student Support and Academic Enrich:										
Title IV, Part A 1819	190750	84.424	55,931	23,131	2,743	-	4,971	2,228	-	-
Title IV, Part A 1920	200750	84.424	89,159	-	-	35,908	55,076	56,185	37,017	-
Total Title IV, Part A		84.424	145,090	23,131	2,743	35,908	60,047	58,413	37,017	-
Federal Adult Education ABE Instruction:										
Project number 1819	191130	84.002	72,785	21,536	1,821	-	1,821	-	-	-
Project number 1920	201130	84.002	97,785	-	-	-	40,885	83,355	42,470	-
Total Federal Adult Education ABE Instruction		84.002	170,570	21,536	1,821	-	42,706	83,355	42,470	-
Total U.S. Department of Education noncluster programs			3,567,391	1,048,361	439,811	-	1,369,219	1,313,858	384,450	-

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2020

Federal Agency/Pass-through Agency/Program Title	Pass-through Entity Identifying Number	CFDA Number	Award Amount	(Memo Only) Prior Year Expenditures	Accrued Revenue at July 1, 2019	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Federal Expenditures	Accrued Revenue at June 30, 2020	Current Year Cash Transferred to Subrecipients
Other federal awards (continued):										
Passed through the Oakland ISD - IDEA Early On -										
IDEA Early On 1819	195082	84.181	$ 51,000	$ 15,866	$ 10,604	$ -	$ 38,229	$ 38,370	$ 10,745	$ -
Head Start - U.S. Department of Health and Human Services -										
Passed through the Oakland Livingston Human Services Agency:										
January 1, 2018 - December 31, 2019	05CH10367	93.600	$ 591,038	$ 257,378	$ 85,706	-	419,366	333,660	-	-
January 1, 2019 - December 31, 2020	05CH10368	93.600	606,038	-	-	-	249,484	301,178	51,694	-
Total Head Start		93.600	1,197,076	257,378	85,706	-	668,850	634,838	51,694	-
Total federal awards			**$ 14,405,877**	**$ 6,875,443**	**$ 1,138,875**	**$ (1,498)**	**$ 6,009,418**	**$ 6,015,529**	**$ 1,143,488**	**$ -**

See notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2020

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Farmington Public School District (the "School District") under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

The School District has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Note 3 - Grant Auditor Report

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

Note 4 - Noncash Assistance

The value of the noncash assistance received was determined in accordance with the provisions of the Uniform Guidance.

Note 5 - Adjustments and Transfers

During the year ended June 30, 2020, there was a transfer in the amount of $1,498 for overpayment of the IDEA Preschool 2017/2018 grant for costs that were determined to be unallowable. The School District also transferred $35,908 of awarded Title II funds to Title IV. The Title IV payments received and expenditures on the schedule of expenditures of federal awards include $35,908 of amounts related to the transfer of the Title II funds awarded. The transfer was approved by the Michigan Department of Education.

Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Year Ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?	_____	Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	Yes	X	None reported
Noncompliance material to financial statements noted?	_____	Yes	X	None reported

Federal Awards

Internal control over major programs:				
• Material weakness(es) identified?	_____	Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_____	Yes	X	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	_____	Yes	X	No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
10.553, 10.555, 10.559	Child Nutrition Cluster
84.010	Title I Part A Cluster

Dollar threshold used to distinguish between type A and type B programs:	$750,000			
Auditee qualified as low-risk auditee?	X	Yes	_____	No

Section II - Financial Statement Audit Findings

Finding
None

Section III - Federal Program Audit Findings

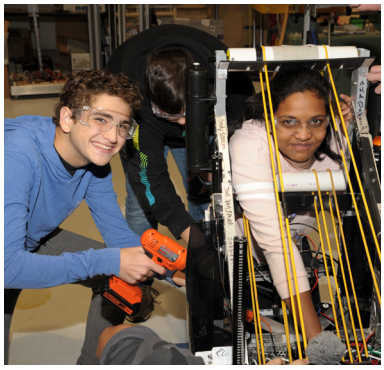
Finding
None

Comprehensive Annual Financial Report

June 30, 2020

Farmington PUBLIC SCHOOLS

Farmington Public School District • Farmington, MI



Comprehensive
Annual Financial Report of
Farmington Public School District
32500 Shiawassee
Farmington, Michigan 48336

For the Fiscal Year Ended
June 30, 2020

Dr. Robert C. Herrera
Superintendent of Schools

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Prepared by:
Jennifer F. Kaminski, Assistant Superintendent for Business Services

Kimberly Pincheck, Finance Director
Karla Swanson, Manager of Purchasing & Accounting
Deborah Molloy, Payroll Specialist
Nancy Begley, Payroll Bookkeeper
Ericka Cloutier, Bookkeeper
Pam Waack, Accounts Payable Bookkeeper
Robin Thomas, Bookkeeper
Cynda Nelson, Secretary

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Farmington PUBLIC SCHOOLS

High achievement by all students, where learning is our most important work

Robert C. Herrera
Superintendent

Pamela S. Green
President

Terry L. Johnson
Vice President

Angie F. Smith
Secretary

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September 22, 2020

Citizens and Board Members:

The Comprehensive Annual Financial Report of Farmington Public School District (the "School District") for the fiscal year ended June 30, 2020 is submitted herewith. This report was prepared by the business department and contains all activities under the control of the Board of Education. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the School District. We believe that the data as presented is accurate in all material respects and is presented in a manner designed to fairly set forth the financial position and results of operations of the School District as measured by the financial activity of its various funds with all disclosures necessary to enable the reader to gain the maximum understanding of the School District's financial affairs.

Reporting Entity and Services

Farmington Public School District is an independent reporting entity established under the laws of the State of Michigan and governed by an elected, seven-member Board of Education and fully meets criteria established by the Governmental Accounting Standards Board (GASB). All funds of the School District are included in this report. The School District does not have component units.

The School District follows GASB Statement No. 34, a governmental reporting model. The financial section reports separately the governmental funds and the fiduciary fund administered by the board. In addition, the financial section includes the School District's government-wide financial statements.

Report Organization

The Comprehensive Annual Financial Report was prepared to meet the needs of a broad spectrum of financial statement readers and is divided into the following major sections:

Introductory Section

This section introduces the reader to Farmington Public School District and to this report. Included are facts about the School District, this transmittal letter, the School District's organizational chart, and the Association of School Business Officials International Certificate of Excellence in Financial Reporting for the year ended June 30, 2019.

Financial Section

The financial section includes the independent auditor's report on the financial statements and schedules, management's discussion and analysis, government-wide financial statements, the fund financial statements, notes to the financial statements, and required and other supplemental information.

The management of the School District is responsible for the financial information and representations contained in the financial statements and other sections of the annual report. In preparing the financial statements, it is necessary that management make informed estimates and judgments based on currently available information of the effects of certain events and transactions.

OFFICE OF THE SUPERINTENDENT
32500 Shiawassee Street
Farmington, MI 48336
Phone: 248.489.3332
info@fpsk12.net
www.farmington.k12.mi.us

The management's discussion and analysis, which includes an analysis of the School District's financial position and results of operations, government-wide financial statements, fund financial statements, and supplemental statements and schedules presented in the financial section of this report, present fairly and with full disclosure the financial position and results of the financial operation at the fund and government-wide levels in conformity with accounting principles generally accepted in the United States of America and demonstrate compliance with finance-related legal and contractual provisions. The management's discussion and analysis provides an overview and analysis of the School District's basic financial statements and should be read in conjunction with the financial statements.

The basis of accounting for each fund is consistent with the activities and objectives of the fund as a fiscal and accounting entity.

The supplemental statements and schedules contain a more detailed analysis of revenue and expenditures that are compared to the 2019-2020 budget for the General Fund, as well as schedules presenting the School District's proportionate share of net pension liability and contribution information related to the MPSERS pension plan. Other supplemental information includes the balance sheet and statement of revenue, expenditures, and changes in fund balances as well as statements and schedules containing a more detailed analysis of revenue and expenditures that are compared to the 2019-2020 budget for nonmajor governmental funds as well as the schedule of bonded indebtedness detailing interest rates and annual maturities, schedule of fiduciary fund activities, schedule of fixed assets by building, and schedule of cash, cash equivalents, and investments.

Statistical Section

Although this section contains substantial financial information, these tables differ from financial statements in that they present some nonaccounting data, compare 10 years of data, and are intended to reflect economic data, financial trends, and the fiscal capabilities of the School District.

About Farmington Public School District

The Community

Farmington Public School District is a suburban school district located in the cities of Farmington and Farmington Hills and the Township of West Bloomfield, all within southern Oakland County, Michigan. The School District encompasses 28 square miles with a population of approximately 91,600. The entire City of Farmington and a majority of the City of Farmington Hills lies within the School District boundaries. A small portion of West Bloomfield Township is within the School District boundaries. The School District's 2010 median housing value for the cities of Farmington and Farmington Hills was $185,000 and $238,300, respectively. The median household income from survey data collected by the Cities of Farmington and Farmington Hills, respectively, was estimated at $64,805 and $67,803 in 2010, the latest census data available. Due to its proximity to I-696, Northwestern Highway, Grand River, I-96, and I-275, the School District has a significant commercial and industrial tax base to support community services and provide a strong economic climate.

Many nonprofit agencies within the area, including the Farmington Call to Action, Farmington/Farmington Hills Multi-Cultural/Multi-Racial Community Council, Neighborhood House, Farmington Youth Assistance, the Commission on Children, Youth and Families, Community Action Resources Empowerment Services (CARES), and the Farmington Hills/Farmington Community Foundation work closely with the schools and cities to improve the quality of life for Farmington residents. The School District maintains several school/community/business partnerships that enhance educational opportunities for students with the assistance of a Community Partnership Advisory Council.

The School District has always been a leader in instructional excellence. The attention to a strong comprehensive academic curriculum continues to be an attraction for families moving into the community.

The School District has two early childhood centers, one K-8 STEAM school, eight K-5 elementary schools, three 6-8 middle schools, two 9-12 high schools, one 11-12 alternative high school, one special education center, a community school, and several other support facilities.

The School District has developed a comprehensive curriculum in the areas of language arts, mathematics, social studies, science, art, music, physical education and health, and world languages. All classrooms have a wide-area networked computer with internet access and telephone. Curriculum development is guided by the School District's student learning outcomes and the State Board of Education Model Core Curriculum. The District is implementing a frameworks process to guide staff through curriculum research, planning, piloting, implementation, and evaluation.

The School District's educational program is rich in choice and offerings. Currently, students are eligible to apply to attend any school of their choice within each school's capacity limit. The School District operates Head Start, a federally sponsored program, for eligible at-risk early childhood students.

There is a strong core curriculum for every student, enhanced by applied technology programs, advanced placement opportunities, bilingual and special education programs, secondary alternative high school, International Baccalaureate for high school students, musical strings at the secondary level, a full range of physical education and athletic offerings, numerous enrichment programs as well as online learning and alternative options in cooperation with Oakland Schools.

Elementary children have access to literacy and bilingual programs that support students learning art, music, and physical education. In cooperation with the Farmington YMCA, the School District provides Y-Child Care, before and after school childcare at its elementary sites, and an infant care program at one of the city activity centers. Special education services are provided government-wide for infants up to age 26 years. In addition, English as a second language is provided for adult learners. A student assessment and evaluation program provides information about individual, school, and School District achievement.

The official blended enrollment for 2019/2020, including alternative and adult education students, was 9,433 students.

Accomplishments

Farmington Public Schools Strategic Plan Development

At the end of the 2016-17 school year, Farmington Public Schools engaged a committee to begin development of an updated Strategic Plan for the District. This committee reviewed the current state of the District, reviewed the District Vision, Mission and Desired Culture statements and identified four major goal areas for Farmington Public Schools to pursue. The following four goals were presented to the Board of Education and approved in August 2017:

Goal 1 - Curriculum/Instruction

FPS is accountable for providing a community that will develop equitable learning opportunities which empower learners to master core competencies through critical thinking, problem solving, and creativity to be career and/or college ready.

Goal 2 - Culture

FPS must cultivate an inclusive, respectful and safe culture that values continuous learning, collaboration, and personal growth for all stakeholders.

- All voices are heard and actively encouraged.
- Strong relationships among all stakeholders are fostered and nurtured.
- Equity is a foundation to support the needs of every stakeholder.
- Students are immersed in an authentic, deeply engaging, and flexible learning environment.
- All stakeholders are accountable for action toward success, individual and collective.

Goal 3 - Community Relations

Together with our community, FPS will engage in a proactive, transparent exchange of ideas and information which fosters relationships and honors our strengths and diversity, resulting in an exemplary service experience.

Goal 4 - Finance/Facilities

FPS will practice good stewardship by designing and implementing financial and facilities plans that advance the District's priorities.

To support attainment of these goals, strategies, action steps and monitoring methods were developed during the 2017-18 school year. An update on the strategies, action steps and monitoring methods was presented to the Board of Education in the Fall of 2018 with implementation beginning during the 2018-19 school year and continuing through 2021-22.

Student and Staff Recognition

The School District is proud of the many achievements recognized during the 2020 fiscal year. A summarized list of these recognitions is included in the statistical section.

School/Community Relations Services

The District has a robust communications process in place to communicate with both its internal and external communities. Some of the vehicles that the Department uses include:

- UpDate Newsletter which is sent quarterly to more than 40,000 households
- @farmington online newsletter which is sent to staff every other week
- Social media channels - Facebook, Twitter, Instagram, Pinterest
- Blackboard Messaging – emails, texts, phone calls
- Listserv email messages
- Community Meetings, Presentations, and Coffees
- Videos developed by TV-10, the student-run television station
- Mobile App

District and school websites were re-designed several years ago using a Content Management System to help with the ease of updating the sites. The District's website received the Commendable Award from the National School Public Relations Association in 2018-19. Peach Jar has been added to the web site and mobile app to help manage community resource information and fliers.

This Department also hosts community events to help tell the District's story including a Senior Adult Breakfast, Realtor Breakfast, Superintendent's Awards of Excellence Breakfast, and the Turn Around Awards Luncheon.

The District works closely with its parent groups - PTA/PTSAs and the Farmington African American Parent Network (FAAPN) and numerous community groups including the Farmington Family YMCA, the Farmington Area Chamber of Commerce, the Farmington/Farmington Hills Optimist Club, the Farmington/Farmington Hills Education Foundation, and the Farmington Xemplar Club to name just a few.

For the past two Community Surveys, Communications ranked high in overall satisfaction.

Instructional Services

Board reports will include instructional reports to provide updates to the superintendent and the Board of Education. These are designed to provide an overview of instructional initiatives and the achievement of our students.

The School District continues to align the development of the District Improvement Plan (DIP) by ensuring School Improvement Plans (SIP) are completed by the end of May to ensure they inform the DIP as well as professional development for the upcoming school year.

The School District continues its work in meeting state requirements for the Teacher and Administrator Evaluation System. The School District implemented its Teacher Professional Growth and Evaluation model using the final ratings to inform the 2019-2020 staffing process. The teacher model is being refined through professional development and experience with all components.

Technology is infused throughout the organization. It supports operations, curriculum, and instruction, enhances learning, and extends beyond the school faculty and school day. Support includes the NWEA assessment, M-Step testing as well as the addition of Google Apps for Education. The district invested in a Learning Management System (LMS) to support teachers, students and families in the learning process. A Learning Management System provides an online space for students and teachers to work collaboratively and includes parents as partners in their child's education.

The work of key instructional staff with a technology consultant, along with input from teachers across the District, continues to drive bond technology purchases throughout the District. Technology advancements include expanded wireless connectivity throughout the School District, iPad/iPod/Chromebook programs, interactive projectors, document cameras, classroom sound-systems, and interactive whiteboards.

A Multi-Tiered System of Supports (MTSS), formally known as Response to Intervention (RTI), is addressed through initiatives including lab classrooms, professional development, implementation of Reader's and Writer's Workshop, Instructional Support Time (IST), and What I Need Time (WIN). Furthermore, the District provides instructional support with the use of supplementary print and digital resources.

Implementation of Positive Behavior Intervention Support (PBIS) and on-going monitoring of discipline data continues in each school.

Professional Learning Teams (PLTs) are established in all schools and departments. Support for the work of PLTs is provided through professional development for all staff. Teacher teams are meeting on a regular basis to review what students must know and be able to do, analyze and use assessment data to inform instruction and progress, and to identify supports for assisting students to improve learning. Instructional support teams (Business Services, Facilities, etc.) continue to work on effective and efficient practices within their areas of service.

Special education continues to support, align, and integrate special education instructional goals with the general education curriculum and also work to develop a model to facilitate the transition for special education students between levels and programs within the School District.

Special Education also utilizes technology to support curriculum (Unique Learning System) that aligns with Essential Elements for our basic classrooms and Specially Designed Instruction intervention strategies for students struggling in reading and math. iPads are used as communication devices for students with autism and others with communication needs. Chromebooks are used to support students who have difficulty writing their ideas, but are able to express their ideas verbally. Special Education has two PAES labs (Practical Assessment Exploration System) to provide vocational assessments for secondary and post-secondary students and PREP (Preparing Real Experiences for Post-secondary success) program for students who are more independent and attend school on the Oakland Community College campus. Visions Unlimited has a production workshop where students learn to make sellable products and participate in Work Based Learning Experiences.

Facilities Management

The School District continues its work on energy management. The program initiated 15 years ago has saved over $13.0 million since its inception.

All operational departments and schools continue to practice and investigate sustainable measures, including recycling, energy management, and industrial storm water management for future generations.

In the past, fifteen of the District's schools have received Michigan Green School Awards, seven of which have been recognized as Evergreen, the highest level in the program. Due to the COVID-19 shutdown of schools, many of the schools were not able to complete and submit their applications this past year for the award.

With the successful bond proposal in May 2015, the district interviewed and awarded contracts to the required consultants, including architects and engineers to design and document the work in the bond proposal. Schools included in Phases 1 through 4 of the construction cycle are substantially complete. The last phase of construction began in the Summer of 2020 and will continue into the fall and winter with all bond proceeds being spent by June 30, 2021. As of June 30, 2020, the District has completed approximately $117.7 million of construction work.

The District successfully passed a $98 million bond proposal in March 2020. The first series of bonds were issued in June 2020 and the proceeds totaled $67.8 million, net of any debt issuance costs. The District is currently working on renegotiating contracts with its Architect, Construction Manager and Technology Design Consultant. Work has been taking place on identifying the Phase 1 projects that will begin in the Summer of 2021. An internal Bond Steering Committee, composed of instructional and support administrators has been formed to help drive some of the bond work related to the District's Strategic Plan and vision for instruction.

The District hired Grand Rapids Building Services (GRBS), a third-party company to perform custodial services for a three-year period beginning with the 2020-21 fiscal year. Work has taken place over the summer to transition to the new company as well as comply with sanitizing and cleaning requirements due to COVID-19.

With the closing of all Michigan Schools in March 2020 due to the COVID-19 pandemic, the District has had to revise its cleaning and sanitizing protocols to comply with CDC and local health department requirements. Over the last four months, the Facilities Management Workgroup has been working to address additional measures that need to be put into place to safely reopen schools. Personal Protection Equipment, including temperature scanning kiosks, thermometers, surgical masks, face shields and signage have also been purchased to mitigate the risk of the spread of the virus once schools are deemed safe to open.

The sale of the Maxfield Training Center in Downtown Farmington occurred in June 2020 for a selling price of $690,000.

Alameda Early Childhood Center has been remodeled and expanded to house all Early Childhood programs. With this expansion, Farmington Community School will be closed in Fall 2020. Use of this building or the property will be evaluated by the District to determine the need to retain or sell the property. With all Early Childhood programs being housed in one building, the building has been renamed Farmington Early Childhood Center to reflect the combination of Alameda and Farmington Community School.

This consolidation of buildings coupled with the sale of the vacant training center reduces the district total square footage from 1,797,497 to 1,541,992 among fourteen (14) K-12 educational facilities and seven (7) support facilities.

Human Resources

There continues to be a clear focus in Human Resources on efforts to attract, retain, and develop the best talent possible in order to help our students reach their maximum potential for growth. These efforts include the recruitment of diverse staff to better represent our student population, as well as a teacher mentoring program, developed by talented Farmington Public Schools' teacher leaders, that support the growth and development of our new teachers throughout the school year.

In the 2019-2020 school year, three high schools merged to two high schools. A transition team and staff allocated to each of the high schools addressed anticipated student needs, student programming and supports, staffing, materials, and processes and structures in order to support a positive outcome for our students, staff and families. The changes have impacted the fiscal health and sustainability for Farmington

Public Schools. It has also provided increased continuity and reduced transitions for staff heading into 2019-2020, which in turn positively supports students and the learning environment.

Numerous student supports have been restored which enhance the literacy growth and social-emotional needs of our students. The supports include direct services to our students, as well as growth opportunities for our teachers in instructional practices.

Negotiations have resulted in extended contracts with all of the District's employee units. These include our bus drivers (Farmington Transportation Association), paraprofessionals and office staff (Educational Support Professionals), teachers and support staff (Farmington Education Association), maintenance and nutrition services staff (Farmington Maintenance and Cafeteria), and school administrators (Farmington Association of School Administrators). The contracts for the Educational Support Professionals, the Farmington Transportation Association, and the Farmington Maintenance and Cafeteria workers expire June 30, 2021. The contract for the Farmington Education Association expires August 22, 2021. The contract for the Farmington Association of School Administrators expires December 31, 2020. In bargaining successor agreements, the District will seek agreements that continue to recognize and value the contributions of all employees, while assuring that Farmington remains well-positioned for long-term, sustainable academic and financial health.

Business Services

Financial reports are prepared in accordance with standards of the Association of School Business Officials International criteria and the School District was recognized for this program.

Transparency information continues to be updated on the School District's website providing public access to how the School District spends its tax dollars.

Farmington Schools provides the management of the nutrition services program in the Redford Union School District through a cooperative agreement.

Nutrition Services prepares and serves over 587,000 lunches and 175,000 breakfasts annually. This past year, the number of lunches and breakfasts served were less due to COVID-19, however, the District continued to serve breakfasts and lunches to the community during the school closure.

Financial Report Awards

The School District has received the Association of School Business International Officials Certificate of Excellence in Financial Reporting since the 1996-1997 fiscal year for its financial reports.

Economic Outlook

As the School District completes its 26th year under Proposal A, approved by Michigan voters in 1994, revenue has not kept pace with inflation. Proposal A substantially shifted funding responsibility from the local level to the state level and from property tax as the major revenue source. The cumulative rate of per-pupil revenue increase has been about 19.0 percent since 1994, and the cumulative rate of inflation at 49.0 percent, illustrating that funding has not kept pace with the rate of inflation. The School District is dependent upon the state legislature for not only the majority of its funds, but also its funding level. In addition, various costs were shifted to local districts, which historically had been paid by the State. These include contributions to the Michigan Public School Employees' Retirement System and FICA.

The normal State budget development process was halted in March 2020 as the State began dealing with the implications of the COVID-19 pandemic. Schools moved to remote learning, meals were served for whole communities, federal financial resources were quickly infused into the economy, and "stay home, stay safe" was the theme as the entire state worked to see a way through the challenges of COVID-19. In May 2020, the regularly scheduled Revenue Estimating Conference addressed two key questions: What was the status of state revenue for the 2020 fiscal year, and what projections can be made looking forward to 2021 and 2022? The conclusions reached at the meeting were dire. It was estimated the 2020 School Aid Fund would end the year with an approximate $1 billion deficit, roughly translated to a $685 per pupil shortfall, that would need to be absorbed with the 2020 school year all but over. In addition, the estimates

suggested there would be no improvement until 2022. These conclusions caused many districts to adjust their final 2020 budgets to reflect a potential proration of as much as $650 to $700 per pupil.

The original budget for 2020-21 was created using a flat foundation of $9,755 per pupil, which had been reduced by $650 per pupil in the 2019-20 budget, amended in June 2020 to reflect the $1 billion projected deficit in the School Aid Fund. All other revenues were kept flat. In the months that followed the May Revenue Estimating Conference, and well after the 2020 school year had ended, the State concluded it could balance its school aid budget with a $175 per pupil proration cut, significantly less than the expected $650 to $700 per pupil estimate. The proration of $175 per pupil for the 2019-20 fiscal year occurred in the August State Aid payment. Additionally, $350 per pupil of Coronavirus Relief Funds were allocated to all Districts to offset the $175 per pupil reduction. Guidance was released at the end of August 2020 as to how these funds could be expended.

In addition, in August, a special Revenue Estimating Conference was held with the same goals as the May conference. With better data, the conference concluded that it is possible the $175 per pupil proration would not need to recur in 2021, and the School Aid Fund will end in a better position than anticipated. While those conclusions are hopeful, significant unknowns remain related to an economic rebound and how resources will be allocated to funding priorities within school aid. The data will be used to craft a school funding plan for 2021; once complete, districts will once again need to revisit their 2021 budgets to reflect the budget priorities and funding levels provided by the 2021 amendments to the School Aid Act.

Prior to the pandemic shutdown, the Governor of Michigan had proposed funding increases for K-12 education. The State's budget, which includes the School Aid Fund, must be approved by October 1st, at which time School Districts should have a better idea of funding for 2020-21 and the 2021 budget can be adjusted accordingly. With the current foundation allowance assumption of $9,755 per pupil for 2020-21, our revenue base is back to approximately our 2001-2002 funding level.

The District settled a contract extension through August 22, 2021 with its teachers, the Farmington Education Association (FEA). No step increases will occur for those on the step schedule nor will any off-schedule payments occur for those employees at the top of the step schedule. Longevity payments will continue to be paid to those eligible. The mid-year contract extension will allow the District and its employee bargaining units additional time to determine the true impacts of the COVID-19 pandemic on revenues available for public school districts.

A contract extension for paraprofessional and secretarial staff, the Educational Support Professionals (ESP), for maintenance and nutrition staff, Farmington Maintenance and Cafeteria (FMC) and for bus drivers. The Farmington Transportation Association (FTA) was settled through June 30, 2021 with no steps or off-schedule payments. A contract extension for the Farmington Association of School Administrators (FASA) was settled through December 31, 2020 with no steps or off-scheduled payments. Longevity payments will continue to be paid to eligible employees as determined or allowed for in each bargaining unit contract. As with the teachers, the mid-year contract extension allows the District and its employee bargaining units additional time to determine the true impacts of the COVID-19 pandemic on revenues available for public school districts.

The State of Michigan, through the Department of Treasury, commissioned an Adequacy of Education Funding in Michigan study with results received in June 2016. Results of the equity analysis showed Michigan's school finance system to be moderately inequitable. Findings also suggested that the State may be falling short in providing additional resources for serving special needs populations. The study provided various recommendations to the State, but ultimately, it suggested that the State should work toward having a single formula allowance amount for all districts supplemented by an equalized local option operating levy that must be approved by a district's voters and that provides an avenue for local discretion on school spending levels. This recommendation sounds very similar to the funding structure for hold harmless districts currently in place. We will need to closely monitor any changes brought forward in the future to assess how they will impact our funding. Oakland Intermediate School District organized a task work group, now known as the School Finance Research Collaborative, to continue the adequacy funding study to provide more detailed recommendations on funding sources needed for today's schools.

The School Finance Research Collaborative is a diverse, broad-based and bipartisan group of business leaders and education experts from all corners of Michigan. The key findings of the study completed are:

- An identified base cost for educating a student with several factors that deserve additional funding for student characteristics including poverty, special education, English Language Learners (ELL) and Career and Technical Education (CTE).

- Identification of costs in related areas in response to school district or charter school characteristics including: transportation of students, geographic isolation, state pension system costs and enrollment size.

- Identification of the base cost of a regular education student at $9,590 for both traditional public schools and charter schools. That amount excludes transportation, food service and capital costs, and only includes pension costs at 4.6% of wages.

- In addition to the base per-pupil cost, a percentage of the base cost should be provided for special education, English Language Learners, students living in poverty and programs to provide Career and Technical Education, and to account for geographic isolation.

- All school districts and those charter schools in the State Pension system (MPSERS) should receive funding in addition to the base for the payment required by law. Currently, the required additional payment is equal to approximately 22.9% of all wages.

The current Governor has been very supportive of the Adequacy of Education Funding in Michigan study. The budget she presented in March 2019 and February 2020 reflected weighted funding models to try to address additional funding needs for ELL, CTE and Special Education students. All budget discussions were put on hold in March 2020 as the COVID-19 pandemic hit the nation and State of Michigan. At the present time, the Legislature is still working to complete a state budget, which includes funding for K-12 education, by October 1st to avoid a government shutdown.

Although the School District has a fund balance at the present time, the future requires that the School District continue to develop a long-term set of strategies to ensure it is able to maintain a balanced budget in the future. The Board of Education requires a targeted fund balance range of 8 percent to 12 percent of expenditures along with cost containment strategies, constant program review, and new programs to remain dynamic and has the commitment of the board and administration.

The School District's hold-harmless millage was overwhelmingly renewed by voters in August 2015, which was anticipated to bring continued levels of local operating revenue through 2025. For 2020-21, the District will levy 18.00 mills on all non-homestead properties due to the successful passage of a headlee override by voters in November 2017. The ballot proposal in the November 2017 election not only restored the millage rate back to 18.0000 mills but authorized an additional one mill to absorb potential future rollbacks. The State assumes the District levies the full 18.00 mills on non-homestead properties as part of the foundation allowance formula and does not make up the loss in revenue should the millage rate be rolled back.

Another challenge the School District faces is declining enrollment. A third-party demographer projects our enrollment annually. Due to slightly less significant declines in enrollment experienced over the last several years, the School District used a decrease of 83 pupils for budget purposes. Although the major factor affecting enrollment continues to be the declining birth rates in Oakland County, the COVID-19 pandemic will also have an impact on enrollment. Many school districts in the Southeastern Michigan region have made the decision to start the school year in a completely virtual mode as they continue to evaluate and determine the necessary safety measures that need to be in place to safely reopen schools for face-to-face instruction. Preliminary counts indicate that the pupil decline will be greater than what was budgeted as some parents have chosen to home school or send their children to schools that have reopened with face-to-face instruction.

Accounting System, Budgetary, and Internal Control

The State of Michigan requires all school districts to comply with Public Act 43 of 1963, *Budget Hearings of Local Governments* and Public Act 2 of 1968, *Uniform Budgeting and Accounting Act*. These acts require all school districts to prepare budgets for their funds, which account for the day-to-day operations of the district; however, fiduciary funds are not required to be budgeted. The budgets are prepared in accordance with generally accepted accounting principles and a specific uniform chart of accounts established by the State. Budgets must be approved no later than June 30 for the fiscal year beginning July 1, and ending June 30 the subsequent year. Prior to adoption, the Board must conduct a public hearing and make the budget available for review as well as provide notice of the hearing in a newspaper of general circulation at least six days prior to the hearing. Formal adoption of the budget is accomplished through a general appropriations resolution approved by the Board which sets forth the amounts to defray the expenditures and meet the liabilities of the District as well as a statement of estimated revenue by object in each fund. Once approved, expenditures cannot exceed the budget by function and object during the fiscal year without Board approval of revisions.

The board maintains a system of budgetary and accounting controls designed to assist management in meeting its responsibility for reporting reliable information. The system is designed to provide reasonable assurance that assets are safeguarded and transactions are recorded and executed with management's authorization. Internal control systems are subject to inherent limitations with regard to the necessity to balance cost against the benefits produced. Management believes that the existing system of budgetary and accounting control provides reasonable assurance that errors or irregularities that could be material to the financial statements are prevented or would be detected within a timely period. The board utilizes a functional budget that is prepared according to the guidelines and requirements set forth in state law and the *State Financial Reporting Manual.*

During the fiscal year, reports are generated for the budgetary funds, which include the budget, current year-to-date revenue and expenditures, revenue and expenditures over or under, and percentage over or under budget. These reports are provided to administration and each budget administrator has the capability to run their own reports as needed. The reports also detail the monthly transactions and summarize the remaining balances to be spent from the appropriations allocated for goods and services among the programs managed.

The report of the School District's independent certified public accountants, Plante & Moran, PLLC, appears on pages 1-2 of this report. Their audit of the basic financial statements was performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* and, accordingly, included a review of the board's system of budgetary and accounting controls.

Financial Policies

The following financial policies and practices of the School District had a significant impact on the School District's fiscal year 2019-2020 financial statements:

Fund Balance - Financial stability is important to maintain a strong instructional program for the students in the School District. In order to maintain financial stability, the Board of Education stipulates that the School District target an 8 percent to 12 percent fund balance in the General Fund. Maintaining this level of fund balance helps the School District weather sudden reductions in funding, as well as provide adequate cash flow to meet its payroll and other financial obligations.

Long-Term Financial Planning – A budget timeline and budget parameters are developed with the District's Central Office Cabinet. These parameters are then presented to and discussed with the Board's Finance and Facilities Committee and then with the Board of Education at a regular public meeting. Input received at the Board meeting is incorporated. These parameters become the basis for the ensuing year's budget development and guide the forecast for an additional year. The forecast is used internally to make decisions both for the upcoming budget year and the forecasted year which promote fiscal stability, keep the Board's target fund balance percent at the forefront and provide quality educational programs for the students.

Preventative Maintenance Schedule and Plan - Maintaining the School District's facilities is important to provide a safe and healthy learning environment. The School District maintains a long-range preventative maintenance and capital projects schedule in order to keep its buildings in good working order as well as to timely identify replacement of significant components within a building. In 2010, a facilities evaluation was completed by a third-party architect. This facilities evaluation has aided the School District in identifying future capital needs based upon the ages and condition of its physical plant. In May 2015, a $131.5 million bond proposal was passed by the electorate to address facilities needs and the related financing of these needs. The amount financed also includes dollars to replace a portion of our aging fleet of buses as well as technology upgrades. The bond financing amount was reduced by a factor to adjust for potential school closures due to projected declining enrollment. This infusion of bond money will help to alleviate the pressure within the General Fund to pay for ongoing costs for our aging facilities whose average age exceeds 50 years.

A 10-year Capital Assessment Plan was completed by a consultant in May 2019 and updated in December 2019 with the assistance of the Facilities Management Department. The assessment provided the District with a capital planning template with three major components: critical need/life-safety, deferred maintenance and property enhancements. The Plan identified capital needs of approximately $85.5 million. Approximately $20.0 million was identified for technology needs and approximately $7.5 million identified for buses. The District's Board of Education approved a ballot proposal for a $98.0 million bond issue which was voted on in March 2020. The bond proposal was approved by voters and the District is currently working on determining the projects that will take place in the Summer of 2021.

Enrollment Projections - Annually, the School District hires a third-party consultant to project student enrollment figures using live birth statistics and grade progression. This assists the School District in facilities and budget planning.

Pension and Other Postemployment Benefits - The School District participates in the Michigan Public Schools Employees' Retirement System (MPSERS), which is a state-administered cost-sharing multiple-employer public employee retirement system. The retirement system consists of three plans: a defined benefit plan, a hybrid plan consisting of a defined benefit plan and a defined contribution plan, and a defined contribution plan. As part of the MPSERS reform approved by the Michigan Legislature and signed by the governor on September 4, 2012, all employees hired prior to July 1, 2010 were required to make an election from four options. Effective February 1, 2013, and depending on the plan selected, plan member contributions range from 0 percent up to 7.0 percent of reportable wages. Employees could elect into a defined contribution plan (DC), whereby they are not required to make additional contributions, and could also elect out of the healthcare premium subsidy and into the Personal Healthcare Fund (PHF), depending upon their date of hire and retirement plan election.

Under the MPSERS act, all retirees participating in the MPSERS pension plan have the option of continuing health, dental, and vision coverage through MPSERS. Retirees electing this coverage contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent 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 on a pay-as-you-go basis. Participating employers are required to contribute at that rate. Effective February 1, 2013, members can choose to contribute 3 percent of their covered payroll to the Retiree Healthcare Fund and keep this premium subsidy benefit, or they can elect not to pay the 3 percent contribution and instead choose the Personal Healthcare Fund, which can be used to pay healthcare expenses in retirement. Members electing the Personal Healthcare Fund will be automatically enrolled in a 2 percent employee contribution into their 457 account as of their transition date and create a 2 percent employer match into the employee's 401(k) account.

The assumed rate of return within the retirement plan has been reduced over the last few years to 6.80 percent, which has the net effect of increasing the value of the retirement obligation for the plan, which in turn increases the required contributions to the plan. Additionally, for staff hired on or after February 1, 2018, the default employee election will be into a defined contribution (DC) plan; however, an employee can elect the hybrid plan within a specified timeframe. Members opting to participate in the defined contribution (DC) plan are provided with a 50 percent employer match (up to 3 percent of salary) on employee contributions. This created a change in the District's cost of the benefit for employees new to

the retirement system in February 2018. It is anticipated that funding will continue to be provided in 2020-21 to all public school districts to help offset the additional costs for these plan changes.

Employer contribution rates are established annually by the Office of Retirement Services based upon actuarial data and estimates of future retirements in the system. A factor affecting the retirement rate computation is the number of active members for which contributions are made into the retirement system. Over the last several years, the trend in Michigan public schools is to privatize non-instructional services such as substitutes, custodians, transportation, maintenance, and food service. It has yet to be determined what effect privatization will have on future employer contribution rates.

Major Initiatives

Strategic Planning – At the end of the 2016-17 school year, the District engaged a committee to begin development of an updated Strategic Plan. The Board of Education approved the four main goals at the August 2017 board meeting. The four main goal areas are Curriculum/Instruction, Culture, Community Relations and Finance/Facilities. To support attainment of these goals, strategies, action steps and monitoring methods were developed during the 2017-18 school year. An update on the strategies, action steps and monitoring methods were presented to the Board of Education in the Fall of 2018 with implementation to begin during the 2018-19 school year and continue through 2021-22.

Professional Learning Teams (PLT's) – The goal is to support staff growth that ensures student achievement. Time is being planned for teams to work together to explore their curriculum maps, share resource materials, and review data to plan instruction. To facilitate the success of PLT's, a focused effort on the development of teacher leadership was developed and will be in use for the upcoming school year. This will include training teacher leaders in facilitation, assessment (formative and summative), and curriculum mapping.

School Improvement Process – Input from PLT's will inform each school's improvement plan and result in a coordinated District Improvement Plan that drives, supports and services, as well as necessary professional development. Successful re-accreditation by AdvancEd in 2015-16 provided feedback to improve our programs and services across the district.

Quality Instruction Initiative – The instructional department has outlined our instructional vision which includes linking the learner profile, quality instruction and instructional observations to increase student achievement and accountability. The intent of the process is to provide staff the necessary tools to move learning forward with the necessary knowledge and skills. This model is articulated in the Teacher Professional Growth and Evaluation model, particularly the Marzano Design questions and related elements.

Curriculum Alignment and Development – The proper alignment of all state approved standards for respective content areas including common assessments at all levels. As a result, our District is working collaboratively with Oakland Intermediate School District to develop curriculum maps, model units of study and assessment tools which better represent the learning outlined with Common Core. Eventually, these resources will be integrated by our PLT teams into their instructional practice. Science and social studies standards have been released and will continue to be worked on during the 2020-21 school year.

K-12 Science Adoption – During 2018-19 a comprehensive science program was investigated for grades K-8 including purchasing the necessary materials/resources that meet the needs of students and incorporate the new instructional shifts laid out in the Michigan Science Standards so that every student will meet grade-level proficiency on state administered performance assessments. The new program encourages student centered learning around various phenomena. The new science program was implemented during the 2019-20 school year for grades K-8. High School Science is currently investigating several programs with a rolling implementation starting in 2021-22.

Talent Development Model - As we continue on the path of growth, we want to focus on organizational processes designed to attract, develop, motivate, and retain skilled and highly engaged staff. We have dedicated staff in our District and our goal is to continue to attract, develop, and keep outstanding staff members in all areas in Farmington. A talent development model was designed with an equity lens focusing first on teachers and administrators and is currently being utilized when hiring new staff.

Capital Planning – On May 5, 2015, a $131.5 million bond proposal was approved by voters. The proposal was the culmination of work that occurred during the 2013-14 fiscal year by the Capital Planning Advisory Committee. The committee presented its recommendations in the summer of 2014. The work of the Committee stemmed from the prior work of the Facilities Forward study team which created a broad vision to address the critical facilities needs across the district including learning spaces and tools to be able to support our staff in having what they need to achieve great results with their students. In addition, a Building and Site Utilization Committee provided a recommendation on the number of facilities that will be retained by the District. Their work was based upon enrollment trends, as the full amount of needs exceeded over $140 million for the District to retain all existing buildings, but was reduced to incorporate enrollment trends. As part of the bond work, the District expanded and renovated one of its early childhood centers, Alameda, which will allow for all early childhood programs to operate in one building. The newly renovated and expanded site will open in the Fall of 2020 and will be renamed Farmington Early Childhood Center. Remaining bond dollars should be expended by June 30, 2021.

A 10-year Capital Assessment Plan was completed by a consultant in May 2019 and updated in December 2019 with the assistance of the Facilities Management Department. The assessment provided the District with a capital planning template with three major components: critical need/life-safety, deferred maintenance and property enhancements. The Plan identified needs of approximately $85.5 million. Approximately $20.0 million was identified for technology needs and approximately $7.5 million identified for buses. The District's Board of Education approved a ballot proposal for a $98.0 million bond issue which was voted on in March 2020. The bond proposal was approved by voters and the District is currently working on determining the projects that will take place in the Summer of 2021.

Independent Audit

The School District's financial statements were audited by Plante & Moran, PLLC, certified public accountants, as of June 30, 2020. Their audit was made in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. The financial statements present fairly the financial position of Farmington Public School District at June 30, 2020. Their audit also included the single audit on federal awards, a copy of which can be obtained from the School District's business office.

Excellence in Financial Reporting

The School District is committed to providing its citizens and other users with comprehensive financial reporting. For school districts meeting the requirements of a Comprehensive Annual Financial Report, the Association of School Business Officials International (ASBO) awards a Certificate of Excellence in Financial Reporting. The School District received a Certificate of Excellence in Financial Reporting from the ASBO for its Comprehensive Annual Financial Report for the fiscal years ended June 30, 1997 through June 30, 2019.

In order to be awarded a certificate of excellence, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements.

A certificate of excellence is valid for a period of one year only. We believe our current report conforms to program standards and we are submitting our report to the ASBO to determine its eligibility for this certificate.

Acknowledgments

The preparation of this report on a timely basis could not have been accomplished without the effort and dedicated services of the entire staff of the business department. We would like to express our appreciation to all the members of this office who assisted in the timely closing of the School District's financial records and the preparation of this report.

Also, we would like to express our appreciation to other departments and individuals who assisted in the preparation of this report.

Sincerely,

Robert Herrara, Ed.D.
Superintendent

Jennifer F. Kaminski
Assistant Superintendent for Business Services

Kimberly L. Pincheck
Finance Director

Farmington Public School District

District Officials

Administration

Dr. Robert C. Herrera
Superintendent of Schools

Dr. Kelly M. Coffin
Assistant Superintendent,
Innovation and Strategic Initiatives

Katherine M. Smith
Assistant Superintendent,
Talent Development

Jennifer F. Kaminski
Assistant Superintendent,
Business Services

Dr. Bobbie H. Goodrum
Assistant Superintendent, Equity,
Inclusion and Diversity

Dr. Jacqueline D. McDougal
Executive Director, Student Services

Diane Bauman
Director, School & Community Services

Board of Education

Pamela S. Green
President

Terry L. Johnson
Vice President

Terri A. Weems
Treasurer

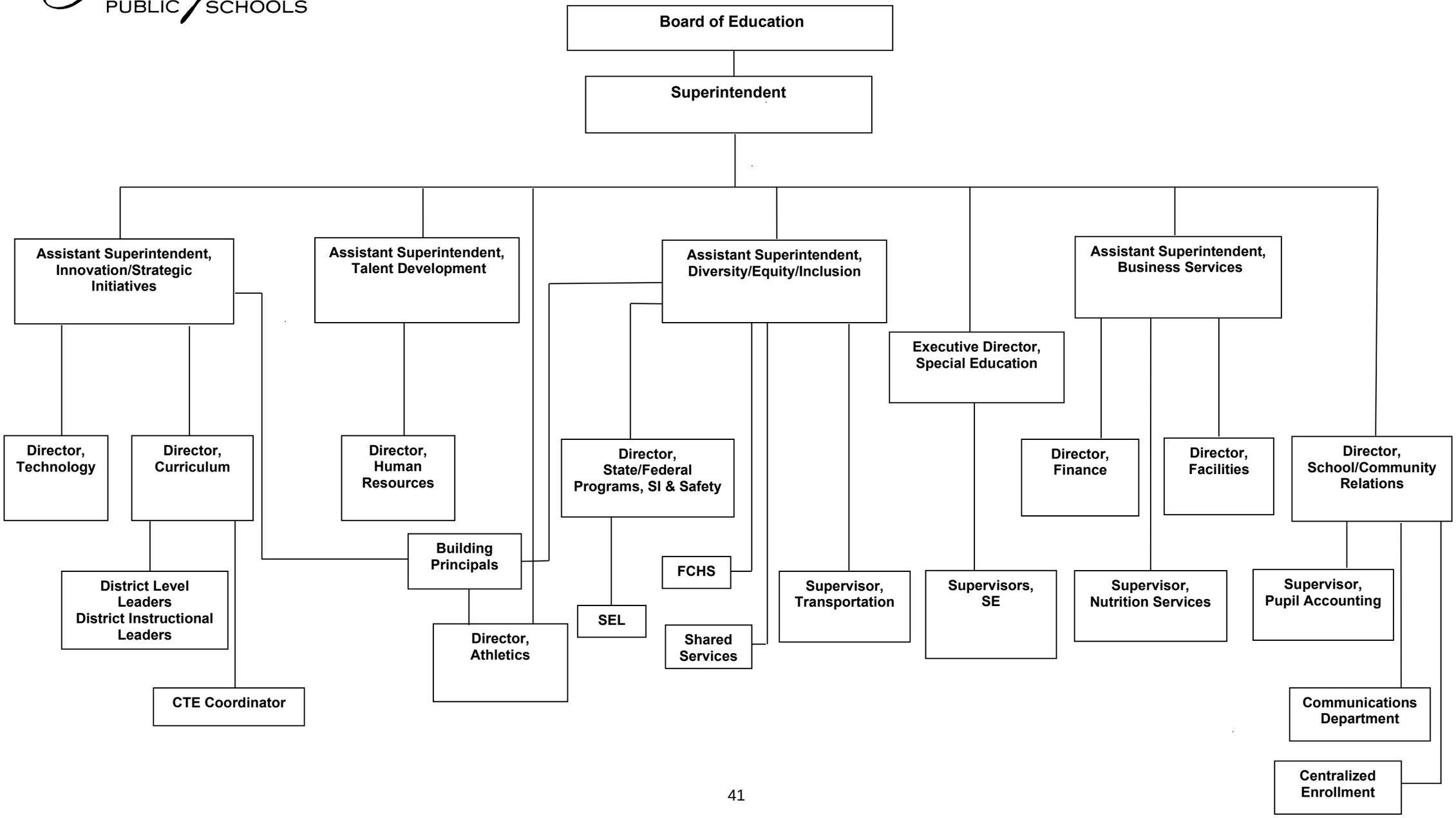
Angie F. Smith
Secretary

Jessica Cummings
Trustee

Richard D. Mukamal
Trustee

Zach T. Rich
Trustee

SERVICE AREA CHART



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SCHOOL BUSINESS OFFICIALS
INTERNATIONAL

The Certificate of Excellence in Financial Reporting
is presented to

Farmington Public School District

for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2019.

The CAFR meets the criteria established for
ASBO International's Certificate of Excellence.

CERTIFICATE OF EXCELLENCE
IN FINANCIAL REPORTING

Claire Hertz, SFO
President

David J. Lewis
Executive Director

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

To the Board of Education
Farmington Public School District

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

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 basic 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 Farmington Public School District as of June 30, 2020 and the respective changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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To the Board of Education
Farmington Public School District

Other Matters

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 basic financial statements that collectively comprise Farmington Public School District's basic financial statements. The other supplemental information, as identified in the table of contents, and introductory section and statistical section schedules are presented for the purpose of additional analysis and are 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.

The introductory section and statistical section schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2020 on our consideration of Farmington Public School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Farmington Public School District's internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 22, 2020

This section of Farmington Public School District's (the "School District") annual financial report presents our discussion and analysis of the School District's financial performance during the year ended June 30, 2020. Please read it in conjunction with the School District's basic 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 Farmington Public School District financially as a whole. The government-wide financial statements provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements look at the School District's operations in more detail than the government-wide financial statements by providing information about the School District's most significant funds - the General Fund, the 2018 Building and Site Fund, and the 2020 Building and Site Fund - with all other funds presented in one column as nonmajor funds. The remaining statement, the statement of fiduciary assets and liabilities, presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents. This report is composed of the following elements:

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

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to Basic Financial Statements

Required Supplemental Information

Budgetary Information for Major Fund

Schedules of Proportionate Share of the Net Pension and OPEB Liabilities

Schedules of Pension and OPEB Contributions

Other Supplemental Information

In addition, the School District has added the introductory section and the statistical section to compile its Comprehensive Annual Financial Report.

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

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

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

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

Reporting the School District's Fund Financial Statements

The School District's fund financial statements provide detailed information about the most significant funds, not the School District as a whole. Some funds are required to be established by state law and by bond covenants. However, the School District establishes many other funds to help it control and manage money for particular purposes (the Nutrition Services 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). The governmental funds of the School District use the following accounting approach:

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.

Proprietary Funds

Proprietary fund reporting focuses on the economic resources measurement and an accounting method called full accrual accounting. The proprietary fund statements present a long-term view of operations and the services provided to other funds. The School District established a proprietary fund, specifically the Internal Service Fund, to finance specific services provided to other funds of the School District on a cost reimbursement basis. The specific services represent health insurance benefits.

Fiduciary Funds

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

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, 2020 and 2019:

	Governmental Activities	
	2020	2019
	(in millions)	
Assets		
Current and other assets	$ 137.5	$ 80.5
Capital assets	170.6	163.9
Total assets	308.1	244.4
Deferred Outflows of Resources	90.3	89.2
Liabilities		
Current liabilities	24.6	23.4
Noncurrent liabilities	519.5	443.6
Total liabilities	544.1	467.0
Deferred Inflows of Resources	55.6	62.6
Net Position		
Net investment in capital assets	71.2	74.9
Restricted	3.5	2.7
Unrestricted	(276.0)	(273.6)
Total net position	**$ (201.3)**	**$ (196.0)**

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 $(201.3) million at June 30, 2020. Net investment in capital assets totaling $71.2 million compares the original cost, less depreciation of the School District's capital assets, to long-term debt used to finance the acquisition of those assets. Most of the debt will be repaid from voter-approved property taxes collected as the debt service comes due. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use that net position for day-to-day operations. The remaining amount of net position ($(276.0) million) was unrestricted.

The $(276.0) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations. The unrestricted net position balance enables the School District to meet working capital and cash flow requirements and to provide for future uncertainties. The operating results of the General Fund will have a significant impact on the change in unrestricted net position from year to year.

The results of this year's operations for 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, 2020 and 2019:

	Governmental Activities	
	2020	2019
	(in millions)	
Revenue		
Program revenue:		
Charges for services	$ 3.6	$ 4.9
Operating grants	41.4	38.9
General revenue:		
Taxes	53.3	51.9
State aid not restricted to specific purposes	55.1	58.0
Other	0.8	(10.8)
Total revenue	154.2	142.9
Expenses		
Instruction	89.7	84.8
Support services	52.9	50.2
Athletics	1.5	1.8
Nutrition services	3.2	3.3
Community services	1.3	1.3
Intergovernmental payments	1.2	0.9
Debt service	5.1	4.6
Depreciation expense (unallocated)	4.6	5.0
Total expenses	159.5	151.9
Change in Net Position	(5.3)	(9.0)
Net Position - Beginning of year	(196.0)	(187.0)
Net Position - End of year	**$ (201.3)**	**$ (196.0)**

As reported in the statement of activities, the cost of all of our governmental activities this year was $159.5 million. Certain activities were partially funded from those who benefited from the programs ($3.6 million) or by other governments and organizations that subsidized certain programs with grants and contributions ($41.4 million). We paid for the remaining public benefit portion of our governmental activities with $53.3 million in taxes, $55.1 million in state foundation allowance, and our other revenue (i.e., interest and general entitlements).

The School District experienced a decrease in net position of $5.3 million. Key reasons for the change in net position were the net effect of the investment in capital assets offset with the current year depreciation, loss on disposal of a building, and General Fund operating revenue exceeding expenditures.

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 $111.7 million, which is an increase of $55.3 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 $3.2 million to $21.4 million. The change is due mainly to a proration of $175 per pupil versus the $650 per pupil built into the final amendment of the 2019-2020 budget, as well as expenditures being less than projected due to reduced spending in purchased services and supplies as a result of the shutdown of schools due to the COVID-19 pandemic. Excluding federal and state grant budget variances, revenue was over projections by $5.3 million, and expenditures were under projections by $1.5 million.

Combined, the fund balance of our debt service funds increased $0.5 million. Millage rates were kept flat as property values increased. Millage rates are determined annually to ensure that the School District accumulates sufficient resources to pay annual bond issue-related debt service. Debt service fund balances are reserved since they can be used only to pay debt service obligations.

Combined, the fund balance of our capital project funds increased $50.9 million. This increase is due primarily to proceeds received on the 2020 bond issue, combined with continued construction related to the 2018 bond issue. The 2018 bond construction projects are estimated to be approximately 71.0 percent complete at the end of the year, with the remaining funds expended in full by June 30, 2021. Fund balances increased, as the School District issued $57.3 million in new voter-approved bonds during the current year. These bonds were issued in accordance with state law and will be used to meet the capital replacement needs of the School District.

The Maintenance/Bus Purchases Capital Projects Fund was created during the 2004-2005 fiscal year to separate large capital and nonoperating expenditures from general operating obligations of the School District. Transfers from the General Fund are made to this fund based upon capital projects needs for future fiscal years. A transfer of $490,000 was made during the year.

The Technology/Other Projects Fund was previously funded through transfers from the General Fund. These funds were used to purchase technology-related equipment. As pressures continued on General Fund operations, limited dollars, if any, were available to fund technology purchases. Therefore, a portion of the 2018 Building and Site Fund is being used to purchase technology infrastructure and technology-related equipment. A transfer of $200,000 was made during the year to address future technology needs when bond dollars are fully expended from the 2020 bond issue.

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 2020. A schedule showing the School District's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

There were significant revisions made to the 2019-2020 General Fund original budget. Budgeted revenue was decreased by $4.9 million due to a decrease in local revenue and a decrease in the foundation allowance payments due to a shortfall in the State School Aid Fund, both as a result of the COVID-19 pandemic, and an increase in federal grant funds based upon current grant awards and carryover funds and an increase in transfers due to the Maxfield Training Center property sale.

Budgeted expenditures were also decreased by $1.3 million to account for actual staffing in place and current contractual obligations, current grant awards, and the decrease in purchased services and supplies resulting from the effects of COVID-19. The amount of transfers to other funds established in the amended budget was $690,000 and represents the funds received from the sale of the Maxfield Training Center. It will be used to support future capital and technology needs when bond dollars are no longer available.

The difference between final budgeted revenue and actual revenue was $2.7 million, or 2.0 percent greater than budgeted. The difference, on a net basis, included higher than anticipated property taxes; a decrease in the expected reduction in per pupil funding, plus additional special education funding for section 52 students; and other state and federal revenue recorded based upon expenditures made, where these grants are budgeted at the full award amount.

The difference between final budgeted expenditures and actual expenditures was approximately $4.1 million, or 3.0 percent less than budgeted. The reasons for the differences, on a net basis, are as follows:

- Grant expenditures, budgeted upon award amounts, were below projections by approximately $2,586,000.
- Utility costs were under projections by approximately $138,000
- Employee wage and wage-related benefit costs exceeded projections by approximately $236,000.
- Employee fringe benefit costs were below projections by approximately $193,000.
- Legal expenses were lower than projections by approximately $75,000.
- Workshops and conferences were below projections by approximately $126,000.
- Special education transportation costs were below projections by approximately $58,000.
- Athletic transportation costs were below projections by approximately $41,000.
- Contracted services for noon supervisors, bus aides, police liaison officers, and bookkeeping services were below projections by approximately $93,000.
- Teaching supplies were below projections by approximately $665,000.
- Textbook purchases exceeded projections by approximately $11,000.
- Departmental budgets, on a net basis, were below projections by approximately $51,000.
- Contracted services for custodial services were below projections by approximately $111,000.
- Gas and oil costs were below projections by approximately $47,000.
- Tax tribunal costs were below projections by approximately $93,000.
- General funded capital outlay costs exceeded projections by approximately $31,000.
- Tuition costs paid to other districts were below projections by $32,000.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2020, the School District had $170.6 million invested in a broad range of capital assets, including land, buildings, vehicles, furniture, and equipment. This represents a net increase (including additions, disposals, and depreciation) of approximately $6.7 million from 2019 to 2020.

	Governmental Activities	
	2020	2019
Land	$ 683,744	$ 683,746
Construction in progress	6,739,160	17,426,206
Buildings and improvements	232,436,557	211,490,255
Furniture and equipment	20,766,288	18,860,593
Buses and other vehicles	11,491,447	10,942,053
Total capital assets	272,117,196	259,402,853
Less accumulated depreciation	101,503,393	95,514,728
Total capital assets - Net of accumulated depreciation	**$ 170,613,803**	**$ 163,888,125**

This year's additions of $15.3 million included buses, play equipment, cafeteria equipment, technology, building renovations, and furniture and equipment.

This year's disposals of $2.6 million included the disposal of buses and the Maxfield Training Center property.

Debt

At the end of this year, the School District had $166.1 million in bonds outstanding versus $115.8 million in the previous year - a change of 43.4 percent. Those bonds consisted of the following:

	2020	2019
2015 general obligation bonds	$ 59,085,000	$ 62,720,000
2018 general obligation bonds	49,725,000	53,125,000
2020 general obligation bonds	57,265,000	-
Total	**$ 166,075,000**	**$ 115,845,000**

The School District’s general obligation bond rating continues to be Aa3 and was reviewed and affirmed in May 2020 by Moody's. The State limits the amount of general obligation debt that schools can issue to 15 percent of the assessed value of all taxable property within the School District’s boundaries. If the School District issues qualified debt (i.e., debt backed by the State of Michigan), such obligations are not subject to this debt limit. The School District does not currently have any outstanding unqualified general obligation debt.

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

Economic Factors and Next Year's Budgets and Rates

The normal State budget development process was halted in March 2020 as the State began dealing with the implications of the COVID-19 pandemic. Schools moved to remote learning, meals were served for whole communities, federal financial resources were quickly infused into the economy, and “stay home, stay safe” was the theme as the entire state worked to see a way through the challenges of COVID-19. In May 2020, the regularly scheduled Revenue Estimating Conference addressed two key questions: What was the status of state revenue for the 2020 fiscal year, and what projections can be made looking forward to 2021 and 2022? The conclusions reached at the meeting were dire. It was estimated the 2020 School Aid Fund would end the year with an approximate $1 billion deficit, roughly translated to a $685 per pupil shortfall, that would need to be absorbed with the 2020 school year all but over. In addition, the estimates suggested there would be no improvement until 2022. These conclusions caused many districts to adjust their final 2020 budgets to reflect a potential proration of as much as $650 to $700 per pupil.

The School District settled a contract extension through August 22, 2021 with its teachers, the Farmington Education Association (FEA). No step increases will occur for those on the step schedule, nor will any off-schedule payments occur for those employees at the top of the step schedule. Longevity payments will continue to be paid to those eligible. The midyear contract extension will allow the School District and its employee bargaining units additional time to determine the true impacts of the COVID-19 pandemic on revenue available for public school districts.

A contract extension for paraprofessional and secretarial staff, the Educational Support Professionals (ESP), maintenance and nutrition staff, the Farmington Maintenance and Cafeteria (FMC), bus drivers, and the Farmington Transportation Association (FTA) was settled through June 30, 2021, with no steps or off-schedule payments. A contract extension for the Farmington Association of School Administrators (FASA) was settled through December 31, 2020, with no steps or off-schedule payments. Longevity payments will continue to be paid to eligible employees as determined or allowed for in each bargaining unit contract. As with the teachers, the midyear contract extension allows the School District and its employee bargaining units additional time to determine the true impacts of the COVID-19 pandemic on revenue available for public school districts.

Our elected officials and administration consider many factors when setting the School District’s 2020-2021 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 2020-2021 budget was adopted in June 2020 based upon the spring 2020 student count, as the COVID-19 pandemic created much uncertainty on student count for the fall due to a virtual learning environment. Typically, the estimate is based upon the number of students who will enroll in September 2020. Approximately 71 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 2020 school year, we anticipate that the fall student count will be short of the estimates used in creating the 2021 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 districts at their current foundation allowance without the need to continue the proration of $175 per pupil that was imposed on districts in the 2019-20 fiscal year. Due to increases in the state required contribution to the retirement system, flat health care costs, and declining student enrollment, the School District estimates that any net increase in per pupil funding to fund other operating costs will nullify any foundation allowance increase per pupil, unless the funding increase is significant.

The impact of COVID-19 will require the School District to carefully monitor its budget for 2020-2021. Decisions made at the federal and state level related to financial resources will also need to be monitored, as they will have a direct impact on the School District's budget. As information becomes known by the School District, the budget will be reviewed and adjusted as needed to ensure adequate resources are available both now and in the future.

Contacting the School District's Management

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

Statement of Net Position

	June 30, 2020
	Governmental Activities
Assets	
Cash and investments (Note 4)	$ 31,669,151
Receivables:	
Taxes	62,000
Interest	21,647
Accounts receivable	350,991
Due from other governmental units	13,992,297
Inventory	115,253
Prepaid expenses and other assets:	
Prepaid expenses	1,375,283
Deposits	264,712
Restricted assets (Notes 4 and 5)	89,688,344
Capital assets:	
Assets not subject to depreciation (Note 7)	7,422,904
Assets subject to depreciation - Less accumulated depreciation of $101,503,393 (Note 7)	163,190,899
Total assets	308,153,481
Deferred Outflows of Resources	
Deferred pension costs (Note 11)	73,380,958
Deferred OPEB costs (Note 11)	16,949,330
Total deferred outflows of resources	90,330,288
Liabilities	
Accounts payable	3,316,646
Accrued payroll and other liabilities	20,541,777
Unearned revenue (Note 6)	734,513
Noncurrent liabilities:	
Due within one year (Note 9)	8,265,877
Due in more than one year:	
Compensated absences and other long-term liabilities (Note 9)	2,517,454
Net pension liability (Note 11)	273,164,256
Net OPEB liability (Note 11)	58,846,764
Bonds - Net of current portion (Note 9)	176,733,994
Total liabilities	544,121,281
Deferred Inflows of Resources	
Revenue in support of pension contributions made subsequent to the report date (Note 11)	8,995,459
Deferred pension cost reductions (Note 11)	21,654,987
Deferred OPEB cost reductions (Note 11)	24,988,853
Total deferred inflows of resources	55,639,299
Net Position	
Net investment in capital assets	71,246,936
Restricted:	
Debt service	398,518
Capital projects	1,771,039
Nutrition services	1,348,680
Unrestricted	(276,041,984)
Total net position	**$ (201,276,811)**

See notes to basic financial statements.

Statement of Activities

Year Ended June 30, 2020

		Program Revenue		Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Functions/Programs				
Primary government - Governmental activities:				
Instruction	$ 89,682,813	$ 739,441	$ 24,436,302	$ (64,507,070)
Support services	52,891,179	244,407	14,933,940	(37,712,832)
Athletics	1,482,167	469,314	-	(1,012,853)
Nutrition services	3,190,774	1,493,190	2,000,027	302,443
Community services	1,286,765	608,827	-	(677,938)
Intergovernmental payments	1,157,458	-	-	(1,157,458)
Interest on long-term debt and other	4,815,675	-	-	(4,815,675)
Debt issuance cost	326,626	-	-	(326,626)
Depreciation expense (unallocated)	4,635,558	-	-	(4,635,558)
Total primary government	**$ 159,469,015**	**$ 3,555,179**	**$ 41,370,269**	(114,543,567)
General revenue:				
Taxes:				
Property taxes - Levied for general purposes				41,079,004
Property taxes - Levied for debt services				12,222,209
State aid not restricted to specific purposes				55,114,928
Interest and investment earnings				1,067,399
Loss on sale of capital assets (Note 7)				(215,574)
Other				5,405
Total general revenue				109,273,371
Change in Net Position				(5,270,196)
Net Position - Beginning of year				(196,006,615)
Net Position - End of year				**$(201,276,811)**

See notes to basic financial statements.

Governmental Funds
Balance Sheet

June 30, 2020

	General Fund	2018 Building and Site Fund	2020 Building and Site Fund	Nonmajor Funds	Total Governmental Funds
Assets					
Cash and investments (Note 4)	$ 25,043,132	$ -	$ -	$ 1,474,277	$ 26,517,409
Receivables:					
Taxes	62,000	-	-	-	62,000
Interest	-	21,647	-	-	21,647
Accounts receivable	298,598	-	-	-	298,598
Due from other governmental units	13,743,624	-	-	248,673	13,992,297
Due from other funds (Note 8)	1,145	-	-	992,461	993,606
Inventory	62,880	-	-	52,373	115,253
Prepaid expenses	1,326,719	-	-	150	1,326,869
Restricted assets (Notes 4 and 5)	-	20,336,308	67,887,860	1,464,176	89,688,344
Total assets	**$ 40,538,098**	**$ 20,357,955**	**$ 67,887,860**	**$ 4,232,110**	**$ 133,016,023**
Liabilities					
Accounts payable	$ 656,855	$ 1,968,637	$ 78,316	$ 26,060	$ 2,729,868
Due to other funds (Note 8)	993,569	-	1,000	-	994,569
Accrued payroll and other liabilities	16,890,161	-	-	16,405	16,906,566
Unearned revenue (Note 6)	606,609	-	-	127,904	734,513
Total liabilities	19,147,194	1,968,637	79,316	170,369	21,365,516
Fund Balances					
Nonspendable:					
Inventory	62,880	-	-	52,373	115,253
Prepaid expenses	1,326,719	-	-	150	1,326,869
Restricted:					
Debt service	-	-	-	1,521,285	1,521,285
Capital projects	-	18,389,318	67,808,544	-	86,197,862
Nutrition services	-	-	-	1,296,157	1,296,157
Committed:					
Capital projects	-	-	-	1,191,776	1,191,776
Contractual obligations - Retirement and sick pay	2,517,454	-	-	-	2,517,454
Contractual obligations - Vacation pay	302,416	-	-	-	302,416
Cash flow deficiency for 2020-2021	8,023,079	-	-	-	8,023,079
Assigned - Budgeted use of fund balance in subsequent year	679,196	-	-	-	679,196
Unassigned	8,479,160	-	-	-	8,479,160
Total fund balances	21,390,904	18,389,318	67,808,544	4,061,741	111,650,507
Total liabilities and fund balances	**$ 40,538,098**	**$ 20,357,955**	**$ 67,887,860**	**$ 4,232,110**	**$ 133,016,023**

See notes to basic financial statements.

Governmental Funds
Reconciliation of the Balance Sheet to the Statement of Net Position

	June 30, 2020
Fund Balances Reported in Governmental Funds	$ 111,650,507
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	272,117,196
Accumulated depreciation	(101,503,393)
Net capital assets used in governmental activities	170,613,803
Bonds payable obligations are not due and payable in the current period and are not reported in the funds	(183,793,690)
Accrued interest is not due and payable in the current period and is not reported in the funds	(1,122,767)
Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities:	
Employee compensated absences	(3,185,426)
Provision for health and/or workers' compensation claims not accounted for within the Internal Service Fund	(538,209)
Net pension liability and related deferred inflows and outflows	(221,438,285)
Net OPEB liability and related deferred inflows and outflows	(66,886,287)
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	(8,995,459)
Internal service funds are included as part of governmental activities	2,419,002
Net Position of Governmental Activities	**$ (201,276,811)**

See notes to basic financial statements.

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

Year Ended June 30, 2020

	General Fund	2018 Building and Site Fund	2020 Building and Site Fund	Nonmajor Funds	Total Governmental Funds
Revenue					
Local sources	$ 44,598,198	$ 635,532	$ 14,672	$ 13,818,344	$ 59,066,746
State sources	77,589,823	-	-	310,383	77,900,206
Federal sources	4,163,198	-	-	1,852,331	6,015,529
Interdistrict sources	11,291,990	-	-	-	11,291,990
Total revenue	137,643,209	635,532	14,672	15,981,058	154,274,471
Expenditures					
Current:					
Instruction	83,267,562	-	-	-	83,267,562
Support services	47,408,343	-	-	-	47,408,343
Athletics	1,429,971	-	-	-	1,429,971
Nutrition services	-	-	-	3,077,384	3,077,384
Community services	1,199,880	-	-	-	1,199,880
Debt service:					
Principal	-	-	-	7,035,000	7,035,000
Interest on long-term debt and other	-	-	-	4,933,121	4,933,121
Debt issuance cost	-	-	326,626	-	326,626
Capital outlay	122,521	17,573,473	-	258,139	17,954,133
Intergovernmental payments	1,157,458	-	-	-	1,157,458
Total expenditures	134,585,735	17,573,473	326,626	15,303,644	167,789,478
Excess of Revenue Over (Under) Expenditures	3,057,474	(16,937,941)	(311,954)	677,414	(13,515,007)
Other Financing Sources (Uses)					
Face value of debt issued (Note 9)	-	-	57,265,000	-	57,265,000
Proceeds from sale of capital assets	703,006	-	-	-	703,006
Premium on debt issued (Note 9)	-	-	10,855,498	-	10,855,498
Transfers in (Note 8)	155,848	-	-	843,317	999,165
Transfers out (Note 8)	(690,000)	-	-	(309,165)	(999,165)
Total other financing sources	168,854	-	68,120,498	534,152	68,823,504
Net Change in Fund Balances	3,226,328	(16,937,941)	67,808,544	1,211,566	55,308,497
Fund Balances - Beginning of year	18,164,576	35,327,259	-	2,850,175	56,342,010
Fund Balances - End of year	**$ 21,390,904**	**$ 18,389,318**	**$ 67,808,544**	**$ 4,061,741**	**$ 111,650,507**

See notes to basic financial statements.

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

Year Ended June 30, 2020

Net Change in Fund Balances Reported in Governmental Funds	$	55,308,497
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:		
Capitalized capital outlay		15,310,662
Depreciation expense		(7,666,404)
Net book value of assets disposed of		(918,580)
Revenue in support of pension contributions made subsequent to the measurement date		139,922
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		(68,120,498)
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		7,486,921
Interest expense is recognized in the government-wide statements as it accrues		(334,475)
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		(7,375,904)
Internal service funds are included as part of governmental activities		899,663
Change in Net Position of Governmental Activities	**$**	**(5,270,196)**

See notes to basic financial statements.

Proprietary Funds
Statement of Net Position

June 30, 2020

	Benefit Stabilization Fund
Assets	
Current assets:	
Cash and investments (Notes 4 and 5)	$ 5,151,742
Receivables	52,393
Prepaid expenses and other assets:	
Prepaid expenses	48,414
Deposits	264,712
Total current assets	5,517,261
Liabilities	
Current liabilities:	
Accounts payable	585,670
Due to other funds (Note 8)	145
Accrued other liabilities (Note 10)	2,512,444
Total current liabilities	3,098,259
Net Position - Unrestricted	**$ 2,419,002**

See notes to basic financial statements.

Proprietary Funds
Statement of Revenue, Expenses, and Changes in Net Position

Year Ended June 30, 2020

	Benefit Stabilization Fund
Operating Revenue	
Charges for services	$ 15,316,240
Other	589,703
Total operating revenue	15,905,943
Operating Expenses - Cost of insurance claims	15,056,641
Operating Income	849,302
Nonoperating Revenue - Interest income	50,361
Change in Net Position	899,663
Net Position - Beginning of year	1,519,339
Net Position - End of year	**$ 2,419,002**

See notes to basic financial statements.

Proprietary Funds
Statement of Cash Flows

Year Ended June 30, 2020

	Benefit Stabilization Fund
Cash Flows from Operating Activities	
Receipts from interfund services	$ 15,283,232
Claims paid and premiums paid	(15,100,577)
Other receipts	589,703
Net cash and cash equivalents provided by operating activities	772,358
Cash Flows Provided by Investing Activities - Interest	50,361
Net Increase in Cash and Cash Equivalents	822,719
Cash and Cash Equivalents - Beginning of year	4,329,023
Cash and Cash Equivalents - End of year	**$ 5,151,742**
Reconciliation of Operating Income to Net Cash from Operating Activities	
Operating income	$ 849,302
Adjustments to reconcile operating income to net cash from operating activities:	
Changes in assets and liabilities:	
Receivables	(52,393)
Deposits	14,534
Prepaids	(42,985)
Due to and from other funds	4,851
Accounts payable	47,698
Accrued liabilities	(48,649)
Total adjustments	(76,944)
Net cash and cash equivalents provided by operating activities	**$ 772,358**

See notes to basic financial statements.

Fiduciary Fund
Statement of Fiduciary Assets and Liabilities

June 30, 2020

	Student Activities
Assets	
Cash and investments	$ 1,004,963
Receivables	117
Due from other funds (Note 8)	1,108
Total assets	**$ 1,006,188**
Liabilities	
Accounts payable	$ 110,811
Due to student groups	895,377
Total liabilities	**$ 1,006,188**

See notes to basic financial statements.

Note 1 - Nature of Business

Farmington Public School District (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 (GASB). The following is a summary of the significant accounting policies used by the School District:

Reporting Entity

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

Report Presentation

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

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

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

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

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 projects 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.

Note 2 - Significant Accounting Policies (Continued)

- The 2018 Building and Site Fund is a capital projects fund used to record bond proceeds and other revenue and disbursement of invoices specifically related to the remodeling of buildings for safety and security improvements; construction additions to, equipping, furnishing, reequipping, refurnishing, and remodeling buildings, including classroom, auditorium, and media center improvements; improving and developing sites, including outdoor athletic facilities, playgrounds, and structures; acquiring school buses; and acquiring and installing technology infrastructure and equipment. The fund operates until the purpose for which it was created is accomplished.
- The 2020 Building and Site Fund is a capital projects fund used to record bond proceeds and other revenue and disbursement of invoices specifically related to the remodeling of buildings for safety and security improvements; construction additions to, equipping, furnishing, reequipping, refurnishing, and remodeling buildings, including classroom, auditorium, and media center improvements; improving and developing sites, including outdoor athletic facilities, playgrounds, and structures; acquiring school buses; and acquiring and installing technology infrastructure and equipment. The fund operates until the purpose for which it was created is accomplished.

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

- Special revenue funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes.
- 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.
- Debt service funds are used to record tax, interest, and other revenue for payment of interest, principal, and other expenditures on long-term debt.

Proprietary Funds

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees) and internal service funds (which provide goods or services to other funds of the School District).

The School District's Internal Service Fund is used to finance services provided to other funds on a cost-reimbursement basis. The Internal Service Fund maintained by the School District is for medical benefits liabilities, including health, dental and vision, administrative expenses, costs of life insurance, and long-term disability benefits. It is funded through charges to the General Fund in amounts equal to the normal estimated medical benefits expense expected to be incurred subsequent to year end and contributions from employees for their share of medical benefits.

Fiduciary Funds

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the School District's programs. The School District maintains a student activities agency fund to record the transactions of student groups for school and school-related purposes. The funds are segregated and are held for the students.

Note 2 - Significant Accounting Policies (Continued)

Interfund Activity

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

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

Basis of Accounting

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

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as pension and retiree 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.

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

Specific Balances and Transactions

Cash and Investments

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments with an original maturity of greater than one year are stated at fair value, net acquisition value, or amortized cost depending on the nature of the investment. Pooled investment income from each of the School District's funds is generally allocated to each fund using a weighted average of balance for the principal.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid costs of governmental funds are recorded as expenditures when consumed rather than when purchased.

Note 2 - Significant Accounting Policies (Continued)

Restricted Assets

The unspent bond proceeds and related interest of the 2018 Building and Site Fund and the 2020 Building and Site Fund require amounts to be set aside for construction. In addition, the unspent property taxes levied on the debt service funds are required to be set aside for future bond principal and interest. These amounts have also been classified as restricted assets

Capital Assets

Capital assets are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School District as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of 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. Costs of normal repair and maintenance that do not add to the value or materially extend the asset life are not capitalized. The School District does not have infrastructure-type assets.

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

	Depreciable Life - Years
Buildings and improvements	20-50
Furniture and equipment	5-10
Buses and other vehicles	5-10

Construction in progress and land are not depreciated. Construction in progress is reclassified to the appropriate category once placed in service. It is then depreciated according to the useful lives listed in the above table

Long-term Obligations

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position 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.

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

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.

Note 2 - Significant Accounting Policies (Continued)

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

Net Position

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

Net Position Flow Assumption

The School District will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide 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 net position to have been depleted before unrestricted net position is applied.

Fund Balance Flow Assumptions

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

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes.

The nonspendable fund balance component represents amounts that are not in spendable form or are legally or contractually required to be maintained intact. Restricted fund balance represents amounts that are legally restricted by outside parties, constitutional provisions, or enabling legislation for use for a specific purpose.

The School District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the School District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the School District that can commit fund balance 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 Board of Education 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.

Amounts that do not fall into any other category above are considered to be unassigned fund balance. This represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes.

The fund balance target prescribes the minimum fund balance as 8 to 12 percent of expenditures in the General Fund. This is deemed to be the prudent amount to provide working capital to meet cash flow needs and avoid borrowing, serve as a budget stabilization fund, and provide for unanticipated or emergency expenditures.

Property Tax Revenue

Property taxes are levied on July 1 for taxes due on August 31 and on December 1 for the remainder on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed. 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 (MPSERS) and additions to/deductions from the MPSERS fiduciary net position have been determined on the same basis as they are reported by MPSERS. MPSERS 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.

Note 2 - Significant Accounting Policies (Continued)

Compensated Absences (Vacation and Sick Leave)

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

Proprietary Funds Operating Classification

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of proprietary funds is charges to governmental funds to provide employee benefits and services. Operating expenses for these funds include the cost of benefits and administrative expenses. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Tax Abatement

The School District evaluated tax abatements and considered the total property tax abatements to be insignificant.

Use of Estimates

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

Upcoming Accounting Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The School District 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, 2020 but were extended to June 30, 2021 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

In June 2017, the GASB issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that 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 ending June 30, 2021 but were extended to June 30, 2022 with the issuance of GASB Statement No. 95, *Postponement of the Effective Date of Certain Authoritative Guidance*.

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

The required supplemental information budgetary comparison schedules are presented on the same basis of accounting used to prepare the budget, which includes certain items having classifications that differ from the statement of revenue, expenditures, and changes in fund balances, including capital outlay expenditures being reported in other expenditure categories.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders or contracts) outstanding at year end are reported as restrictions, commitments, or assignments of fund balances and do not constitute expenditures or liabilities because the goods or services have not been received as of year end; the commitments will be reappropriated and honored during the subsequent year. Since all encumbrances are budgeted for in 2020-2021, no encumbrances are included in assigned fund balance at June 30, 2020.

Excess of Expenditures Over Appropriations in Budgeted Funds

The School District did not have significant expenditure budget variances.

Capital Projects Fund 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.

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 are in accordance with statutory authority.

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

There are no limitations or restrictions on participant withdrawals for the investment pools that are recorded at amortized cost except for a 1-day minimum investment period. MAX CLASS investments may not be redeemed for at least 14 calendar days, with the exception of direct investments of funds distributed by the State of Michigan. Redemptions made prior to the applicable 14-day period are subject to a penalty equal to 15 days' interest on the amount so redeemed.

Note 4 - Deposits and Investments (Continued)

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy requires that financial institutions be evaluated and only those with an acceptable risk level be used for the School District's deposits for custodial credit risk. 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. At June 30, 2020, the School District did not have any deposit balance.

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 investment policy for custodial credit risk states that custodial credit risk will be minimized by limiting investments to the types of securities allowed by state law and by prequalifying the financial institutions, broker/dealers, intermediaries, and advisors with which the School District will do business using the criteria established in the investment policy. The School District 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 does not restrict investment maturities other than commercial paper, which can only be purchased with a 270-day maturity. The School District's policy minimizes interest rate risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; investing operating funds primarily in the shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools; and limiting the average maturity in accordance with the School District's cash requirements.

Note 4 - Deposits and Investments (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy allows only purchases of commercial paper with ratings of AI/PI and AA/Aa. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Value	Maturities	Rating	Rating Organization
Michigan Liquid Asset Fund - Cash Management Class	$ 8,519,230	N/A 2a7 like pool	AAAm	S&P
Michigan Liquid Asset Fund - MAX Class	75,775,529	N/A 2a7 like pool	AAAm	S&P
Michigan Liquid Asset Fund - Term Series Sep 2020	10,000,000	12/18/2020	AA+	S&P
Michigan Liquid Asset Fund - Term Series Mar 2021	14,000,000	3/16/2021	AA+	S&P
Federal Home Loan Mortgage Notes	1,264,472	9/29/2020	AA+	S&P
FNMA Benchmark Notes	146,208	12/28/2020	AA+	S&P
Freddie Mac Notes	740,024	2/16/2021	AA+	S&P
Toyota Motor Credit	634,849	7/31/2020	A1+	S&P
JPMorgan Securities LLC	1,049,797	8/3/2020	A1	S&P
Mizuho Bank LTD	598,938	12/23/2020	A1	S&P
Societe Generale	997,938	1/8/2021	A1	S&P
Old Line Funding LLC	2,039,417	3/15/2021	A1+	S&P
Mufg Bank LTD	2,039,384	3/16/2021	A1	S&P
Credit Agricole CIB NY	2,039,826	3/16/2021	A1	S&P
BNP Paribas NY	2,040,198	3/16/2021	A1	S&P
Total	$ 121,885,810			

Concentration of Credit Risk

The School District uses a pooled fund with Michigan Liquid Asset Fund (MILAF) for all of its cash accounts. The School District's policy minimizes concentration of credit risk by requiring diversification of the investment portfolio so that the impact of potential losses from any one type of security or issues will be minimized. A maximum of 30 percent of available funds may be invested in any one issuer. Since MILAF is a pooled fund, it is not considered a single issuer under school district policy. Additionally, MILAF has a more restrictive issuer concentration policy in order to maintain its AAAm rating by Standard & Poor's. MILAF has adopted the guidance in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*, thereby allowing MILAF to continue presenting its financial statements on an amortized cost basis. More than 5 percent of the School District's investments are invested in the following:

Investment	Value	Percentage of Total Investments
Michigan Liquid Asset Fund - MAX Class	$ 75,775,529	67.51
Commercial paper	11,440,348	10.19
Total	$ 87,215,877	

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 investment policy prohibit investments in foreign currency.

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the School District has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

The fair value of mortgage-backed securities and U.S. Treasury securities at June 30, 2020 was determined primarily based on Level 2 inputs. The School District estimates the fair value of these investments at market value using other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

The following table presents information about the School District's assets measured at fair value on a recurring basis at June 30, 2020 and the valuation techniques used by the School District to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2020			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2020
Investments at fair value - Debt securities:				
U.S. Treasury securities	$ -	$ 1,201,709	$ -	$ 1,201,709
Mortgage-backed securities	-	2,150,704	-	2,150,704
Total	$ -	$ 3,352,413	$ -	3,352,413
Investments measured at net asset value (NAV) - Michigan Liquid Asset Fund Term Series				24,000,000
Total assets				$ 27,352,413

Investments in Entities that Calculate Net Asset Value per Share

The School District holds shares in the Michigan Liquid Asset Fund Term Series whereby the fair value of the investment held is estimated based on net asset value per share (or its equivalent) of the investment pool as a practical expedient.

As of June 30, 2020, net asset value of the School District's investment in the MILAF Term Series was $24,000,000. The investment pool had no unfunded commitments. The MILAF Term Series allows for the School District to set a specific redemption date set upon initiation of investment. Early redemptions are permitted; however, an early redemption fee would apply.

Note 5 - Fair Value Measurements (Continued)

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

Note 6 - Unavailable/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, 2020, the various components of unearned and unavailable revenue were as follows:

	Governmental Funds	
	Deferred Inflow - Unavailable	Liability - Unearned
Tuition and other	$ -	$ 303,806
Grant and categorical aid payment received prior to meeting all eligibility requirements	-	430,707
Total	$ -	$ 734,513

Note 7 - Capital Assets

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

	Balance July 1, 2019	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2020
Capital assets not being depreciated:					
Land	$ 683,746	$ -	$ -	$ (2)	$ 683,744
Construction in progress	17,426,206	(24,168,227)	13,481,181	-	6,739,160
Subtotal	18,109,952	(24,168,227)	13,481,181	(2)	7,422,904
Capital assets being depreciated:					
Buildings and improvements	211,490,255	23,248,699	-	(2,302,397)	232,436,557
Furniture and equipment	18,860,593	919,528	996,902	(10,735)	20,766,288
Buses and vehicles	10,942,053	-	832,579	(283,185)	11,491,447
Subtotal	241,292,901	24,168,227	1,829,481	(2,596,317)	264,694,292
Accumulated depreciation:					
Buildings and improvements	74,421,897	-	6,405,890	(1,383,819)	79,443,968
Furniture and equipment	11,875,496	-	761,583	(10,735)	12,626,344
Buses and vehicles	9,217,335	-	498,931	(283,185)	9,433,081
Subtotal	95,514,728	-	7,666,404	(1,677,739)	101,503,393
Net capital assets being depreciated	145,778,173	24,168,227	(5,836,923)	(918,578)	163,190,899
Net capital assets	$ 163,888,125	$ -	$ 7,644,258	$ (918,580)	$ 170,613,803

Note 7 - Capital Assets (Continued)

The School District received proceeds of $703,006 and recognized a loss of $215,574 on the disposal of fixed assets.

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

Governmental activities:	
Instruction	$ 2,346,004
Support services	664,281
Community services	20,561
Unallocated	4,635,558
Total governmental activities	$ 7,666,404

Construction Commitments

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

	Spent to Date	Remaining Commitment
2018 bond issue	$ 38,047,421	$ 3,261,220

Note 8 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

	Fund Due From			
Fund Due To	General Fund	2020 Building and Site Fund	Benefit Stabilization Fund	Total
General Fund	$ -	$ 1,000	$ 145	$ 1,145
Nonmajor funds	992,461	-	-	992,461
Fiduciary fund	1,108	-	-	1,108
Total	$ 993,569	$ 1,000	$ 145	$ 994,714

The General Fund maintains the majority of the cash and investment accounts. Interfund balances are created upon recording the revenue and expenditures for each applicable fund. All interfund balances are expected to be repaid within one year. The General Fund disburses funds on behalf of the fiduciary fund and is reimbursed accordingly.

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

Paying Fund (Transfer Out)	Receiving Fund (Transfer In)	Amount
General Fund	Nonmajor governmental funds	$ 690,000
Nonmajor governmental funds	General Fund	155,848
	Nonmajor governmental funds	153,317
	Total nonmajor governmental funds	309,165
	Total	$ 999,165

Note 8 - Interfund Receivables, Payables, and Transfers (Continued)

General Fund transfers out are used by the applicable funds to support and maintain the operations of the funds for the purpose for which they were created. Nutrition services funds are transferred to the General Fund to cover indirect costs related to operations for the Nutrition Services Fund. The 2013 Debt Service Fund fulfilled its debt obligation in the prior year and transferred its remaining assets to the 2015 Debt Service Fund.

Note 9 - Long-term Debt

Long-term debt activity for the year ended June 30, 2020 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable:					
Other debt - General obligation	$ 115,845,000	$ 57,265,000	$ (7,035,000)	$ 166,075,000	$ 6,065,000
Unamortized bond premiums	7,315,113	10,855,498	(451,921)	17,718,690	994,696
Total bonds payable	123,160,113	68,120,498	(7,486,921)	183,793,690	7,059,696
Compensated absences	3,094,392	91,034	-	3,185,426	667,972
Workers' compensation	222,489	674,050	(358,330)	538,209	538,209
Total governmental activities long-term debt	$ 126,476,994	$ 68,885,582	$ (7,845,251)	$ 187,517,325	$ 8,265,877

General Obligation Bonds and Contracts

The School District issues general obligation bonds to provide for the acquisition and construction of major capital facilities and the acquisition of certain equipment. General obligations have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the School District. The School District's qualified bonds are 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. General obligations outstanding at June 30, 2020 are as follows:

Purpose	Remaining Annual Installments	Interest Rate (Percent)	Maturing May 1	Outstanding
$81,050,000 qualified serial bonds (2015 issue)	2,765,000 - $5,145,000	5.00	2035	$ 59,085,000
$54,675,000 qualified serial bonds (2018 issue)	$2,050,000 - $3,800,000	3.00 - 4.50	2038	49,725,000
$57,265,000 qualified serial bonds (2020 issue)	$875,000 - $8,875,000	4.00 - 5.00	2040	57,265,000
Total governmental activities				$ 166,075,000

Note 9 - Long-term Debt (Continued)

Debt Service Requirements to Maturity

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

	Governmental Activities		
	Other Debt		
Years Ending June 30	Principal	Interest	Total
2021	$ 6,065,000	$ 6,756,433	$ 12,821,433
2022	6,355,000	6,773,444	13,128,444
2023	6,695,000	6,511,094	13,206,094
2024	6,315,000	6,234,094	12,549,094
2025	6,680,000	5,971,594	12,651,594
2026-2030	37,880,000	25,275,969	63,155,969
2031-2035	46,935,000	16,224,625	63,159,625
2036-2040	49,150,000	5,451,875	54,601,875
Total	$ 166,075,000	$ 79,199,128	$ 245,274,128

Note 10 - 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 participates in Middle Cities Risk Management Trust risk pool for claims relating to property loss, torts, and errors and omissions. The School District is partially insured for workers' compensation and medical claims.

The shared-risk pool program in which the School District participates operates as a common risk-sharing management program for school districts in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts. There have been no significant reductions in insurance coverage from the prior year. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Under the School District's workers' compensation plan, the School District's current maximum loss is limited to 100 percent of the normal workers' compensation premiums. Losses in excess of the percent limitation are insured up to an aggregate limit of $5,000,000. The School District is also insured against losses in excess of $100,000 to $500,000 for each occurrence, depending on the year the claim was made.

The School District estimates the liability for workers' compensation claims that have been incurred through the end of the fiscal year, including claims that have been reported and those that have not yet been reported. These estimates are recorded as long-term debt in the government-wide financial statements, as they are not considered due at June 30. At June 30, 2020, $538,209 is recorded as long-term debt.

The School District is self-insured for medical claims. The School District estimates the liability for medical claims that have been incurred through the end of the fiscal year, including claims that have been reported, as well as those that have not yet been reported. These estimates are recorded as accrued liabilities in the Internal Service Fund. At June 30, 2020, the estimated liability for these medical claims totals $2,512,444.

Note 10 - Risk Management (Continued)

Changes in the estimated liability for the past two fiscal years were as follows:

	Workers' Compensation		Medical	
	2020	2019	2020	2019
Estimated liability - Beginning of year	$ 222,489	$ 490,452	$ 2,561,093	$ 2,328,588
Estimated claims incurred, including changes in estimates	674,050	599,907	13,356,731	14,632,004
Claim payments	(358,330)	(867,870)	(13,405,380)	(14,399,499)
Estimated liability - End of year	$ 538,209	$ 222,489	$ 2,512,444	$ 2,561,093

Note 11 - 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 or by writing to the Office of Retirement Services at 7150 Harris Drive, P.O. Box 30171, Lansing, MI 48909.

Benefits Provided

Benefit provisions of the defined benefit (DB) pension plan and the postemployment 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.

Note 11 - Michigan Public School Employees' Retirement System (Continued)

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.

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 account 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) account.

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, 2018 - September 30, 2019	13.39% - 19.59%	7.57% - 7.93%
October 1, 2019 - September 30, 2020	13.39% - 19.59%	7.57% - 8.09%

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.

Note 11 - Michigan Public School Employees' Retirement System (Continued)

The School District's required and actual pension contributions to the plan for the year ended June 30, 2020 were $22,036,333, which include the School District's contributions required for those members with a defined contribution benefit. The School District's required and actual pension contributions include an allocation of $8,995,459 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, 2020.

The School District's required and actual OPEB contributions to the plan for the year ended June 30, 2020 were $5,734,203, which include the School District's contributions required for those members with a defined contribution benefit.

Net Pension Liability

At June 30, 2020, the School District reported a liability of $273,164,256 for its proportionate share of the net pension liability. The net pension liability was measured as of September 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2018, which used update procedures to roll forward the estimated liability to September 30, 2019. 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, 2019 and 2018, the School District's proportion was 0.82 and 0.84 percent, respectively, representing a change of (1.29) percent.

Net OPEB Liability

At June 30, 2020, the School District reported a liability of $58,846,764 for its proportionate share of the net OPEB liability. The net OPEB liability for fiscal year 2020 was measured as of September 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of September 30, 2018, which used update procedures to roll forward the estimated liability to September 30, 2019. 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, 2019 and 2018, the School District’s proportion was 0.82 and 0.83 percent, respectively, representing a change of (1.11) percent.

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

For 2020, the School District recognized pension expense of $32,905,914, inclusive of payments to fund the MPSERS UAAL stabilization rate. At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,224,409	$ (1,139,069)
Changes in assumptions	53,485,754	-
Net difference between projected and actual earnings on pension plan investments	-	(8,754,450)
Changes in proportion and differences between the School District's contributions and proportionate share of contributions	-	(11,761,468)
The School District's contributions to the plan subsequent to the measurement date	18,670,795	-
Total	$ 73,380,958	$ (21,654,987)

Note 11 - Michigan Public School Employees' Retirement System (Continued)

The $8,995,459 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, 2021. 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
2021	$ 10,961,375
2022	10,812,338
2023	7,959,176
2024	3,322,287
Total	$ 33,055,176

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, 2020, the School District recognized OPEB expense of $914,258.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (21,592,542)
Changes in assumptions	12,750,902	-
Net difference between projected and actual earnings on OPEB plan investments	-	(1,023,373)
Changes in proportionate share or difference between amount contributed and proportionate share of contributions	20,679	(2,372,938)
Employer contributions to the plan subsequent to the measurement date	4,177,749	-
Total	$ 16,949,330	$ (24,988,853)

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

Years Ending	Amount
2021	$ (3,330,503)
2022	(3,330,503)
2023	(2,823,726)
2024	(1,872,764)
2025	(859,776)
Total	$ (12,217,272)

Note 11 - Michigan Public School Employees' Retirement System (Continued)

Actuarial Assumptions

The total pension liability and total OPEB liability as of September 30, 2019 are based on the results of an actuarial valuation as of September 30, 2018 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	7.50%	Year 1 graded to 3.5% year 12
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, 2018, for pension and OPEB include a reduction in both discount rates, continued impact of the updated experience study that resulted in a lower than projected per person health benefit cost for OPEB, and favorable investment experience for both plans. There were no significant benefit terms changes for the pension or OPEB plans since the prior measurement date of September 30, 2018.

Discount Rate

The discount rate used to measure the total pension liability was 6.00 to 6.80 percent as of September 30, 2019 depending on the plan option. The discount rate used to measure the total OPEB liability was 6.95 percent as of September 30, 2019. 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.

Note 11 - 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	28.00 %	5.50 %
Private equity pools	18.00	8.60
International equity pools	16.00	7.30
Fixed-income pools	10.50	1.20
Real estate and infrastructure pools	10.00	4.20
Absolute return pools	15.50	5.40
Short-term investment pools	2.00	0.80
Total	100.00 %	

Long-term rates of return are net of administrative expense and inflation of 2.3 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	$ 355,131,008	$ 273,164,256	$ 205,210,995

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	$ 72,184,398	$ 58,846,764	$ 47,646,855

Note 11 - 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 (6.50%)	Current Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability of the School District	$ 47,172,027	$ 58,846,764	$ 72,182,816

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, 2020, the School District reported a payable of $4,248,003 and $774,656 for the outstanding amount of contributions to the pension plan and OPEB plan, respectively, required for the year ended June 30, 2020.

Note 12 - Subsequent Events

Following the passing of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law on March 27, 2020 to combat the effects of the COVID-19 pandemic, the U.S. Department of Treasury distributed Coronavirus Relief Fund (CRF) payments to the State of Michigan. During July and August 2020, the School District received $3,417,589 of these restricted CRF funds from the Michigan Department of Education. The CRF funds can be used only for eligible costs and are subject to certain Uniform Guidance and grant-specific reporting requirements.

Required Supplemental Information

Required Supplemental Information
Budgetary Comparison Schedule
General Fund

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	$ 44,729,142	$ 44,309,148	$ 44,598,198	$ 289,050
State sources	78,348,672	72,838,982	77,589,823	4,750,841
Federal sources	5,305,696	6,455,329	4,163,198	(2,292,131)
Interdistrict sources	11,404,624	11,314,396	11,291,990	(22,406)
Total revenue	139,788,134	134,917,855	137,643,209	2,725,354
Expenditures				
Current:				
Instruction:				
Basic programs	63,740,674	62,495,099	62,585,461	90,362
Added needs	22,059,281	21,895,689	20,610,091	(1,285,598)
Adult/Continuing education	181,910	176,414	163,317	(13,097)
Total instruction	85,981,865	84,567,202	83,358,869	(1,208,333)
Support services:				
Pupil	14,496,670	14,309,189	14,042,480	(266,709)
Instructional staff	6,811,611	7,583,600	6,123,090	(1,460,510)
General administration	1,509,387	1,469,707	1,411,833	(57,874)
School administration	6,808,953	6,682,990	6,663,270	(19,720)
Business services	1,463,861	1,389,485	1,229,487	(159,998)
Operations and maintenance	8,296,371	8,513,770	8,285,016	(228,754)
Transportation	6,926,504	6,654,983	6,339,194	(315,789)
Central services	3,576,932	3,430,019	3,345,187	(84,832)
Total support services	49,890,289	50,033,743	47,439,557	(2,594,186)
Athletics	1,679,843	1,465,039	1,429,971	(35,068)
Community services	1,433,059	1,347,102	1,199,880	(147,222)
Building improvements	19,627	-	-	-
Intergovernmental payments	938,295	1,225,561	1,157,458	(68,103)
Total expenditures	139,942,978	138,638,647	134,585,735	(4,052,912)
Excess of Revenue (Under) Over Expenditures	(154,844)	(3,720,792)	3,057,474	6,778,266
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	25,000	715,000	703,006	(11,994)
Transfers in	144,511	150,240	155,848	5,608
Transfers out	-	(690,000)	(690,000)	-
Total other financing sources	169,511	175,240	168,854	(6,386)
Net Change in Fund Balance	14,667	(3,545,552)	3,226,328	6,771,880
Fund Balance - Beginning of year	18,164,576	18,164,576	18,164,576	-
Fund Balance - End of year	**$ 18,179,243**	**$ 14,619,024**	**$ 21,390,904**	**$ 6,771,880**

See notes to required supplemental information.

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

Last Six Plan Years

Plan Years Ended September 30

	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability (asset)	0.82486 %	0.83564 %	0.85024 %	0.91075 %	0.96979 %	1.00461 %
School District's proportionate share of the net pension liability	$ 273,164,256	$ 251,209,675	$ 220,333,627	$ 227,224,167	$ 236,872,217	$ 221,281,477
School District's covered payroll	$ 71,385,804	$ 70,402,116	$ 69,554,738	$ 74,553,881	$ 80,556,310	$ 85,259,183
School District's proportionate share of the net pension liability as a percentage of its covered payroll	382.66 %	356.82 %	316.78 %	304.78 %	294.05 %	259.54 %
Plan fiduciary net position as a percentage of total pension liability	60.08 %	62.12 %	63.96 %	63.01 %	62.92 %	66.15 %

See notes to required supplemental information.

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

Last Six Fiscal Years

Years Ended June 30

	2020	2019	2018	2017	2016	2015
Statutorily required contribution	$ 21,739,509	$ 21,669,555	$ 21,055,508	$ 19,972,010	$ 20,859,210	$ 15,602,264
Contributions in relation to the statutorily required contribution	21,739,509	21,669,555	21,055,508	19,972,010	20,859,210	15,602,264
Contribution Excess	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
School District's Covered Payroll	$ 69,479,774	$ 71,456,642	$ 70,148,520	$ 69,805,215	$ 73,117,969	$ 81,965,999
Contributions as a Percentage of Covered Payroll	31.29 %	30.33 %	30.02 %	28.61 %	28.53 %	19.04 %

See notes to required supplemental information.

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

Last Three Plan Years

Plan Years Ended September 30

	2019	2018	2017
School District's proportion of the net OPEB liability	0.81985 %	0.82904 %	0.85123 %
School District's proportionate share of the net OPEB liability	$ 58,846,764	$ 65,900,323	$ 75,380,729
School District's covered payroll	$ 71,385,804	$ 70,402,116	$ 69,554,738
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	82.43 %	93.61 %	108.38 %
Plan fiduciary net position as a percentage of total OPEB liability	48.67 %	43.10 %	36.53 %

See notes to required supplemental information.

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

Last Three Fiscal Years

Years Ended June 30

	2020	2019	2018
Statutorily required contribution	$ 5,547,682	$ 5,588,588	$ 5,057,398
Contributions in relation to the statutorily required contribution	5,547,682	5,588,588	5,057,398
Contribution Excess	**$ -**	**$ -**	**$ -**
School District's Covered Payroll	$ 69,479,774	$ 71,456,642	$ 70,148,520
Contributions as a Percentage of Covered Payroll	7.98 %	7.82 %	7.21 %

See notes to required supplemental information.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all special revenue funds. All annual appropriations lapse at fiscal year end. The School District also elected to adopt annual budgets for its debt service funds and capital projects funds.

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

The School District did not have significant expenditure budget variances.

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 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:

- 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 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 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 2018.

Other Supplemental Information

Other Supplemental Information
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2020

	Special Revenue Fund	Debt Service Funds			Capital Project Funds		
	Nutrition Services	2013 Issue	2015 Issue	2018 Issue	Technology/ Other Projects	Maintenance/ Bus Purchases	Total
Assets							
Cash and investments	$ 1,222,633	$ -	$ -	$ -	$ 251,644	$ -	$ 1,474,277
Receivables - Due from other governmental units	238,673	-	5,000	5,000	-	-	248,673
Due from other funds	5,220	-	26,729	20,380	-	940,132	992,461
Inventory	52,373	-	-	-	-	-	52,373
Prepaid expenses and other assets	150	-	-	-	-	-	150
Restricted assets	-	-	857,392	606,784	-	-	1,464,176
Total assets	**$ 1,519,049**	**$ -**	**$ 889,121**	**$ 632,164**	**$ 251,644**	**$ 940,132**	**$ 4,232,110**
Liabilities							
Accounts payable	$ 26,060	$ -	$ -	$ -	$ -	$ -	$ 26,060
Accrued payroll and other liabilities	16,405	-	-	-	-	-	16,405
Unearned revenue	127,904	-	-	-	-	-	127,904
Total liabilities	170,369	-	-	-	-	-	170,369
Fund Balances							
Nonspendable:							
Inventory	52,373	-	-	-	-	-	52,373
Prepaid expenses	150	-	-	-	-	-	150
Restricted:							
Debt service	-	-	889,121	632,164	-	-	1,521,285
Nutrition services	1,296,157	-	-	-	-	-	1,296,157
Committed - Capital projects	-	-	-	-	251,644	940,132	1,191,776
Total fund balances	1,348,680	-	889,121	632,164	251,644	940,132	4,061,741
Total liabilities and fund balances	**$ 1,519,049**	**$ -**	**$ 889,121**	**$ 632,164**	**$ 251,644**	**$ 940,132**	**$ 4,232,110**

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

Year Ended June 30, 2020

	Special Revenue Fund	Debt Service Funds			Capital Project Funds		
	Nutrition Services	2013 Issue	2015 Issue	2018 Issue	Technology/ Other Projects	Maintenance/ Bus Purchases	Total
Revenue							
Local sources	$ 1,519,368	$ -	$ 6,886,980	$ 5,411,182	$ 814	$ -	$ 13,818,344
State sources	147,696	-	90,698	71,989	-	-	310,383
Federal sources	1,852,331	-	-	-	-	-	1,852,331
Total revenue	3,519,395	-	6,977,678	5,483,171	814	-	15,981,058
Expenditures							
Current - Nutrition services	3,077,384	-	-	-	-	-	3,077,384
Debt service:							
Principal	-	-	3,635,000	3,400,000	-	-	7,035,000
Interest on long-term debt and other	-	-	3,153,075	1,780,046	-	-	4,933,121
Capital outlay	258,139	-	-	-	-	-	258,139
Total expenditures	3,335,523	-	6,788,075	5,180,046	-	-	15,303,644
Excess of Revenue Over Expenditures	183,872	-	189,603	303,125	814	-	677,414
Other Financing Sources (Uses)							
Transfers in	-	-	153,317	-	200,000	490,000	843,317
Transfers out	(155,848)	(153,317)	-	-	-	-	(309,165)
Total other financing (uses) sources	(155,848)	(153,317)	153,317	-	200,000	490,000	534,152
Net Change in Fund Balances	28,024	(153,317)	342,920	303,125	200,814	490,000	1,211,566
Fund Balances - Beginning of year	1,320,656	153,317	546,201	329,039	50,830	450,132	2,850,175
Fund Balances - End of year	**$ 1,348,680**	**$ -**	**$ 889,121**	**$ 632,164**	**$ 251,644**	**$ 940,132**	**$ 4,061,741**

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Funds
Nutrition Services

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue				
Local sources	$ 2,137,596	$ 1,585,663	$ 1,519,368	$ (66,295)
State sources	146,477	142,527	147,696	5,169
Federal sources	1,438,170	1,868,327	1,852,331	(15,996)
Interdistrict sources	68,875	70,852	-	(70,852)
Total revenue	3,791,118	3,667,369	3,519,395	(147,974)
Expenditures - Current - Nutrition services	3,613,364	3,420,817	3,335,523	(85,294)
Excess of Revenue Over Expenditures	177,754	246,552	183,872	(62,680)
Other Financing Uses - Transfers out	(144,511)	(150,240)	(155,848)	(5,608)
Net Change in Fund Balance	33,243	96,312	28,024	(68,288)
Fund Balance - Beginning of year	1,320,656	1,320,656	1,320,656	-
Fund Balance - End of year	**$ 1,353,899**	**$ 1,416,968**	**$ 1,348,680**	**$ (68,288)**

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Funds (Continued)
Debt Service

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Over (Under) Final Budget
Revenue				
Local sources	$ 12,287,357	$ 12,287,357	$ 12,298,162	$ 10,805
State sources	162,687	162,687	162,687	-
Total revenue	12,450,044	12,450,044	12,460,849	10,805
Expenditures				
Debt service:				
Principal	7,035,000	7,035,000	7,035,000	-
Interest on long-term debt and other	4,997,094	4,997,094	4,933,121	(63,973)
Total expenditures	12,032,094	12,032,094	11,968,121	(63,973)
Net Change in Fund Balance	417,950	417,950	492,728	74,778
Fund Balance - Beginning of year	1,028,557	1,028,557	1,028,557	-
Fund Balance - End of year	**$ 1,446,507**	**$ 1,446,507**	**$ 1,521,285**	**$ 74,778**

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Funds (Continued)
Technology/Other Projects

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Under Final Budget
Revenue - Local sources	$ 1,000	$ 1,000	$ 814	$ (186)
Expenditures	-	-	-	-
Excess of Revenue Over Expenditures	1,000	1,000	814	(186)
Other Financing Sources - Transfers in	-	200,000	200,000	-
Net Change in Fund Balance	1,000	201,000	200,814	(186)
Fund Balance - Beginning of year	50,830	50,830	50,830	-
Fund Balance - End of year	**$ 51,830**	**$ 251,830**	**$ 251,644**	**$ (186)**

Other Supplemental Information
Budgetary Comparison Schedule - Nonmajor Funds (Continued)
Maintenance/Bus Purchases

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	(Under) Over Final Budget
Revenue	$ -	$ -	$ -	$ -
Expenditures	-	-	-	-
Other Financing Sources - Transfers in	-	490,000	490,000	-
Net Change in Fund Balance	-	490,000	490,000	-
Fund Balance - Beginning of year	450,132	450,132	450,132	-
Fund Balance - End of year	**$ 450,132**	**$ 940,132**	**$ 940,132**	**$ -**

Other Supplemental Information
Schedule of Bonded Indebtedness

June 30, 2020

Years Ending June 30	2015 Issue Principal	2018 Issue Principal	2020 Issue Principal
2021	$ 2,765,000	$ 2,050,000	$ 1,250,000
2022	2,915,000	2,100,000	1,340,000
2023	3,070,000	2,150,000	1,475,000
2024	3,215,000	2,225,000	875,000
2025	3,380,000	2,300,000	1,000,000
2026	3,550,000	2,350,000	1,050,000
2027	3,725,000	2,425,000	1,100,000
2028	3,905,000	2,500,000	1,150,000
2029	4,090,000	2,600,000	1,200,000
2030	4,285,000	2,675,000	1,275,000
2031	4,480,000	2,775,000	1,350,000
2032	4,675,000	2,900,000	1,400,000
2033	4,845,000	3,050,000	1,500,000
2034	5,040,000	3,200,000	1,550,000
2035	5,145,000	3,375,000	1,650,000
2036	-	3,575,000	6,600,000
2037	-	3,675,000	6,775,000
2038	-	3,800,000	6,975,000
2039	-	-	8,875,000
2040	-	-	8,875,000
Total remaining payments	**$ 59,085,000**	**$ 49,725,000**	**$ 57,265,000**
Principal payments due	May 1	May 1	May 1
Interest payments due	May 1 and November 1	May 1 and November 1	May 1 and November 1
Interest rate	5.00%	3.00% to 4.50%	4.00% to 5.00%
Original issue	**$ 81,050,000**	**$ 54,675,000**	**$ 57,265,000**

Other Supplemental Information
Schedule of Changes in Assets and Liabilities
Fiduciary Fund

Year Ended June 30, 2020

	July 1, 2019	Additions	Deductions	June 30, 2020
Assets				
Cash and investments	$ 985,777	$ 855,993	$ (836,807)	$ 1,004,963
Receivables	-	117	-	117
Due from other funds	-	362,837	(361,729)	1,108
Total assets	**$ 985,777**	**$ 1,218,947**	**$ (1,198,536)**	**$ 1,006,188**
Liabilities				
Accounts payable	$ 77,832	$ 110,811	$ (77,832)	$ 110,811
Due to student groups	818,144	1,108,136	(1,030,903)	895,377
Due to other funds	89,801	-	(89,801)	-
Total liabilities	**$ 985,777**	**$ 1,218,947**	**$ (1,198,536)**	**$ 1,006,188**

Other Supplemental Information
Schedule of Fiduciary Fund Activities
Year Ended June 30, 2020

	Balance June 30, 2019	Receipts	Disbursements	Balance June 30, 2020
Adult Education Program	$ 94	$ 3,491	$ 1,379	$ 2,206
Alameda Early Childhood	6,221	2,551	3,144	5,628
Beechview Elementary School	11,754	9,537	6,298	14,993
Bilingual Program	14,667	12,930	12,631	14,966
Delta Program	1,098	-	-	1,098
District Science	6,310	-	-	6,310
STEAM (Dunckel) Middle School	10,314	45,067	37,989	17,392
East Middle School	71,481	18,132	21,076	68,537
Farmington Central High School	7,889	3,602	1,622	9,869
Farmington Community School	1,951	3,799	2,631	3,119
Farmington High School	241,370	439,775	365,227	315,918
Forest Elementary School	15,834	21,587	18,224	19,197
Gill Elementary School	10,876	16,297	14,213	12,960
Harrison High School	54,971	5,451	60,422	-
Hillside Elementary School	20,376	49,716	56,124	13,968
Kenbrook Elementary School	8,690	13,388	10,602	11,476
Lanigan Elementary School	14,671	17,047	20,875	10,843
Leadership Team	571	-	-	571
Longacre Elementary School	14,891	25,581	29,858	10,614
Malen Terry Scholarship	5,899	-	-	5,899
Media	7,940	14,326	21,060	1,206
Music Program	13,602	-	-	13,602
North Farmington High School	165,474	265,054	205,910	224,618
Power Middle School	31,198	33,777	41,939	23,036
School/Community Relations	10,855	18,782	19,780	9,857
Special Education	-	2,355	287	2,068
Student Assistance	200	-	-	200
Visions Unlimited	10,760	20,229	12,852	18,137
Vocational Education	4,998	100	50	5,048
Warner Middle School	49,496	54,452	55,046	48,902
Wood Creek Elementary School	3,693	11,110	11,664	3,139
Total	**$ 818,050**	**$ 1,108,136**	**$ 1,030,903**	**$ 895,377**

Cash and Investments

Other Supplemental Information
Schedule of Cash, Cash Equivalents, and Investments
June 30, 2020

Fund	Types of Investment	Interest Rate (Percent)	Cost
General	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	$ 561,635
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	424,961
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	1,207,874
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	97,376
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	22,635,452
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	10,664
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	105,171
	Total General Fund		25,043,133
Special Revenue	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	1,222,533
Debt Service	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	1,464,176
Capital Projects	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	251,644
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	58,730,083
	Commercial Paper		9,156,763
	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	14,724,780
	Federal Agency Bonds/Notes		2,150,703
	U.S. Treasury Bonds/Notes		1,201,709
	Commercial Paper		2,283,585
Trust and Agency	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	1,004,963
Internal Service	Cash Management Fund - Michigan School District Liquid Asset Fund	Variable	5,151,742
	Total cash, cash equivalents, and investments		**$ 122,385,814**

Note: Balances represent balances from the bank statements at June 30, 2020

Capital Assets and Accumulated Depreciation

	Cost					
	Land	Buildings and Building Improvements	Furniture and Equipment	Buses and Other Vehicles	Construction in Progress	Total
Elementary Schools						
Beechview	$ 25,250	$ 7,665,064	$ 326,302	-	-	8,016,616
Forest	31,980	6,822,783	437,849	-	-	7,292,612
Gill	4,137	7,332,999	637,842	-	-	7,974,978
Hillside	16,301	9,322,654	505,342	-	-	9,844,297
Kenbrook	24,900	9,545,443	419,015	-	-	9,989,358
Lanigan	37,800	7,933,416	530,565	-	-	8,501,781
Longacre	30,300	7,658,680	450,002	-	-	8,138,982
William Grace	-	-	-			-
Wood Creek	4,391	6,426,298	581,089	-	-	7,011,778
K-8 School						
Farmington STEAM Academy	36,000	17,336,518	859,914	-	-	18,232,432
Middle Schools						
East	57,500	17,511,419	1,139,040	-	-	18,707,959
Power	4,137	13,071,957	1,006,601	-	-	14,082,695
Warner	180,000	16,633,081	845,358	-	-	17,658,439
High Schools						
Farmington	1	45,655,394	4,016,334	-	-	49,671,729
North	117,600	43,429,846	3,332,775	-	95,461	46,975,682
Alameda Early Childhood Center	53,447	1,393,181	30,393	-	5,954,391	7,431,412
Highmeadow Common Campus	49,226	4,789,985	242,150	-	-	5,081,361
Shiawassee Complex	-	4,164,607	4,558,020	-	689,308	9,411,935
Maxfield Training Center	-	-	-	-	-	-
Farmington Community School	6,501	1,668,447	116,126	-	-	1,791,074
Maintenance	4,273	311,009	600,025	-	-	915,307
Visions/Cloverdale	-	3,763,776	114,866	-	-	3,878,642
Alternative Academy	-	-	16,680	-	-	16,680
Vehicles	-	-	-	11,491,447	-	11,491,447
Total	**$ 683,744**	**$ 232,436,557**	**$20,766,288**	**$ 11,491,447**	**$ 6,739,160**	**$ 272,117,196**

June 30, 2019

Buildings and Building Improvements	Furniture and Equipment	Buses and Other Vehicles	Total
1,903,722	142,729	-	2,046,451
1,862,700	171,873	-	2,034,573
2,321,769	311,825	-	2,633,594
4,290,747	205,839	-	4,496,586
2,402,845	164,717	-	2,567,562
2,469,807	259,759	-	2,729,566
2,409,144	162,956	-	2,572,100
-	-		
2,472,233	236,766	-	2,708,999
6,150,660	377,525	-	6,528,185
5,944,544	542,180	-	6,486,724
4,591,178	427,926	-	5,019,104
4,717,858	284,199	-	5,002,057
17,053,126	2,604,393	-	19,657,519
14,533,247	1,769,897	-	16,303,144
660,001	22,244	-	682,245
1,616,621	108,611	-	1,725,232
1,649,059	4,149,580	-	5,798,639
-	-	-	-
873,297	97,721	-	971,018
226,204	495,758	-	721,962
1,295,206	83,363	-	1,378,569
-	6,483	-	6,483
-	-	9,433,081	9,433,081
$ 79,443,968	**$ 12,626,344**	**$ 9,433,081**	**$ 101,503,393**

Statistical Section

Description of Statistical Section

This part of Farmington Public School District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the government's overall financial health. Many of the schedules present data for the past fiscal years that will allow the reader to discern trends that cannot be seen in a single year's financial statements.

Contents

Financial Trend Information

These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.

Revenue Capacity Information

These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.

Debt Capacity Information

These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School District's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the School District's financial report relates to the services the School District provides and the activities it performs.

	As of June 30,			
	2011	2012	2013	2014
Governmental Activities:				
Net investment in capital assets	$ 71,908,876	$ 76,376,114	$ 78,514,622	$ 80,942,482
Restricted	2,811,215	2,924,431	3,359,899	3,769,752
Unrestricted	25,492,876	19,064,510	14,026,621	9,003,324
Total net position	**$ 100,212,967**	**$ 98,365,055**	**$ 95,901,142**	**$ 93,715,558**

Source: Farmington Public School District audited financial statements

GASB 68 and 71 have been adopted effective July 1, 2014. Net position prior to June 30, 2015 has not been restated in this table.

GASB 75 have been adopted effective July 1, 2017. Net position prior to June 30, 2017 has not been restated in this table.

Financial Trend Information
Net Position by Component
Governmental Activities

Last Ten Fiscal Years

As of June 30,					
2015	2016	2017	2018	2019	2020
$ 82,595,528	$ 85,948,397	$ 88,245,459	$ 88,960,987	$ 74,934,436	$ 71,246,936
2,986,963	1,042,446	1,362,602	2,618,786	2,681,756	3,518,237
(222,340,637)	(218,066,275)	(211,170,358)	(278,624,856)	(273,622,807)	(276,041,984)
$ (136,758,146)	**$ (131,075,432)**	**$ (121,562,297)**	**$ (187,045,083)**	**$ (196,006,615)**	**$ (201,276,811)**

	As of June 30,			
	2011	2012	2013	2014
Expenses				
Governmental activities:				
Instruction	$ 93,196,238	$ 93,536,609	$ 94,544,880	$ 93,402,687
Support services	58,420,931	56,592,666	56,068,389	54,103,272
Nutrition services	3,820,318	3,607,330	3,676,910	3,648,056
Athletics	2,006,621	2,117,510	2,030,460	1,972,380
Community services	1,234,414	1,277,959	1,453,986	1,351,112
Interest on long-term debt and other	2,358,627	2,178,688	2,584,156	1,682,306
Depreciation (unallocated)	2,870,672	2,993,638	3,041,878	3,054,974
Total governmental activities	163,907,821	162,304,400	163,400,659	159,214,787
Program revenue				
Charges for services:				
Instruction	185,666	179,451	152,904	141,332
Support services	481,660	325,541	398,305	384,303
Food services	2,523,645	2,337,041	2,248,048	2,177,921
Athletics	759,090	727,394	668,356	657,129
Community services	1,034,647	981,483	1,164,022	1,126,506
Operating grants and contributions	36,650,588	35,132,402	32,699,534	32,930,138
Total program revenue	41,635,296	39,683,312	37,331,169	37,417,329
Net (expense) revenue	(122,272,525)	(122,621,088)	(126,069,490)	(121,797,458)
General Revenue				
Property taxes	57,793,086	52,972,802	52,169,541	50,140,673
State aid not restricted to specific purpose	67,066,383	66,742,219	68,638,365	67,506,547
Federal sources - unrestricted	2,741,173	101,444	-	-
Unrestricted state grants and contribution	-	-	-	-
Investment earnings	246,262	171,338	54,150	61,865
Other	862,471	785,373	1,624,004	1,902,789
Total general revenue	128,709,375	120,773,176	122,486,060	119,611,874
Special Item	-	-	1,119,517	-
Change in Net Position	**$ 6,436,850**	**$ (1,847,912)**	**$ (2,463,913)**	**$ (2,185,584)**

* Historically, approximately 50 percent of charges for services is for nutrition services and the balance is for community education tuition and facility usage charges.

Source: Farmington Public School District audited financial statements

Last Ten Fiscal Years

As of June 30,					
2015	2016	2017	2018	2019	2020
$ 95,922,327	$ 89,144,470	$ 83,023,833	$ 82,284,322	$ 84,797,861	$ 89,682,813
55,576,921	50,369,101	47,348,639	46,716,391	50,241,412	52,891,179
3,676,318	3,754,799	3,263,892	3,476,209	3,287,761	1,482,167
1,799,480	1,788,212	1,871,122	1,841,765	1,816,325	3,190,774
1,441,845	1,579,754	1,413,280	1,345,953	1,289,169	1,286,765
2,313,319	3,685,573	3,125,884	3,733,345	5,463,229	6,299,759
3,012,856	2,991,551	2,843,930	4,535,757	4,949,376	4,635,558
163,743,066	153,313,460	142,890,580	143,933,742	151,845,133	159,469,015
155,792	167,783	183,938	676,910	711,205	739,441
386,105	390,693	407,735	313,074	474,899	244,407
2,220,997	2,240,900	2,000,464	2,017,007	2,109,968	1,422,338
651,087	637,501	653,934	625,659	656,161	469,314
1,135,108	1,064,660	1,032,701	897,554	973,242	608,827
33,771,843	32,384,317	38,679,893	40,589,208	38,884,270	41,441,121
38,320,932	36,885,854	42,958,665	45,119,412	43,809,745	44,925,448
(125,422,134)	(116,427,606)	(99,931,915)	(98,814,330)	(108,035,388)	(114,543,567)
47,981,086	51,629,686	50,893,808	50,523,428	51,864,257	53,301,213
68,748,701	68,498,645	58,042,621	58,583,743	57,987,402	55,114,928
-	-	-	-	-	-
-	-	-	-	-	-
7,883	623,038	494,663	642,894	1,643,441	1,067,399
2,156,945	1,358,951	13,958	6,214	(12,421,244)	(210,169)
118,894,615	122,110,320	109,445,050	109,756,279	99,073,856	109,273,371
-	-	-	-	-	-
$ (6,527,519)	**$ 5,682,714**	**$ 9,513,135**	**$ 10,941,949**	**$ (8,961,532)**	**$ (5,270,196)**

	As of June 30,			
	2011	2012	2013	2014
General Fund:				
Nonspendable	$ 2,201,374	$ 1,770,361	$ 1,113,025	$ 835,743
Committed	3,930,879	3,412,671	4,051,511	6,801,338
Assigned	8,018,924	11,524,781	5,483,769	4,330,988
Unassigned	13,821,912	7,403,671	8,471,478	-
Total general fund	27,973,089	24,111,484	19,119,783	11,968,069
All other governmental funds:				
Nonspendable, reported in:				
Special revenue funds	34,381	33,577	35,196	39,470
Restricted, reported in:				
Special revenue funds	2,718,295	2,729,715	2,830,677	2,943,868
Debt service funds	652,072	161,139	494,026	786,414
Capital projects fund - bonded	-	-	-	-
Committed, reported in:				
Capital project funds	3,753,158	1,348,633	601,477	579,928
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	7,157,906	4,273,064	3,961,376	4,349,680

Source: Farmington Public School District audited financial statements

Last Ten Fiscal Years

As of June 30,					
2015	2016	2017	2018	2019	2020
$ 661,116	$ 746,904	$ 734,773	$ 1,157,411	$ 1,412,287	$ 1,389,599
3,000,517	6,336,300	7,161,263	5,152,597	11,272,098	10,842,949
4,698,095	3,359,655	1,673,715	-	-	679,196
-	2,259,671	5,322,980	9,140,094	5,480,191	8,479,160
8,359,728	12,702,530	14,892,731	15,450,102	18,164,576	21,390,904
34,038	38,302	30,063	48,873	27,882	52,523
2,952,925	1,067,900	1,177,781	1,030,408	1,292,774	1,296,157
227,029	754,951	865,773	1,054,390	1,028,557	1,521,285
76,602,905	68,361,556	32,514,535	56,262,566	35,327,259	86,197,862
146,116	117,434	117,837	118,517	500,962	1,191,776
-	-	-	-	-	-
-	-	-	-	-	-
79,963,013	70,340,143	34,705,989	58,514,754	38,177,434	90,259,603

	As of June 30,			
	2011	2012	2013	2014
Revenue				
Local revenue	$ 65,032,708	$ 59,203,322	$ 58,180,291	$ 56,401,936
State revenue	78,833,538	80,024,841	82,047,166	81,213,142
Federal revenue	10,576,783	6,675,500	5,718,440	5,707,257
Interdistrict revenue	15,676,746	14,565,989	12,923,811	12,682,208
Total revenue	170,119,775	160,469,652	158,869,708	156,004,543
Expenditures				
Current:				
Instruction	90,810,497	90,714,416	91,818,639	92,780,320
Support services	56,670,108	54,791,172	54,251,823	53,564,499
Community services	1,215,179	1,257,702	1,433,219	1,329,693
Nutrition services	3,807,614	3,584,696	3,658,731	3,646,676
Athletics	2,006,621	2,117,510	2,030,460	1,972,380
Debt service:				
Principal	5,645,000	5,830,000	6,025,000	6,350,000
Debt issuance costs	-	-	128,622	-
Interest	2,302,693	2,207,345	1,983,642	1,638,386
Intergovernmental payments	721,407	820,803	662,217	592,863
Capital Outlay	4,714,698	5,904,662	3,431,896	901,333
Total expenditures	167,893,817	167,228,306	165,424,249	162,776,150
Excess of Revenue (Under) Over	2,225,958	(6,758,654)	(6,554,541)	(6,771,607)
Other Financing Sources (Uses)				
Debt issuance	-	-	11,180,000	-
Premium on debt issued	-	-	1,304,740	-
Sale of capital assets	35,046	12,207	1,119,518	8,197
Transfers in	10,380,771	11,419,878	9,591,991	8,220,060
Transfers out	(10,380,771)	(11,419,878)	(9,591,991)	(8,220,060)
Payments to bond escrow agent	-	-	(12,353,106)	-
Total other financing sources (uses)	35,046	12,207	1,251,152	8,197
Net change in fund balances	2,261,004	(6,746,447)	(5,303,389)	(6,763,410)
Fund Balances - Beginning of year	32,869,991	35,130,995	28,384,548	23,081,159
Fund Balances - End of year	**$ 35,130,995**	**$ 28,384,548**	**$ 23,081,159**	**$ 16,317,749**
Debt service as a percentage of noncapital expenditures	5.14%	5.27%	5.31%	5.21%

Source: Farmington Public School District audited financial statements

Financial Trend Information
Changes in Fund Balances - Governmental Funds

Last Ten Fiscal Years

As of June 30,					
2015	2016	2017	2018	2019	2020
$ 54,255,170	$ 57,914,213	$ 56,823,935	$ 56,820,326	$ 59,272,881	$ 58,995,894
83,101,032	82,062,850	79,540,215	80,753,569	79,439,607	77,900,206
5,731,381	5,608,374	5,073,500	4,584,875	6,552,413	6,015,529
12,694,664	11,788,943	11,318,752	10,973,273	11,615,912	11,362,842
155,782,247	157,374,380	152,756,402	153,132,043	156,880,813	154,274,471
92,034,829	85,548,608	84,698,693	85,131,450	85,128,370	83,267,562
53,105,932	48,240,724	46,227,964	47,646,320	48,694,856	47,408,343
1,424,828	1,496,704	1,417,606	1,395,012	1,297,459	1,199,880
3,676,318	3,651,062	3,291,564	3,547,386	3,320,045	3,077,384
1,799,480	1,788,212	1,887,855	1,903,395	1,844,753	1,429,971
6,150,000	7,215,000	7,430,000	7,455,000	6,900,000	7,035,000
537,564	-	-	556,576	-	326,626
1,771,184	3,725,090	4,044,991	3,740,820	5,085,422	4,933,121
434,061	678,074	812,115	777,328	922,418	1,157,458
518,875	11,295,327	35,856,729	31,982,988	22,374,148	17,954,133
161,453,071	163,638,801	185,667,517	184,136,275	175,567,471	167,789,478
(5,670,824)	(6,264,421)	(32,911,115)	(31,004,232)	(18,686,658)	(13,515,007)
81,050,000	-	-	54,675,000	-	57,265,000
9,186,782	-	-	562,493	-	10,855,498
502,255	532,260	9,255	42,875	1,063,812	703,006
8,479,893	266,955	173,592	177,675	547,542	999,165
(8,479,893)	(266,955)	(173,592)	(177,675)	(547,542)	(999,165)
(13,063,221)	-	-	-	-	-
77,675,816	532,260	9,255	55,280,368	1,063,812	68,823,504
72,004,992	(5,732,161)	(32,901,860)	24,276,136	(17,622,846)	55,308,497
16,317,749	88,322,741	82,590,580	49,688,720	73,964,856	56,342,010
$ 88,322,741	**$ 82,590,580**	**$ 49,688,720**	**$ 73,964,856**	**$ 56,342,010**	**$ 111,650,507**
5.56%	7.77%	8.34%	8.42%	8.54%	9.01%

	Taxable Value by Property Type				
	Real Property				
Tax Year	Residential	Commercial	Industrial	Personal Property*	Commercial Personal Property
2010	2,403,008,210	921,785,410	245,508,730	N/A	146,933,020
2011	2,204,586,330	866,304,300	143,820,720	N/A	141,735,540
2012	2,128,956,830	785,323,570	101,290,930	N/A	135,583,780
2013	2,152,620,080	731,842,410	92,365,090	N/A	137,119,430
2014	2,206,252,830	695,602,580	91,896,530	N/A	120,006,060
2015	2,279,432,190	695,770,180	94,275,590	N/A	124,588,940
2016	2,323,967,980	697,227,610	92,660,800	N/A	121,347,540
2017	2,394,338,920	717,326,830	94,328,290	N/A	123,873,610
2018	2,486,688,870	741,540,180	104,608,030	N/A	122,285,560
2019	2,591,755,350	773,336,870	111,015,520	N/A	128,999,420

Note: Under Michigan law, the revenue base is referred to as "Taxable Value". This amount represents Assessed value (50% of true cash value), limited for each property by the lower of 5% or inflation.

Taxes levied in a particular "tax year" become revenue of the subsequent fiscal year

* During fiscal year 2009, the State of Michigan revised the taxable value structure of the personal property tax base. This change was made to lessen property taxes on businesses within the state.

Source: Oakland County Form L-4028

Taxable Value and Estimated Actual Value of Taxable Property

Last Ten Fiscal Years

Taxable Value by Property Type					
Industrial Personal Property	Utility Personal Property	Total Value	Tax rate (mills) Homestead/Non-Homestead	Estimated Actual Value	Taxable Value as a % of Actual
86,967,220	38,192,480	3,842,395,070	12.0278/20.1000	7,684,790,140	50.00%
78,913,080	43,622,360	3,478,982,330	12.3334/20.1800	6,957,964,660	50.00%
77,025,150	44,594,630	3,272,774,890	13.3810/20.5600	6,545,549,780	50.00%
75,384,170	48,422,550	3,237,753,730	13.0150/20.5600	6,475,507,460	50.00%
76,000,470	49,097,810	3,238,856,280	11.7472/20.2600	6,477,712,560	50.00%
76,455,060	52,464,870	3,322,986,830	12.4418/21.4400	6,645,973,660	50.00%
34,303,610	55,425,380	3,324,932,920	12.1482/21.4400	6,649,865,840	50.00%
29,731,320	60,536,590	3,420,135,560	11.4628/21.3000	6,840,271,120	50.00%
26,284,020	63,545,460	3,544,952,120	11.3026/21.3000	7,089,904,240	50.00%
20,678,430	75,280,180	3,701,065,770	10.8634/21.3000	7,402,131,540	50.00%

		Millage rates - direct city taxes				
		Operating			Total Direct Taxes	
Tax Year	Fiscal Year Ended June 30	Homestead	Non-homestead	Debt*	Homestead	Non-homestead
2010	2011	9.9278	18.0000	2.1000	12.0276	20.1000
2011	2012	10.1534	18.0000	2.1800	12.3334	20.1800
2012	2013	10.8210	18.0000	2.5600	13.3810	20.5600
2013	2014	10.4550	18.0000	2.5600	13.0150	20.5600
2014	2015	9.4872	18.0000	2.2600	11.7472	20.2600
2015	2016	9.0018	18.0000	3.4400	12.4418	21.4400
2016	2017	8.7082	18.0000	3.4400	12.1482	21.4400
2017	2018	8.1268	18.0000	3.3000	11.4268	21.3000
2018	2019	8.0026	18.0000	3.3000	11.3026	21.3000
2019	2020	7.5434	18.0000	3.3000	10.8634	21.3000

* Debt millage applies to homestead and nonhomestead property.

Sources: Assessment and tax roll certificates and warrants for West Bloomfield Township, City of Farmington Hills, and City of Farmington

Revenue Capacity Information
Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

Overlapping taxes						
Oakland County	Oakland Community College	Oakland Intermediate School District	State Education	City of Farmington	City of Farmington Hills	Township of West Bloomfield
4.7461	1.5844	3.3690	6.0000	16.0000	12.1972	9.0074
4.7461	1.5844	3.3690	6.0000	16.5856	12.2036	11.9347
4.9461	1.5844	3.3690	6.0000	16.5856	13.9392	12.2537
4.9461	1.5844	3.3690	6.0000	16.5856	13.9392	12.2550
4.0019	1.5844	3.3690	6.0000	16.5856	13.9394	12.2550
4.0900	1.5819	3.3633	6.0000	15.0000	14.3908	12.2112
4.2800	1.5708	3.3980	6.0000	15.0000	14.3200	12.1700
4.4908	1.5555	3.3079	6.0000	15.0000	14.6569	12.0487
4.0400	1.5431	3.2813	6.0000	15.5000	14.5797	11.9618
4.0400	1.5303	3.2539	6.0000	18.4322	17.1905	11.8579

Revenue Capacity Information
Principal Property Taxpayers

Current and Nine Years Ago

	Taxpayer	2019 Taxable Value	% of total	Taxpayer	2010 Taxable Value	% of total	2010 Rank
1	Oakland Management Co.	$ 67,477,830	1.95%	Oakland Management Co.	$ 57,720,650	1.50%	1
2	DTE Energy	38,573,090	1.11%	FH Corporate Investors (Kojaian)	50,356,830	1.31%	2
3	FH Corporate Investors (Kojaian)	22,588,800	0.65%	Nissan Corp.	39,446,180	1.03%	3
4	Independence Green Assoc LLC	21,870,800	0.63%	Robert Bosch Corp.	36,201,380	0.94%	4
5	Green Hill Apts.	20,468,510	0.59%	DTE Energy	23,575,330	0.61%	5
6	Nissan Corp.	18,384,510	0.53%	Arboretum Development	21,510,120	0.56%	6
7	Robert Bosch Corp.	15,044,400	0.43%	Ramco/Lion Venture LP	18,539,840	0.48%	7
8	Finsilver Friedman	14,857,450	0.43%	Chrysler Financial Company	17,152,750	0.45%	8
9	Ramco/Lion Venture LP	14,789,880	0.43%	Aimco (Independence Green)	16,459,500	0.43%	9
10	Hartman & Tyner	13,634,890	0.39%	Green Hill Apts.	16,103,890	0.42%	10
	Total	$ 247,690,160	7.14%		$ 297,066,470	7.73%	
	Total School District Taxable Value	$ 3,701,065,770			$ 3,842,395,070		

Source: Cities of Farmington and Farmington Hills

Revenue Capacity Information
Property Tax Levies and Collections

Last Ten Fiscal Years

Tax Year	Year ended June 30,	Total levy	Current collections (1)	Percent collected	Delinquent collections (2)	Total tax collections	Percent of levy collected
2010	2011	57,759,703	57,643,665	99.80%	24	56,983,596	98.66%
2011	2012	52,916,609	52,764,189	99.71%	1,398	52,868,451	99.91%
2012	2013	52,079,493	51,994,900	99.84%	4,548	52,055,771	99.95%
2013	2014	50,765,606	50,678,031	99.83%	41,439	50,719,470	99.91%
2014	2015	47,485,452	47,382,532	99.78%	-	47,382,532	99.78%
2015	2016	51,359,325	51,260,368	99.81%	-	51,260,368	99.81%
2016	2017	50,919,669	50,893,807	99.95%	-	50,893,807	99.95%
2017	2018	50,581,629	50,523,427	99.88%	-	50,523,427	99.88%
2018	2019	51,757,190	51,671,366	99.83%	-	51,671,366	99.83%
2019	2020	53,113,716	52,982,308	99.75%	-	52,982,308	99.75%

(1) Represents collections through the final distribution of taxes, including delinquent real taxes purchased by the county

(2) Represents all collections after the final distribution date, through the current date

Source: Farmington Public School District audited financial statements

	As of June 30,			
	2011	2012	2013	2014
Governmental Activities:				
General obligation bonds	$ 47,425,000	$ 41,595,000	$ 34,925,000	$ 28,575,000
Less: pledged debt service funds	-	-	-	-
Net general bonded debt	47,425,000	41,595,000	34,925,000	28,575,000
Installment purchase agreements	-	-	-	-
Capital leases	-	-	-	-
Total debt of school distract	47,425,000	41,595,000	34,925,000	28,575,000
Taxable Value	7,684,790,140	6,957,964,660	6,545,549,780	6,475,507,460
Net general bonded obligation debt as a percentage of taxable value	0.62%	0.60%	0.53%	0.44%
Total Population	89,500	89,500	83,700	84,300
Total debt per capita	$ 530	$ 465	$ 417	$ 339
Per capita personal income	$ 34,293	$ 37,187	$ 37,187	$ 37,187
Total debt to per capita personal income	1383:1	1119:1	939:1	768:1

Note: If personal income is unavailable, it is acceptable to use Taxable Value

Sources: Farmington Public School District audited financial statements
Population information obtained from Southeastern Michigan Council of Governments

Debt Capacity Information
Ratios of Outstanding Debt

Last Ten Fiscal Years

As of June 30,					
2015	2016	2017	2018	2019	2020
$ 90,170,000	$ 82,955,000	$ 75,525,000	$ 122,745,000	$ 115,845,000	$ 166,075,000
-	-	-	-	-	-
90,170,000	82,955,000	75,525,000	122,745,000	115,845,000	166,075,000
-	-	-	-	-	-
-	-	-	-	-	-
90,170,000	82,955,000	75,525,000	122,745,000	115,845,000	166,075,000
6,477,712,560	6,645,973,660	6,649,865,840	6,840,271,120	7,089,904,240	9,382,768,362
1.39%	1.25%	1.14%	1.79%	1.63%	1.77%
84,300	84,300	84,300	91,600	91,500	91,500
$ 1,070	$ 984	$ 896	$ 1,340	$ 1,266	$ 1,815
$ 37,187	$ 37,187	$ 37,187	$ 40,089	$ 40,920	$ 44,263
2425:1	2231:1	2031:1	3062:1	2831:1	3752:1

Debt Capacity Information
Direct and Overlapping Governmental Activities Debt

June 30, 2020

Governmental unit	Debt outstanding	Estimated percent applicable	Estimated share of overlapping debt
City of Farmington	$ 17,448,100	100.00%	$ 17,448,100
City of Farmington Hills	67,782,365	92.81%	62,908,813
Township of West Bloomfield	48,330,483	3.45%	1,667,402
Oakland County	317,015,768	6.13%	19,433,067
Oakland Intermediate School District	42,970,000	6.16%	2,646,952
Total overlapping debt			104,104,334
Direct district debt			166,075,000
Total direct and overlapping debt			$ 270,179,334

Source: Municipal Advisory Council of Michigan, May 2017

The share of overlapping debt is determined by taking the amount of taxable value in each jurisdiction that is within the boundaries of the School District as a percentage of the total taxable value of that jurisdiction. That percentage is then applied to the direct tax-supported debt of the jurisdiction to determine the School District's overlapping share. Only tax-supported debt is included in the overlapping debt.

	As of June 30,			
	2011	2012	2013	2014
Calculation of debt limit				
Sate equalized valuation (SEV)	$ 3,901,601,510	$ 3,508,724,740	$ 3,306,721,310	$ 3,281,856,510
15% of state equalized valuation (SEV)	585,240,227	526,308,711	496,008,197	492,278,477
Calculation of debt subject to limit				
Total debt	47,425,000	41,595,000	34,925,000	28,575,000
Less debt not subject to limit:				
State qualified debt issuance	(47,425,000)	(41,595,000)	(34,925,000)	(28,575,000)
Net debt subject to limit	-	-	-	-
Legal debt margin	585,240,227	526,308,711	496,008,197	492,278,477
Net debt subject to limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

* Public Act No. 451 of Michigan 1976, Sec. 1351A provides debt limits as follows: The bonded indebtedness of a school district shall not exceed 15 percent of all assessed valuation of the district. Bonds not included in the computation of the legal debt margin are:

1. Defeased bonds
2. Any bond qualified under Article IX, Section 16 of the 1963 Michigan Constitution
3. Deficit budget bonds as authorized by Sec. 1356

**Based upon the strength of the School District's credit rating, along with a projected increase in taxable values in the foreseeable future, the School District selected the non-qualified bond option; however, it still met all of the requirements of the qualification process.

Source: School District audited financial statements

Debt Capacity Information
Legal Debt Margin

Last Ten Fiscal Years

As of June 30,					
2015	2016	2017	2018	2019	2020
$ 3,458,703,200	$ 3,770,509,520	$ 3,994,121,140	$ 4,228,770,840	$ 4,425,044,500	$ 4,702,442,020
518,805,480	565,576,428	599,118,171	634,315,626	663,756,675	705,366,303
90,170,000	82,955,000	75,525,000	122,745,000	115,845,000	166,075,000
(9,120,000)	(7,055,000)	(4,800,000)	(2,500,000)	-	-
81,050,000	75,900,000	70,725,000	120,245,000	115,845,000	166,075,000
437,755,480	489,676,428	528,393,171	514,070,626	547,911,675	539,291,303
15.62%	13.42%	11.80%	18.96%	17.45%	23.54%

Demographic and Economic Information
Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal year	Population	Total Personal Income	Per Capita Personal Income	Unemployment rate
2011	89,500	3,069,224	34,293	9.02%
2012	89,500	3,328,237	37,187	7.53%
2013	83,700	3,112,552	37,187	7.38%
2014	84,300	3,134,864	37,187	6.26%
2015	84,300	3,134,864	37,187	3.73%
2016	84,300	3,134,864	37,187	2.90%
2017	91,600	3,556,828	38,830	4.30%
2018	91,600	3,672,152	40,089	3.80%
2019	91,500	3,668,418	40,092	4.00%
2020	91,500	4,050,064	44,263	8.70%

Sources: U.S. Bureau of the Census, Census 2010
Michigan Department of Labor and Economic Growth
Southeast Michigan Council of Governments

Demographic and Economic Information
Principal Employers

	Employer	2020 Employees	Percentage of total	2011 Employees	Percentage of total
1	Beaumont Hospital - Farmington Hills	2,500	2.82%	2,000	4.84%
2	Robert Bosch Corporation	1,400	1.58%	1,600	3.87%
3	Nissan Technical Center North America	1,200	1.35%	500	1.21%
4	Hitachi	1,200	1.35%	230	0.56%
5	Farmington Public Schools	1,100	1.24%	1,700	4.11%
6	TRW Automotive Electronics	650	0.73%	300	0.73%
7	Mercedes-Benz Financial Services	650	0.73%	600	1.45%
8	Concentrix	550	0.00%	700	1.69%
9	Cengage Learning Gale	500	0.56%	850	2.06%
10	Mahle	500	0.56%	160	0.39%
	Total principal employers	10,250	10.93%	8,640	20.90%
	Total employment	88,720		41,336	

Sources: City of Farmington Hills website
Oakland County
Southeast Michigan Council of Governments
Farmington Public School District

Note: Total employment information is obtained from the Bureau of Labor Statistics.

Function/ program:	2011	2012	2013	2014	2015
General government					
Instruction	841	838	856	838	804
Support services	480	486	486	468	445
Community service	4	4	4	4	3
Athletics	2	2	2	2	2
Food service	69	69	69	69	69
Total	**1,396**	**1,399**	**1,417**	**1,381**	**1,323**

Source: Farmington Public School District Personnel Department

Full-Time Equivalent School District Employees

Last Ten Fiscal Years

2016	2017	2018	2019	2020
701	701	707	726	716
413	350	351	355	361
3	3	3	3	3
2	2	2	2	2
69	63	63	63	63
1,188	**1,119**	**1,126**	**1,149**	**1,145**

Operating Information
Operating Indicators

Last Ten Fiscal Years

Year	Enrollment	Operating expenditures	Cost per pupil	Operating revenue	Revenue per pupil	Total teaching staff	Percentage of students qualifying for free/reduced meals	Average teacher salary
2011	11,567	142,196,852	12,293	138,989,831	12,016	793	22.72%	78,677
2012	11,335	139,722,381	12,327	131,000,311	11,557	800	23.80%	76,621
2013	11,149	140,796,620	12,629	130,457,034	11,701	820	23.08%	75,303
2014	10,776	143,417,384	13,309	129,848,413	12,050	794	23.68%	75,930
2015	10,332	141,740,089	13,719	129,912,019	12,574	762	23.51%	76,625
2016	10,097	137,710,021	13,639	141,274,125	13,992	663	21.80%	75,627
2017	9,719	135,139,630	13,905	137,236,964	14,120	661	23.30%	76,176
2018	9,669	136,966,622	14,166	137,213,443	14,191	675	26.93%	76,087
2019	9,550	138,205,540	14,472	140,071,260	14,667	684	26.84%	76,586
2020	9,433	134,585,729	14,268	137,672,209	14,595	682	26.49%	75,421

Sources: Farmington Public School District audited financial statements
Michigan Department of Education Bulletin 1014

Function/ program	As of June 30,				
	2011	2012	2013	2014	2015
Instructional buildings:					
Elementary:					
Number of buildings	9	9	9	9	9
Square footage	459,488	459,488	459,488	459,488	459,488
Capacity	4,389	4,389	4,389	4,389	4,389
Enrollment*	3,879	3,773	3,643	3,607	3,431
Upper Elementary:					
Number of buildings	2	2	2	2	2
Square footage	209,452	209,452	209,452	209,452	209,452
Capacity	1,830	1,830	1,830	1,830	1,830
Enrollment*	1,655	1,715	1,633	1,523	1,408
K-8 School:					
Number of buildings	-	-	-	-	-
Square footage	-	-	-	-	-
Capacity	-	-	-	-	-
Enrollment*	-	-	-	-	-
Middle:					
Number of buildings	2	2	2	2	2
Square footage	232,200	232,200	232,200	232,200	232,200
Capacity	1,848	1,848	1,848	1,848	1,848
Enrollment*	1,752	1,684	1,704	1,691	1,611
High:					
Number of buildings	3	3	3	3	3
Square footage	734,412	734,412	734,412	734,412	734,412
Capacity	3,856	3,856	3,856	3,856	3,856
Enrollment*	4,033	3,944	3,950	3,719	3,639
Other:					
Number of buildings	4	4	4	4	4
Square footage	112,532	112,532	112,532	112,532	112,532
Capacity	605	605	605	605	605
Enrollment*	330	319	300	298	287
Administrative:					
Number of buildings	3	3	3	3	3
Square footage	77,588	77,588	77,588	77,588	77,588
Transportation/Maintenance:					
Number of garages	1	1	1	1	1
Buses	96	96	96	96	96
Athletics:					
Football/Soccer fields	15	15	15	15	15
Running tracks	5	5	5	5	5
Baseball/softball	31	31	31	31	31
Swimming pools	3	3	3	3	3
Playgrounds	17	17	14	14	14

* Enrollment is based upon the fall head count of pupils.
Source: Farmington Public School District

Last Ten Fiscal Years

As of June 30,				
2016	2017	2018	2019	2020
9	9	8	8	8
459,488	459,488	423,652	423,652	423,652
4,389	4,389	4,103	4,103	4,103
3,351	3,950	3,471	3,597	3,652
2	-	-	-	-
209,452	-	-	-	-
1,830	-	-	-	-
1,322	-	-	-	-
-	-	1	1	1
-	-	84,720	84,720	84,720
-	-	896	896	896
-	-	598	699	717
2	3	3	3	3
232,200	344,452	348,552	348,552	348,552
1,848	2,782	2,832	2,832	2,832
1,530	2,035	1,903	1,813	1,816
3	3	3	3	2
734,412	734,412	734,412	734,412	489,105
3,856	3,856	3,856	3,856	2,372
3,544	3,364	3,242	3,057	2,860
4	4	5	5	5
112,532	112,532	135,323	135,323	135,323
605	605	941	941	941
248	245	252	244	240
3	3	3	3	3
77,588	77,588	77,588	77,588	77,588
1	1	1	1	1
95	95	95	95	95
15	15	15	15	13
5	5	5	5	5
31	31	31	31	28
3	3	3	3	2
14	14	14	14	14

Farmington PUBLIC SCHOOLS

Points of Pride

The District serves more than 9,000 students in Farmington, Farmington Hills, and a portion of West Bloomfield.

The mission of Farmington Public Schools is high achievement by all students, where learning is our most important work.

144

One hundred and forty four students earned a diploma in the International Baccalaureate Diploma Programme.

The District is focused on sustainability. Recently, the District sponsored gardens for the Green Teams at Wood Creek and Beechview Elementary Schools.

High school musical groups annually compete and win state and national honors.

750

Approximately 750 students took advantage of Advanced Placement or Dual Enrollment, advancing their education and potentially saving on college tuition.

5th Safest

Farmington was rated the 5th Safest Michigan City and Farmington Hills ranked 21st place in the top 100. *Data collected was from criminal, court and other public records.*

Farmington Public Schools boasts one of the largest Career and Technical Education (CTE) departments in Oakland County.

94%

In 2019, Farmington Public Schools graduated 793 students; approximately 94% went on to a four-year university, community college, or technical school.

35 years

The District-run television station celebrates more than 35 years of operation. Students learn the technology and participate in running the station.

Lanigan and Hillside Elementary Schools, and Farmington STEAM Academy, have been recognized as National PTA Schools of Excellence.

Alameda Early Childhood Center and Farmington Community School are accredited by the National Association of the Education of Young Children.

All PreK-12 schools and the District are fully accredited by AdvancED. AdvancED conducts on-site external reviews of schools and districts.

Longacre Elementary School was the fifth school in Michigan to be awarded the distinction of being named a Leader in Me Lighthouse School.

Points of Pride

Above average

Farmington Public Schools' students consistently score above state and national averages on the Scholastic Assessment Test (SAT) and the Michigan Student Test of Education Progress (MSTEP).

Youth Centers

Since 1996, the City of Farmington Hills, in partnership with the District, has operated After School Youth Centers which have supported more than 14,000 middle school students.

Winners

Students from around the District excel in state and national competitions like HOSA, Destination Imagination, WordMasters, PTA Reflections, Math Pentathlon, and Robotics to name just a few.

3414 HACKBOTS combined high school team, Hackbots Robotics 3414, has earned the honor to compete in the FIRST Robotics World Competition three times. In 2019, the team placed 15th in the state.

Adult ESL

Farmington Public Schools offers Adult ESL classes that provide additional ESL assistance to students that need it.

Athletics

Farmington Public Schools' students have the opportunity to participate in a wide variety of athletics. Many of the teams have earned divisional, regional, and state championship titles.

STEAM K-8

In 2017, the District launched a K-8 STEAM school focused on Science, Technology, Engineering, Arts, and Math that utilizes project-based learning.

Support

Involved and supportive parents are one of the many strengths of Farmington Public Schools. Parents participate in PTAs/PTSAs, booster groups, the Farmington African American Parent Network (FAAPN), Proud Dads Club, and many other parent and booster groups.

Newcomers

Elementary, Middle, and High School Newcomers Centers provide linguistics and educational supports to meet the needs of newly arrived immigrant students to the District.

Honors

Students regularly earn honors as AP Scholars, All State Academic winners, and National Merit Award winners.

FARMINGTON / FARMINGTON HILLS EDUCATION Foundation — Inspire Innovate Invest

The Farmington/Farmington Hills Education Foundation is a community-based organization that provides financial and volunteer support to Farmington Public Schools. The Education Foundation has raised more than $52,250 for the 2018-2019 fiscal year. $347,882 has been granted for 307 awards since the Foundation's first grant cycle in 2012.

32500 Shiawassee Street
Farmington, MI 48336
248.489.3349 | Fax 248.489.3314

www.farmington.k12.mi.us
info@fpsk12.net • #FPSSuccess

Farmington Public Schools shall not discriminate against any person based on race, color, religion, natural origin or ancestry, sexual orientation, gender, age, disability, height, weight, or marital status in any of its programs, services, activities or employment. Inquiries regarding nondiscrimination policies should be directed to: **Human Resources Specialists**: 32500 Shiawassee, Farmington, MI 48336 • 248.489.3356

February 2020

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Farmington Public School District

Report to the Board of Education

June 30, 2020

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

To the Board of Education
Farmington Public School District

We have recently completed our audit of the basic financial statements of Farmington Public School District (the "School District") as of and for the year ended June 30, 2020. In addition to our audit report, we are providing the following results of the audit, other recommendations, and informational items that impact the School District:

	Page
Results of the Audit	1-4
Other Recommendations	5-6
Informational Items	7-15

We are grateful for the opportunity to be of service to Farmington Public School District. We would also like to extend our thanks to Dr. Robert Herrera, Ms. Jennifer Kaminiski, Ms. Kim Pincheck, Ms. Karla Swanson, and the entire business office for their assistance and preparedness during the audit. We recognize that preparing for the audit is carried out in addition to your staff's normal daily activities. Should you have any questions regarding the comments in this report, please do not hesitate to call.

Plante & Moran, PLLC

September 22, 2020

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Results of the Audit

plante moran

Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

September 22, 2020

To the Board of Education
Farmington Public School District

We have audited the financial statements of Farmington Public School District (the "School District") as of and for the year ended June 30, 2020 and have issued our report thereon dated September 22, 2020. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated April 23, 2020, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of the School District. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of the School District's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of the School District, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated September 22, 2020 regarding our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on April 23, 2020.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the School District are described in Note 2 to the basic financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year.

We noted no transactions entered into by the School District during the year for which there is a lack of authoritative guidance or consensus.

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We noted no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were the School District's share of the MPSERS net liabilities for the pension and other postemployment benefit (OPEB) plans recorded on the government-wide statements related to GASB Statement Nos. 68 and 75, respectively. The School District's estimates as of June 30, 2020 were $273,164,256 and $58,846,764, respectively, for the pension and OPEB plans based on data received from the Office of Retirement Services. We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report.

We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management.

We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the School District, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as the School District's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

As required by 2 CFR Part 200, we have also completed an audit of the federal programs administered by the School District. The results of that audit are provided to the Board of Education in our report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with 2 CFR Part 200 dated September 22, 2020.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 22, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to the School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in documents containing the School District's financial statements and report does not extend beyond the financial statements. We do not have an obligation to determine whether or not such other information is properly stated. However, we read the introductory section and statistical tables, and nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information or manner of its presentation appearing in the financial statements.

This information is intended solely for the use of the Board of Education and management of the School District and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Plante & Moran, PLLC

Nevra Kreger

Nevra Kreger, CPA
Partner

Other Recommendations

Federal Funding

In the 2020-2021 fiscal year, the School District is going to receive several sources of new federal grant monies. These federal sources will come with additional complexities and reporting requirements for the School District. Additionally, these will be one-time revenue sources that will be important for the School District to consider for budgeting purposes. See the Informational Items section for further details on the federal funding sources.

Fund Balance

The financial turmoil encountered during the preparation for final amendments to the School District's budget at the end of the 2020 fiscal year highlighted the importance of maintaining adequate fund balance. The unknown economic impacts of the pandemic led to communications from the State projecting significant School Aid Fund shortfalls, requiring districts to plan for the worst. Although the ultimate proration for 2020 totaled $175 per pupil, rather than original estimates of $650 - $700 per pupil cuts, districts with adequate fund balance were best positioned to absorb this very late funding adjustment.

During the 2019-2020 school year, the School District's General fund revenue exceeded expenditures by $3,226,328. This resulted in increasing the General Fund fund balance to approximately $21,390,904 at June 30, 2020. Fund balance goals are often stated in terms of a percentage of total expenditures. As a point of reference, the statewide average for school districts at June 30, 2019 is approximately 14.20 percent of expenditures. The School District's fund balance percentage is 15.81 percent and equals approximately eight weeks of operation.

Clearly, the School District will continue to face a difficult budgeting environment in 2020-2021 due to the unknowns surrounding the duration and impact of the pandemic on the State's economy and the School Aid Fund. School districts will need to strategically utilize federal grant funding and consider the impacts of educational service delivery on pupil count. Fund balance management will be an essential element for district success moving forward in these uncertain times.

Understanding and Managing Potential Threats to Your Data

Before the pandemic, education was one of the top targets for ransomware attacks. Working remotely during the pandemic has led to a global rise in cyberattacks. School districts shifted to remote learning quickly; in so doing, security controls may have been relaxed. In today's age of continual reports of cyberattacks, school districts need to be aware of where potential risks lie and how they are addressed and communicated to employees and the public.

When it comes to cybersecurity, the human element is still the weakest link and most targeted, as passwords like "August2020" can be easily guessed, and emails continue to trick people into clicking links and opening attachments. Information security is a district-wide issue, not just an IT department responsibility, requiring a combination of people, processes, and technology to effectively secure student, employee, and financial data. Now is the time to take a step back and assess exactly where your data is and the controls surrounding that data.

Key questions to ask include the following:

- Do you know where all of the various data resides in the School District? Are employees storing district data with personally identifiable information (PII) or that is subject to FERPA on file-sharing sites or flash drives? Is the data being emailed to personal accounts?

- How secure is your data with at least a portion of your students and teachers working remotely?

Having an external party do an assessment on vulnerabilities may provide additional support to the IT team for initiatives it is implementing, providing peace of mind for the board that vulnerabilities have been assessed and addressed and allowing for confident communication to the public that its student and employee data is secure. If you are interested in discussing this further, we would be happy to continue the conversation.

Informational Items

State Aid Funding

2019-2020 State Aid, Foundation Allowance, and Proration

Background

Beginning of the 2020 School Year: School funding for 2019-2020 started out with little clarity; as the year progressed, the funding picture only increased in complexity and uncertainty. Due to conflicting priorities between the governor and the Legislature, school aid funding was not set on July 1, 2019, the start of the School District's fiscal year. This meant the School District was required to enact a budget with little to no guidance as to what the school aid funding picture would look like. It also meant the School District would need to revisit budget assumptions once the final state aid package was enacted. Once the funding was settled, the focus moved to what 2020-2021 would look like. The January 2020 Revenue Estimating Conference painted a positive picture for the School Aid Fund and the General Fund looking forward, and the governor started the budget process with the administration's budget recommendations.

State Budget Crisis: The normal budget development process was halted in March 2020 as the State began dealing with the implications of COVID-19. Schools moved to remote learning, meals were served for whole communities, federal financial resources were quickly infused into the economy, and "stay home, stay safe" was the theme as the entire state worked to see a way through the challenges of COVID-19. In May 2020, the regularly scheduled Revenue Estimating Conference addressed two key questions: What was the status of state revenue for the 2020 fiscal year, and what projections can be made looking forward to 2021 and 2022? The conclusions reached at the meeting were dire. It was estimated the 2020 School Aid Fund would end the year with an approximate $1 billion deficit, roughly translated to a $685 per pupil shortfall, that would need to be absorbed with the 2020 school year all but over. In addition, the estimates suggested there would be no improvement until 2022. These conclusions caused many districts to adjust their final 2020 budgets to reflect a potential proration of as much as $650 to $700 per pupil.

Financial Picture Improves: In the months that followed the May Revenue Estimating Conference, and well after the 2020 school year had ended, the State concluded it could balance its school aid budget with a $175 per pupil proration cut, significantly less than the expected $650 to $700 per pupil estimate. In addition, in August 2020, a special Revenue Estimating Conference was held with the same goals as the May conference. With better data, the conference concluded that it is possible the $175 per pupil proration would not need to recur in 2021, and the School Aid Fund will end in a better position than anticipated. While those conclusions are hopeful, significant unknowns remain related to an economic rebound and how resources will be allocated to funding priorities within school aid. The data will be used to craft a school funding plan for 2021; once complete, districts will once again need to revisit their 2021 budgets to reflect the budget priorities and funding levels provided by the 2021 amendments to the School Aid Act.

2020 Funding Implications for the School District

2019-2020 Foundation: The target foundation allowance (formerly known as the basic foundation allowance) increased by $120, from $8,409 to $8,529. Additionally, using the "2X formula," the minimum foundation allowance increased by $240 per pupil to $8,111. Before applying proration, the School District received a $120 increase in its foundation allowance, representing an increase of 1.16 percent. When a proration is applied, it does not change the actual foundation allowance. Instead it is essentially "taken off the top" of the funds provided to each district. For practical purposes, after applying proration, which occurred subsequent to June 30, 2020, the net result was effectively a decrease of $55 per pupil funding.

MPSERS Cost Support: Overall retirement costs continue to increase. The estimated contribution rate for 2019-2020 ranged from 36.44 to 39.91 percent, with the rate, net of state funding support, paid directly by the employer ranging from 24.03 to 27.50 percent. The State's funding support is provided in three separate sections of the State Aid Act: Sections 147a, 147c, and 147e. The School District received a total of $973,998 in 147a1, $ 1,501,449 in 147a2, $8,995,459 in 147c1, and $137,748 of 147e. In general terms, this means the total cost of the retirement system contributions in 2019-2020, representing approximately 39 percent of covered payroll, is recognized as an expenditure in the School District's financial statements along with related revenue that was previously considered state support to the system. The net effect is that the School District is responsible for approximately a 27 percent contribution to the retirement system.

COVID-19 Waivers and Flexibilities: With the onset of COVID-19, many waivers were put in place and flexibilities made available to allow for the continued operation of schools. Examples include waivers for in-person attendance and days and hours requirements, since learning was now using a remote model, and approval and use of a Continuity of Learning Plan to qualify for continued state funding.

2021 Funding Implications for the School District

Due to the conclusions drawn from the August 2020 Revenue Estimating Conference, the funding implications for 2021 continue to unfold. Before September 30, 2020, the state budget is required to be finalized and the amendments to the School Aid Act implemented. Careful monitoring of legislative, gubernatorial, and Michigan Department of Education actions will be essential for the School District to understand and plan for all of its potential revenue, identify requirements to receive and utilize current and future revenue, and craft methodologies to allocate costs to ensure reimbursement. In the early stages of the 2021 school year, several elements that impact school financial management are summarized below:

- **2020-2021 Foundation:** The School District's foundation allowance will not be known until the amendments to the School Aid Act are finalized. Based on the August 2020 Revenue Estimating Conference, it appears that a reduction in foundation allowance from the 2019-2020 level would not occur, and the $175 per pupil proration would not continue. It would be prudent to assume any increases would be nominal, if at all.

- **Pupil Membership Blend for 2020-2021:** Typically, the pupil count methodology is defined when the School Aid Act is amended. For the 2021 fiscal year, a modified weighting process was crafted in July 2020 under the "Return to Learn" plan agreed to by the Legislature and the governor. The methodology attempts to address the variety of education delivery methods under the extended COVID-19 learning plans used by districts as fall instruction begins. The process provides for seat time waivers, waives the days and hours of instruction minimums, and changes the weighting of the pupil counts. The new method is a 75 percent/25 percent "super blending." Step one under this method requires a district to complete its calendar year spring and fall counts for 2019 and 2020. The weighting of those counts continues to be at 90 percent fall and 10 percent spring. Then each of those counts is blended, with the 2019 calendar year count blend weighted at 75 percent and the 2020 count blend weighted at 25 percent. The net result of this is that districts experiencing a student count decline will see slower revenue reductions. Districts with a growing student count would see a slower revenue rise.

- **Extended Learning Plan:** Similar to the requirements in the spring to obtain a continuity of learning plan, each district is required to craft and submit its plan for approval to its intermediate school district (ISD) by October 1, 2020. Approval from the ISD of its extended COVID-19 learning plan is required in order to receive state funding. This framework is designed so each district has flexibility in its learning plan and design. For many districts, this involves providing learning options for students and also provides a framework for the district to modify its education delivery as circumstances change.

- **MPSERS Cost for 2020-2021:** The basic structure, including cost support provided by the School Aid Fund, is expected to continue once the amendments to the School Aid Fund are completed. However, one key change is the level of total contribution required. For 2021, the overall contribution rate is expected to increase to 42 percent from 39 percent, with the net cost to the School District approximating 28 percent. While the net cost to the School District changes marginally, the overall contribution rate increases significantly from 2020. The School Aid Fund implication is that more resources are redirected from the funding of operations to the support of the retirement system funding requirement.

Looking Forward to 2022 and Beyond

Given that 2021 is not yet settled, looking past 2021 is difficult. The August 2020 Revenue Estimating Conference did provide a look into 2022. While 2021 did project a surplus to carry over to 2022, the estimates suggest 2022 would be essentially breakeven. Once again, the projections do not build in any specific foundation allowance increases. Factors that will impact projections include the following:

- The extent of economic "bounce back or backwards" that will be experienced by the State
- The impact of any future federal stimulus provided, as the projections do not include any stimulus other than what is already in place
- The ability to return to in-class instruction
- Student enrollment
- Health of the State's General Fund
- Cost trends for the retirement system and extent state support is used from the School Aid Fund

The next Revenue Estimating Conference will occur in January 2021. Districts will need to carefully monitor those results and compare projections to the August 2020 conference results. That information will allow districts to better project the extent of recovery and implications for school funding.

New Federal Funding Considerations - 2020 and 2021

Districts are experiencing a significant flow of new federal grant funding, the likes of which have not been seen since the Great Recession. These federal grants have compliance strings attached and require additional time and attention by school districts to evaluate and ensure proper use.

The Families First Coronavirus Response Act and the Coronavirus Aid, Relief, and Economic Security Act appropriated billions of dollars in supplemental and new education grant programs. In addition, these acts, and numerous waivers issued by federal agencies, have provided flexibilities for states, intermediate school districts, and local education authorities responsible for administering and monitoring new and previously existing federal grant programs.

Specific guidance related to the funding awarded to the School District under these acts has only recently been made available or, in some cases, is still forthcoming. The following is a summary of the more significant federal grants that have already been awarded to the School District or those to which the School District may consider applying:

- *Child Nutrition Meal Reimbursement: Unanticipated School Closures Program* - Due to the national emergency and mandatory closure of all Michigan K-12 schools, the School District participated in the Unanticipated School Closure Summer Food School Program (SFSP) during March, April, May, and June 2020. Nationwide and state-specific waivers granted by the U.S. Department of Agriculture (USDA) allowed all sponsors that participate in the National School Lunch Program (NSLP), School Breakfast Program (SBP), and SFSP to serve noncongregate meals to any child or teen age 18 years or younger residing in the community. The meals served through this program were provided free of charge, and reimbursement to the School District was funded through the CARES Act. Meal reimbursement claims by the School District under the Unanticipated School Closures grant during the year ended June 30, 2020 totaled $785,552.

On August 31, 2020, the USDA announced that it is extending a suite of nationwide waivers for the Summer Food Service Program and Seamless Summer Option (SSO) through the end of 2020 or until available funding is depleted. The extended waivers allow for congregate or noncongregate meals to be served in all areas at no cost and for parents or guardians to pick up meals for their children.

- *Coronavirus Relief Fund* - The CARES Act established the Coronavirus Relief Fund (CRF) and appropriated these funds to states and large governmental municipalities. The funds are designed to help districts cover the supplemental costs related to their response to COVID-19. In July and August 2020, the State of Michigan appropriated $530 million of the State's federal CRF funds to local education agencies (LEAs), which has since been distributed via the state aid payment system. In addition, $125 million of Michigan CRF funds is earmarked to provide support to eligible child care providers, including those operated by school districts.

  Districts are required to use the funds in accordance with federal rules and regulations, subject to further interpretation by the State of Michigan. The CARES Act outlines three broad requirements that pertain to payments from the Coronavirus Relief Fund; the funds may be used only to cover expenses that:

  1. Are necessary expenditures incurred due to the public health emergency with respect to coronavirus disease 2019 (COVID-19)
  2. Were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the state or government
  3. Were incurred during the period from March 1, 2020 through December 30, 2020

  In early September 2020, the U.S. Treasury issued clarified guidance specific to school districts' use of CRF funds and related documentation required to support eligible costs. This guidance broadly states that CRF payments may be used to cover costs associated with providing distanced or in-person learning and that, "as an administrative convenience, Treasury will presume expenses of up to $500 per elementary and secondary school student to be eligible expenditures, such that schools do not need to document the specific use of funds up to that amount." This recent guidance provided significant relief to the complex documentation rules surrounding these funds.

  The School District's July and August 2020 state aid payments included a total of $3,417,590 in CRF funds that must be recognized as revenue during fiscal year 2021 for eligible expenses incurred from March 1, 2020 through December 30, 2020.

- *Elementary and Secondary School Emergency Relief (ESSER) Fund* - The CARES Act also established a $30.75 billion Education Stabilization Fund. Of the total $389 million allocation to Michigan, the Michigan Department of Education (MDE) is required to apportion a minimum of 90 percent to LEAs based on the previous year's Title I formula. Although the State has no discretion in how this portion of the funding is to be allocated to eligible LEAs, school districts are still required to complete an application and budget by September 30, 2020 to be granted the award. ESSER grant funds can be applied toward a variety of allowable uses, including, but not limited to, coordination of efforts in response to coronavirus; provision of resources necessary to address the needs of individual schools, including learning materials and professional development; and other activities that are necessary to maintain the operation of and continuity of services in the school district and continue to employ existing staff.

  A portion (9.5 percent) of the State ESSER Fund allocation is to be awarded competitively to school districts demonstrating the most need for remote learning connectivity and student mental health resources. Awards to individual school districts out of this reserve, known as ESSER Equity, are limited to 20 percent of the formula allocations. Applications are also due by September 30, 2020, and expenditures must have been incurred during the period from March 13, 2020 through September 30, 2021 to be eligible for reimbursement.

  The School District's formula ESSER allocation is $626,951. In addition, the School District has applied for an award from the ESSER Equity reserve in the amount of $125,390.

In addition to the CARES Act funding described above, the School District may also have received or may be eligible to apply for the following grants designed to assist with responding to impacts of the pandemic:

- Child Care and Development Block Grant - CARES Act Supplemental Payments
- Head Start - CARES Act Supplemental Payments
- Federal Emergency Management Agency (FEMA) Grants
- Federal assistance from the county

In order to maximize available funding and ensure compliance with federal rules and regulations, the School District should do the following:

- Obtain a clear understanding of program requirements, including allowable uses and time period in which eligible expenses must be incurred.

- Verify that procedures and internal controls are adequately in place to adhere to Uniform Guidance rules related to procurement, cash management, allowable costs, and subrecipient monitoring, as applicable.

- Ensure that policies and procedures have been created or amended in accordance with requirements set forth in OMB Memorandums M-20-17 (rescinded by and replaced with M-20-26 on June 18, 2020) and M-20-26 (expires September 30, 2020), which provide agencies the ability to extend administrative relief to federal grant recipients.

- Document all decisions made to determine eligibility of emergency-funded costs.

- Refer regularly to accounting guidance issued by the Michigan Department of Education to ensure that federal grant revenue is recorded correctly and expenditures are tracked using the proper grant codes.

The COVID-19 pandemic has created a continuously changing environment for recipients of federal funding, including the School District. As future legislation is developed, guidance is updated, and additional challenges and opportunities are uncovered, we are committed to assisting you in navigating the complexities.

Michigan Public Schools Employees' Retirement System (MPSERS) - Update on the Plans' Net Pension/OPEB Liabilities

Similar to the State of Michigan, the MPSERS plan has a September 30 year end. With the adoption of GASB Statement Nos. 68 and 75, districts have been reporting their share of the MPSERS plan funded status in the government-wide financial statements of the district.

At September 30, 2019, the pension portion of the MPSERS plan had a net pension liability of approximately $33.8 billion. This is an increase from the reported amount of $30.7 billion at September 30, 2018, an increase of approximately 10 percent. This increase meant that, for the year ended June 30, 2020, districts reported a higher net pension liability than they had in the previous year, despite the fact that districts continued to make their required contributions to the plan during fiscal year 2020. One of the primary reasons for the increase in the liability was the result of a recently completed five-year experience study. The study results had the impact of increasing computed liabilities and contribution requirements. Additionally, the discount rate was lowered by 0.25 basis points, which also had the impact of increasing the pension liability.

At September 20, 2019, the retiree health care portion (OPEB) of the MPSERS plan had a net OPEB liability of approximately $7.3 billion. This is a decrease from the reported amount of $8.1 billion at September 30, 2018, a decrease of approximately 10 percent. The discount rate was lowered by 0.20 basis points, which had the unfavorable impact of increasing the liability. However, this was largely offset by the results of a favorable experience study adjustment related to a decrease in the projected per person health benefits costs.

Significant Changes in the Future to the Financial Reporting Model for Schools

Under the current Governmental Accounting Standards Board (GASB) standards, school districts have been reporting using the current framework for approximately two decades. While the current financial statement presentation has worked, the GASB is looking to improve its effectiveness for all governments.

This project kicked off in August 2013. Recently, exposure drafts were issued in June 2020 titled "Financial Reporting Model Improvements" and "Recognition of Elements of Financial Statements." The GASB's goal is to have final standards issued by June 2022.

Once adopted by the GASB, these new standards will have a significant impact on the accounting and financial reporting for school districts. Currently, school districts account for activity in the funds using the modified accrual basis of accounting. The exposure drafts argue that, under the current model, there is no sufficient framework that ensures that governmental entities are consistently reporting similar types of transactions in their financial statements. They also argue that the time period looked at for certain transactions in fund accounting is too short and that the current method has too many piecemeal guidance points rather than a conceptual framework against which transactions can be applied in order to determine the correct accounting. Some of the proposed changes in the exposure drafts (which are significantly different compared to the current model) include the following:

- Requiring additional information in the management's discussion and analysis (MD&A)
- In the budget-to-actual statements, requiring a column that would show the variances between the original and amended budget
- In the fund-based statements:
    - Significant terminology changes - "Revenue" will be referred to as "inflows of resources" and "expenditures" as "outflows of resources." In addition, many of the statements will be renamed, and some of the fund-type definitions will be changed.
    - "Modified accrual" accounting would change to "short-term financial resources measurement focus." Generally, transactions would be accounted for in the governmental funds if they are expected to be converted to cash or paid in cash within 12 months of the school district's year end. A typical example would be revenue recognition. Under today's rules, if a receivable is not collected within 60 days of the school district's year end, then the related revenue, generally, must be deferred until the following year. Under the proposed changes, the revenue can be recognized in the current period as long as it will be collected within one year of the current period end. In this example, revenue in the funds may be recognized sooner in the proposed new model as compared to the current model. This change will impact the timing of when revenue and expenditures are recorded in the governmental funds; in addition, the actual financial statements themselves will actually look quite different from a presentation perspective. This is a significant change.

The exposure draft allows for a phased adoption. Districts with total annual revenue (across all funds) over $75 million will adopt in the year ending June 30, 2025. Those under $75 million will adopt in the year ending June 30, 2026. We will continue to monitor progression very closely. When the new standards ultimately get issued, we will work with your business office to ensure smooth and efficient adoption.

GASB Statement No. 84 - Fiduciary Activities

This statement was originally effective for the School District's June 30, 2020 financial statements; however, it was postponed one year with issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, in response to COVID-19 pandemic. GASB Statement No. 84 is now effective for the School District's June 30, 2021 financial statements. The statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The statement was issued because it was determined by the GASB that there was divergence in practice between governments in what was being reported in a fiduciary fund. This statement was designed to provide a principles-based approach that governments could apply against their situations to determine if certain activity should be reported in a fiduciary fund. The statement also establishes and defines four types of fiduciary funds: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. The School District will be required to apply the new principles-based rules from this statement to determine if more or less reporting will be required related to fiduciary activities that may exist upon implementation of this standard, including the potential that certain activities could be reported as a new special revenue fund.

This statement is expected to be significant for districts, as most districts have some form of fiduciary-type activities that will need to be evaluated using this new statement. If the School District has not yet finalized its analysis of which activities will be reported as fiduciary once GASB 84 is adopted, the School District should work to complete this process in order to allow for a smooth implementation during fiscal year 2021. The Michigan Department of Education (MDE) and, specifically, the 1022 subcommittee developed additional implementation guidance released in March in order to assist in ensuring consistent application among districts. The additional guidance primarily focuses on custodial funds, private purpose trust funds, and the newly created special revenue governmental fund: Fund 29. The standard has created a number of legal and operational questions surrounding allowable and unallowable activities if accounted for within a special revenue fund, accounting for wage-related activities if funds are used to pay employees from the accounts, and revising board policies. While it is not expected that additional guidance relating to these matters will be provided, consultation with the School District's legal counsel is encouraged. This new governmental accounting standard is effective as of July 1, 2020.

GASB Statement No. 87 - Leases

This statement was originally effective for the School District's June 30, 2021 financial statements; however, it was postponed 18 months with the issuance of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, in response to the COVID-19 pandemic. With the deferral, GASB Statement No. 87 is now effective for the School District's June 30, 2022 financial statements. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows or outflows of resources based on payment provisions of the lease. The statement was issued to improve accounting and financial reporting for leases by governments. The statement establishes a single model for lease accounting for both lessees and lessors 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 on the lessee's government-wide financial statements, and a lessor is required to recognize a lease receivable and a deferred inflow of resources on the lessor's government-wide financial statements. Furthermore, there are additional financial statement disclosures required for the lessee and lessor as a result of the standard. The School District will have to identify and analyze all significant lease contracts to determine the lease asset and lease liability or deferred inflow or outflow of resources that will be required to be recognized upon implementation of the standard. This review should include all existing lease contracts and contracts that may have embedded lease arrangements that were not previously considered.

Farmington Public School District

Board Presentation
June 30, 2020

Farmington Public Schools

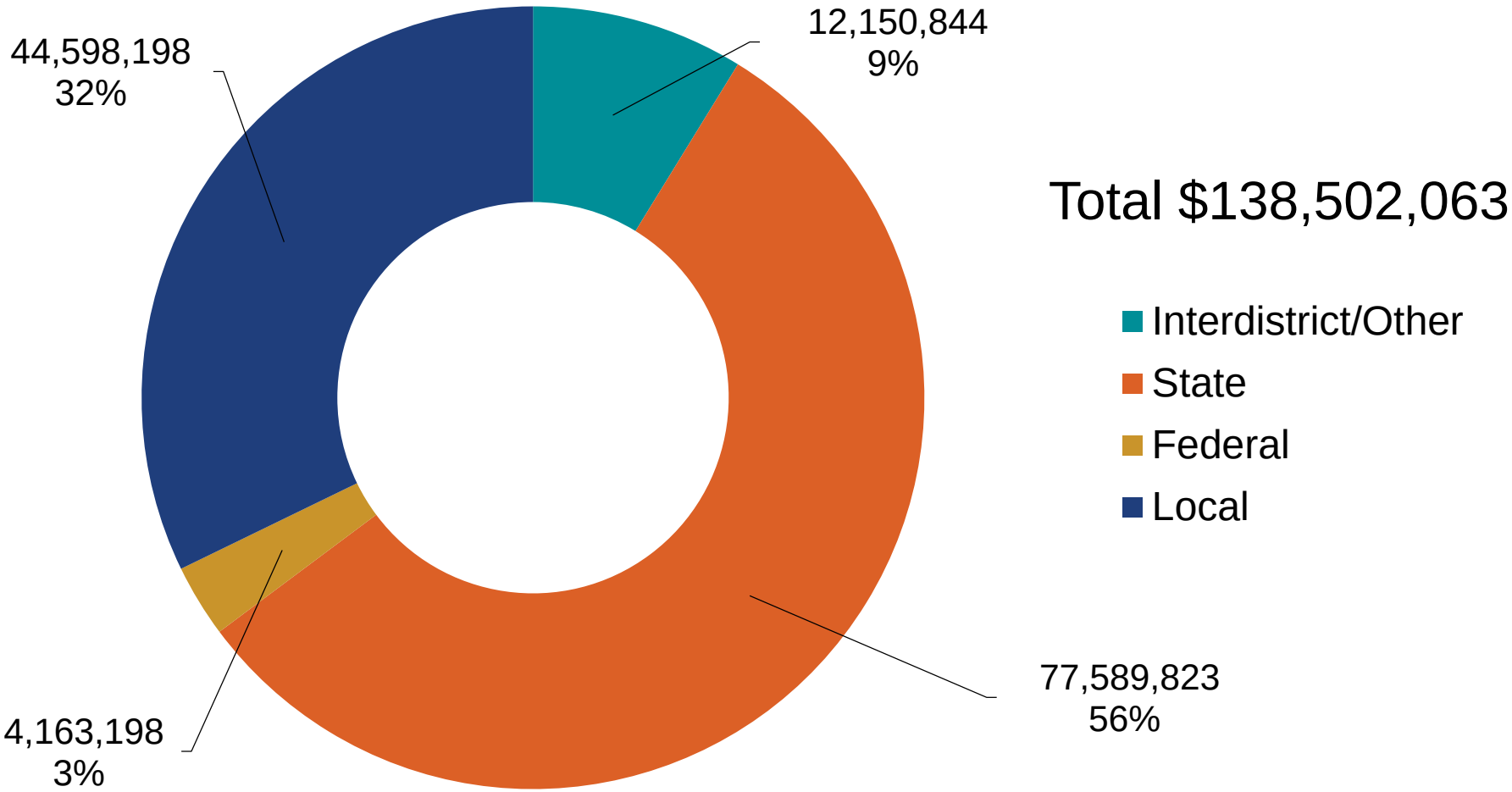
Key Audit Highlights:

- 2019-2020 Audit Results
  - Basic Audit
  - Federal Programs – CNC Cluster and Title I
  - Bond program compliance
- 2020 Bond Issuance
- Awarded 2019 Certificate of Excellence in Financial Reporting award from Association of School Business Officials International

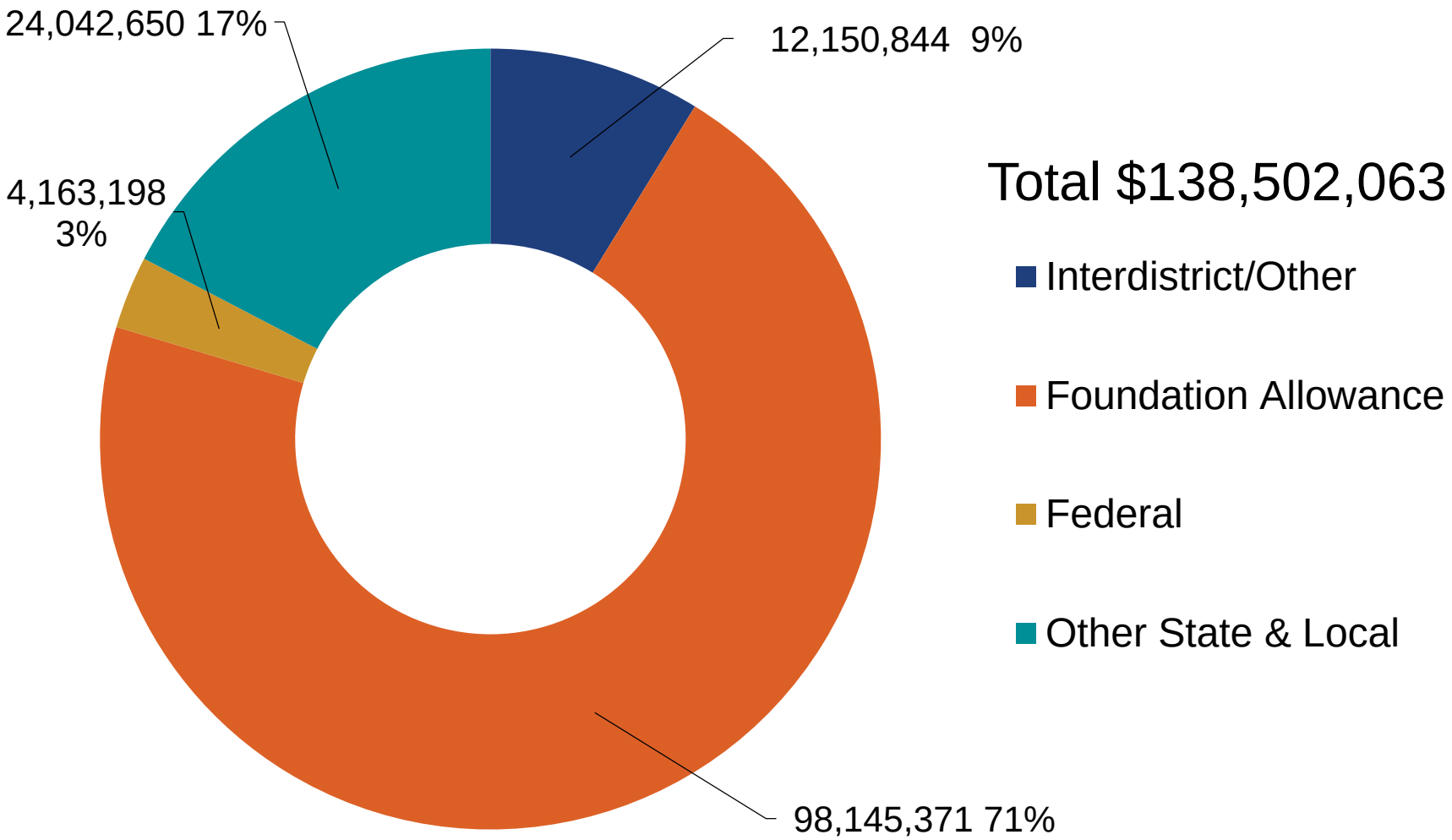
Public Education Funding 2020 – 2021 Continued uncertainty in K12 funding

- Continued uncertainty in K12 funding
- Budgeting challenges
- Significant increase in federal funding

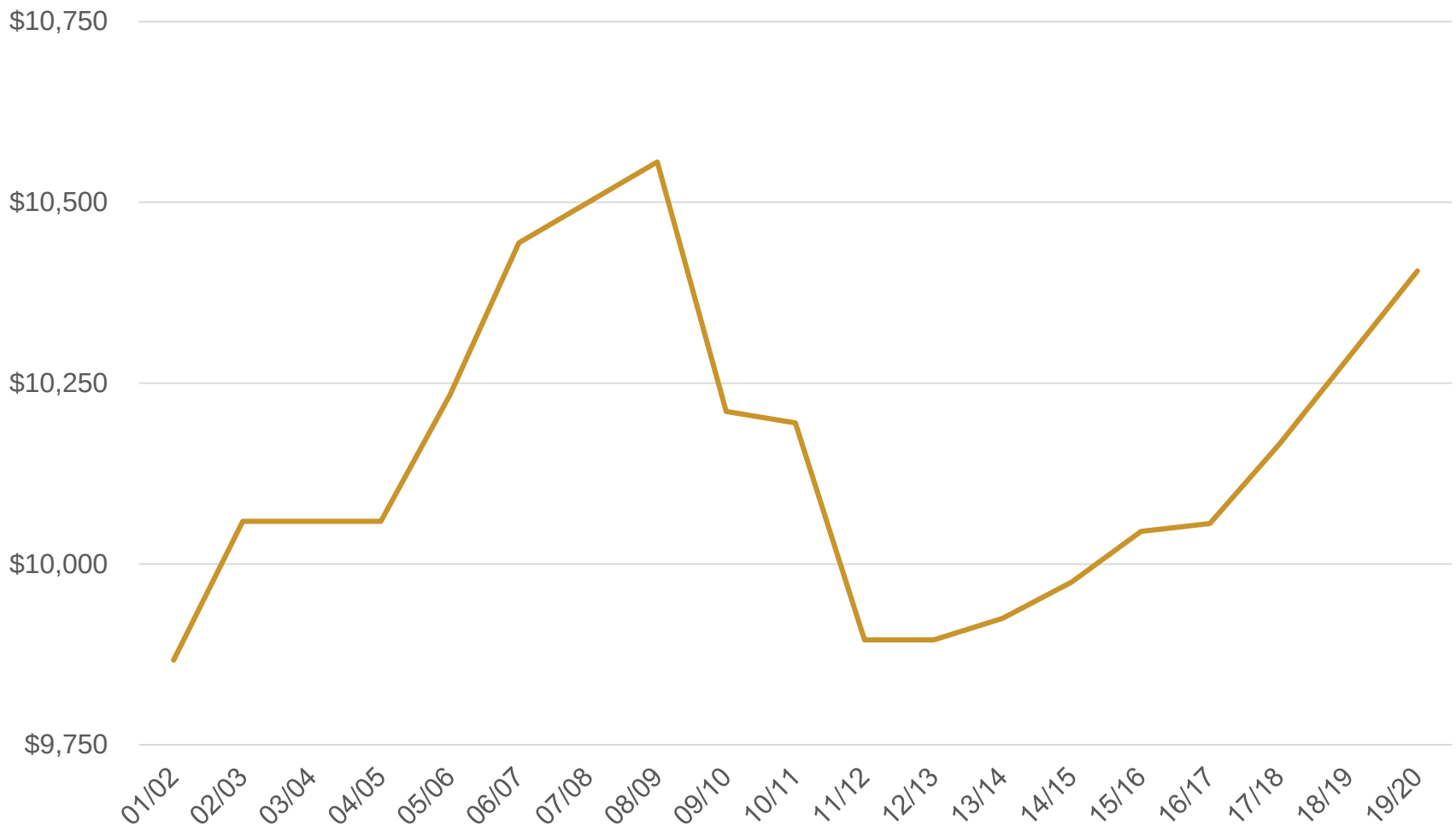
General Fund Revenue and Other Sources



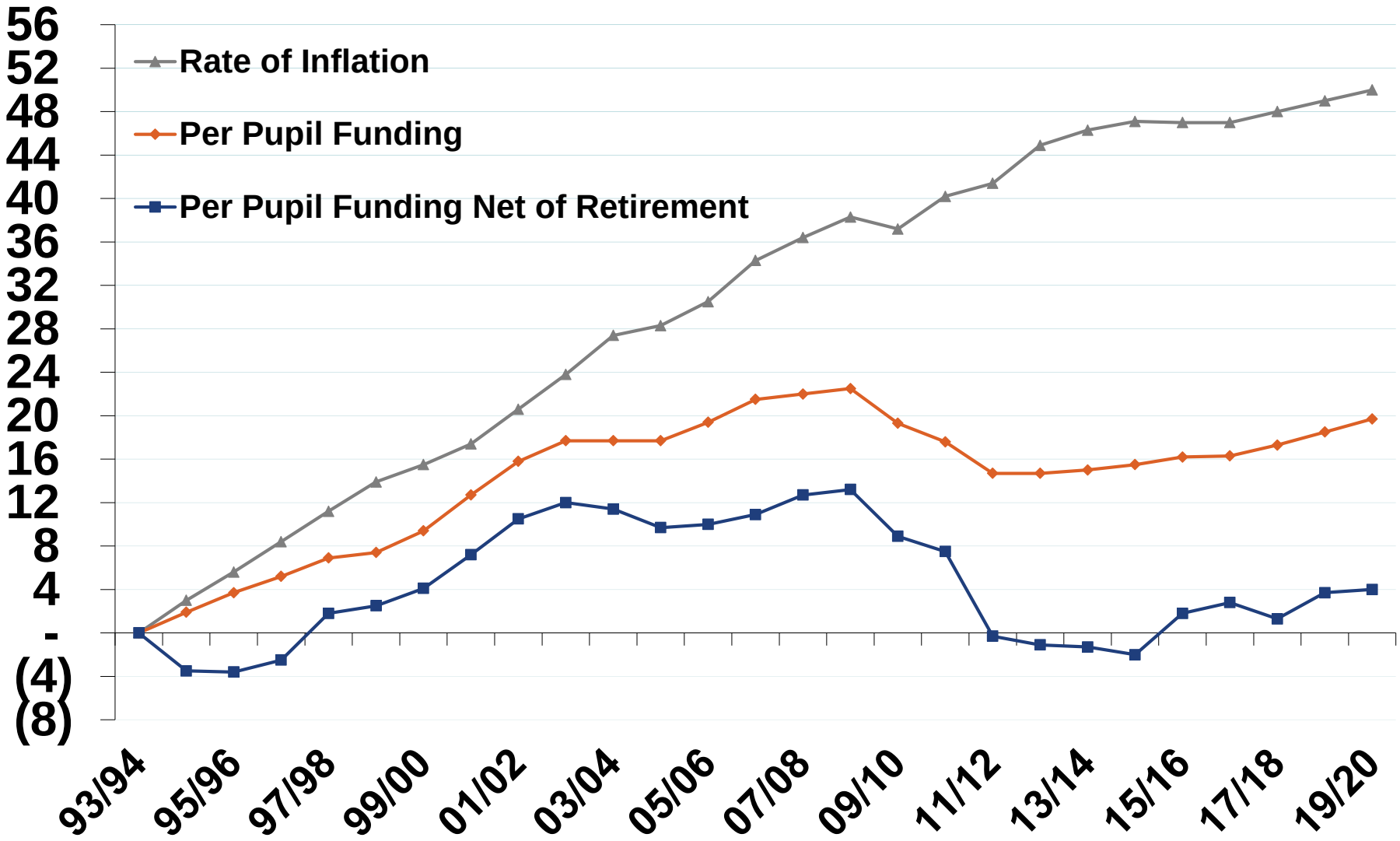
General Fund Revenue – Foundation Allowance



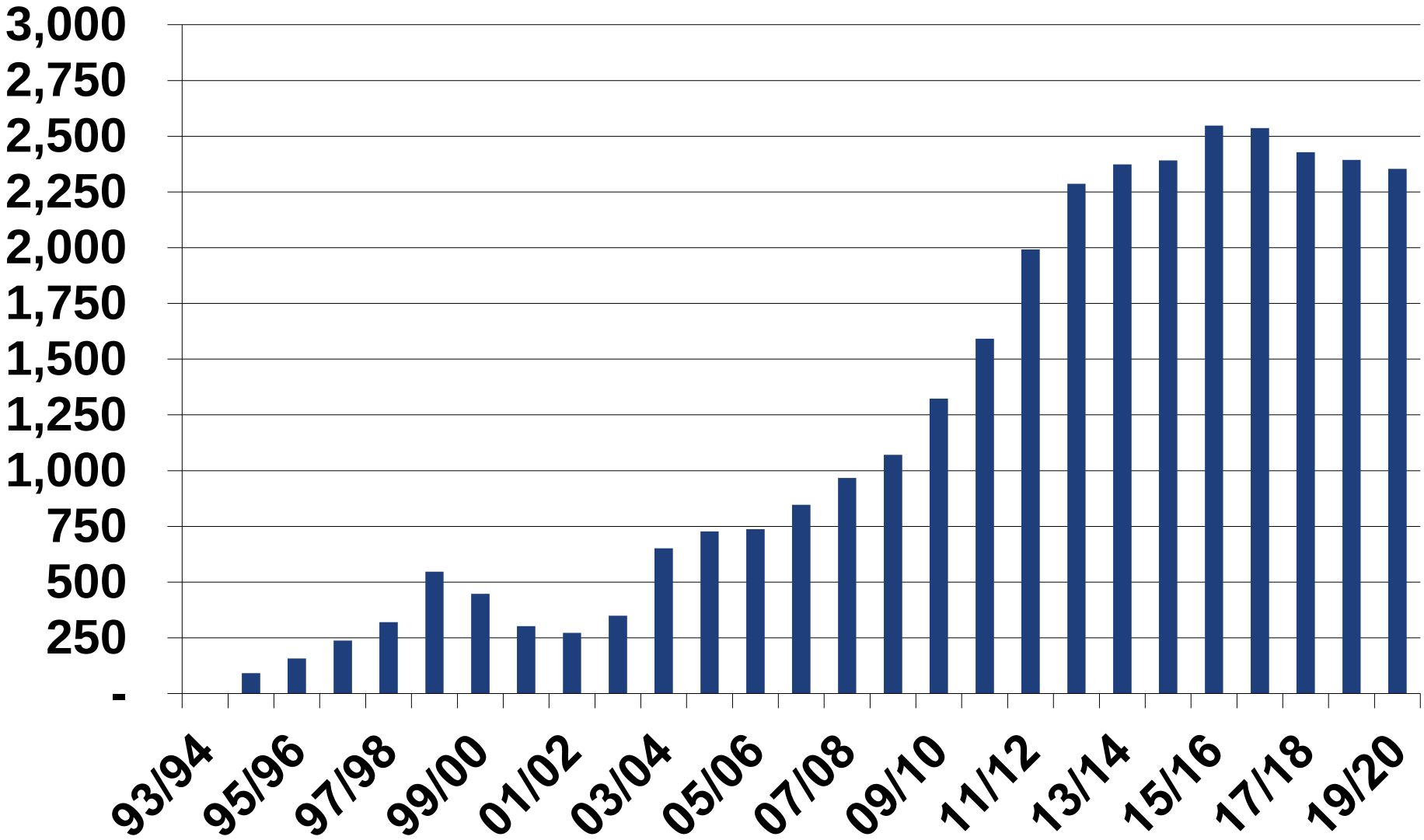
Foundation Allowance History



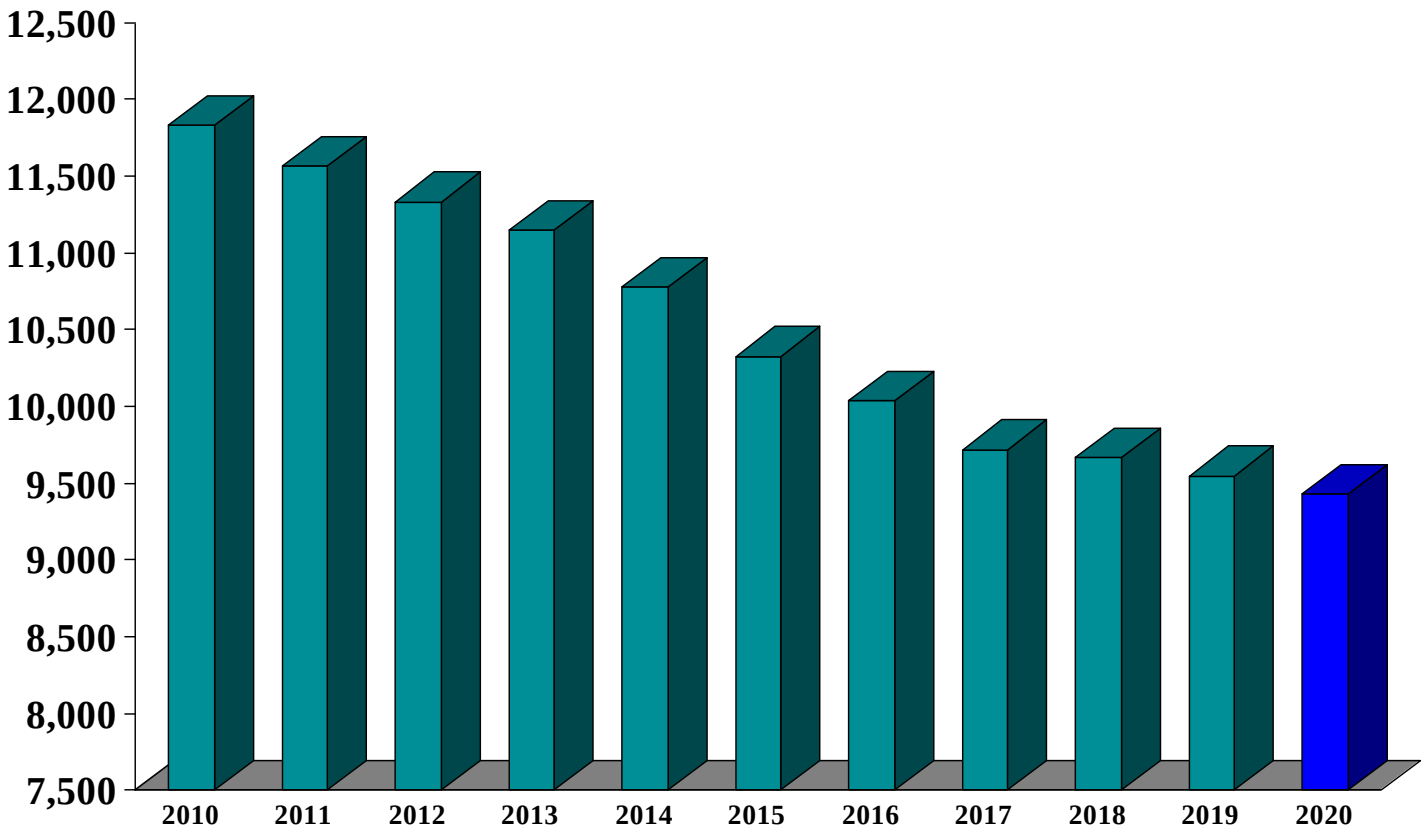
Cumulative Rate of Inflation and Cumulative Per Pupil Funding



Cumulative Inflationary Loss of Per Pupil Funding

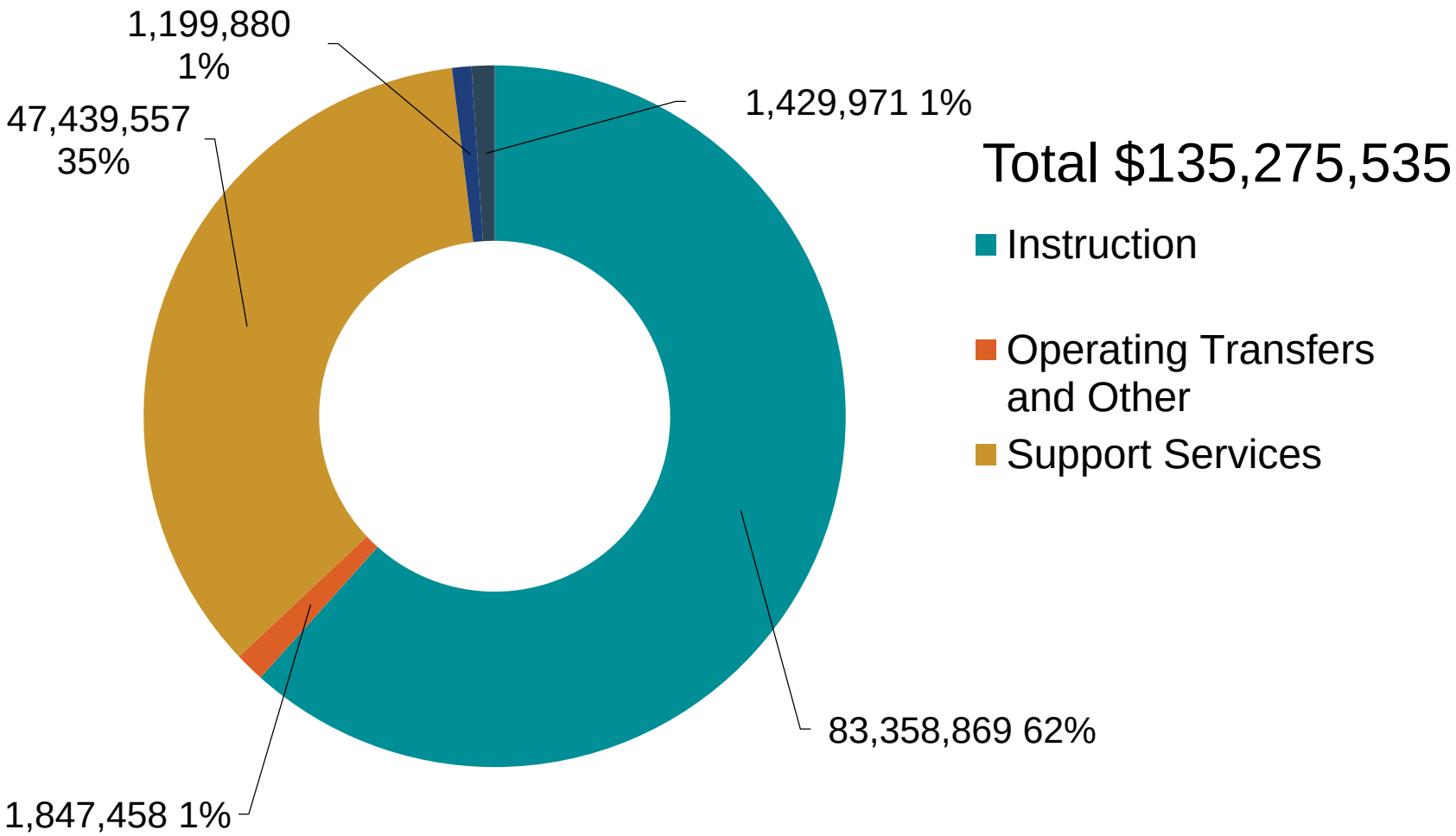


Blended Student Population

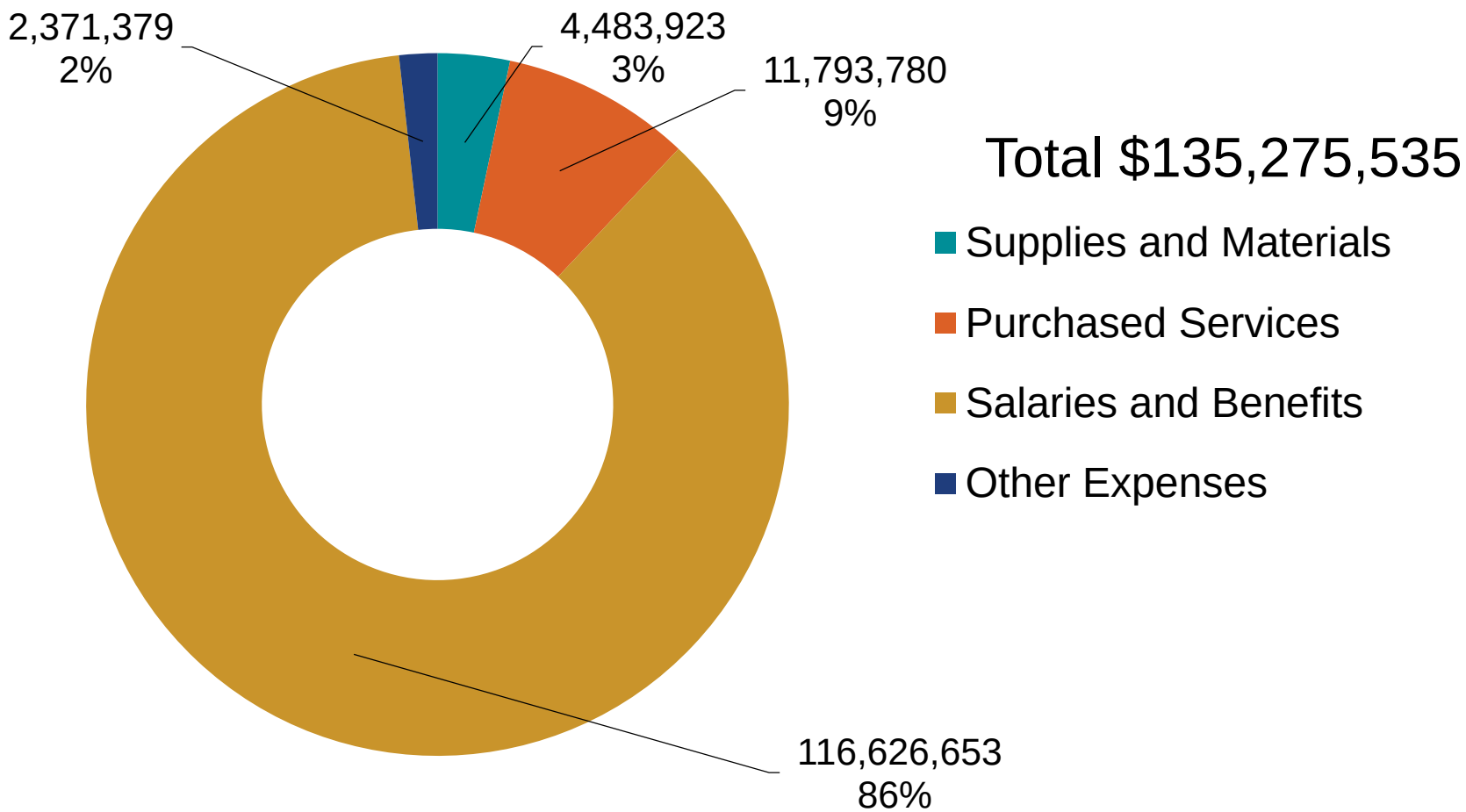


	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Students	11,832	11,567	11,335	11,149	10,776	10,329	10,036	9,719	9,669	9,550	9,433

General Fund Expenditures and Other Uses



Analysis of General Fund Expenditures and Other Uses



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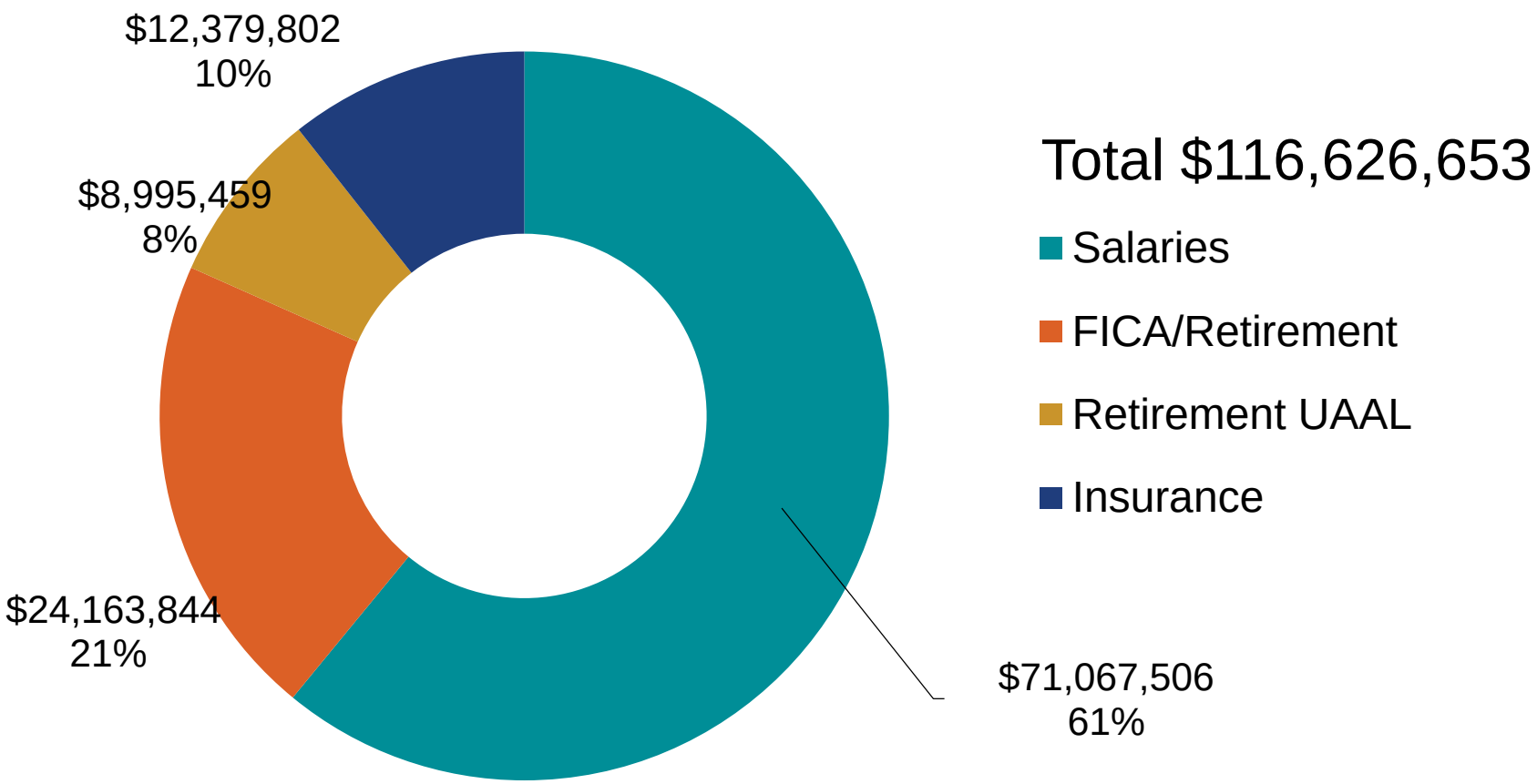
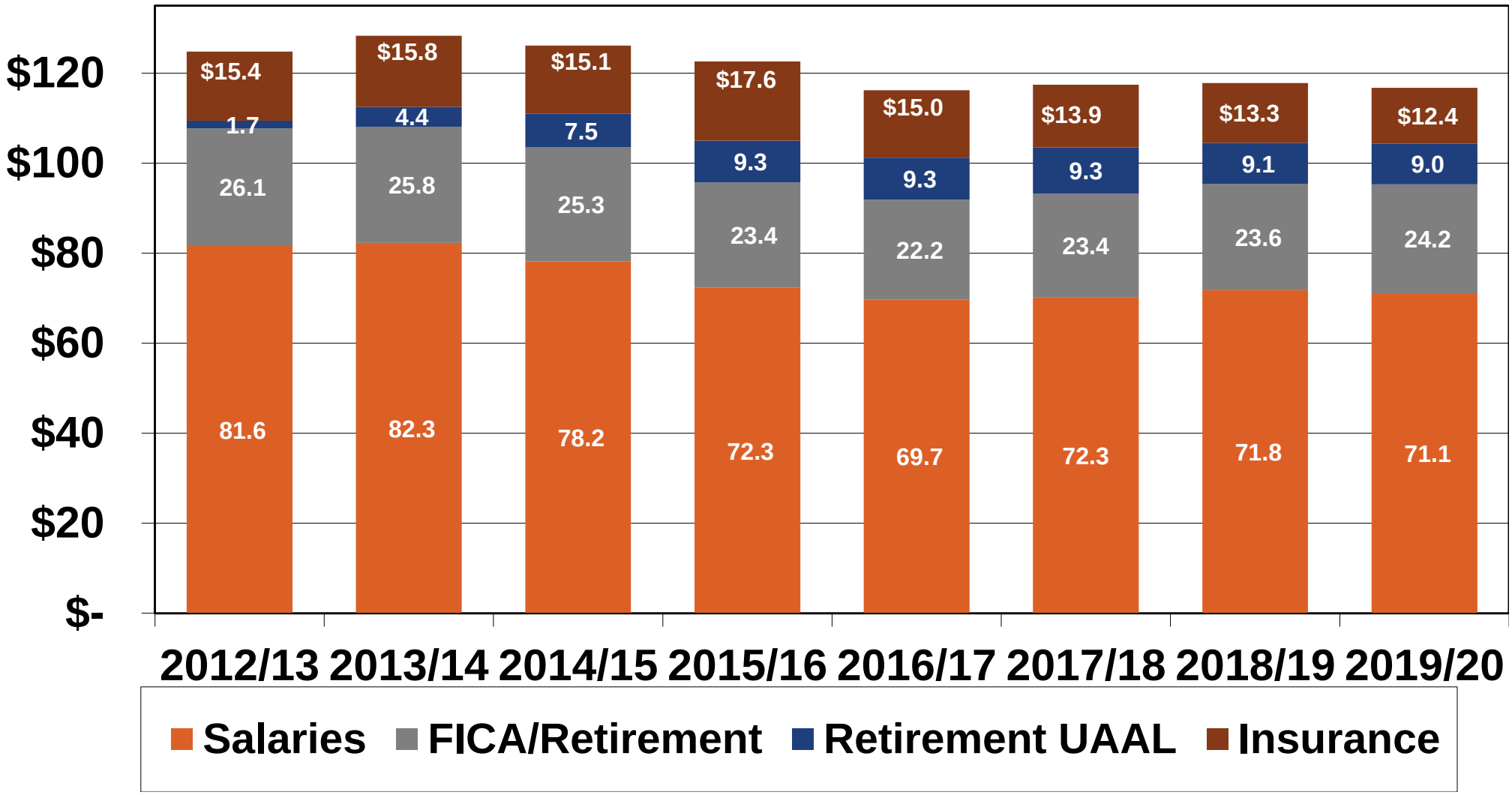
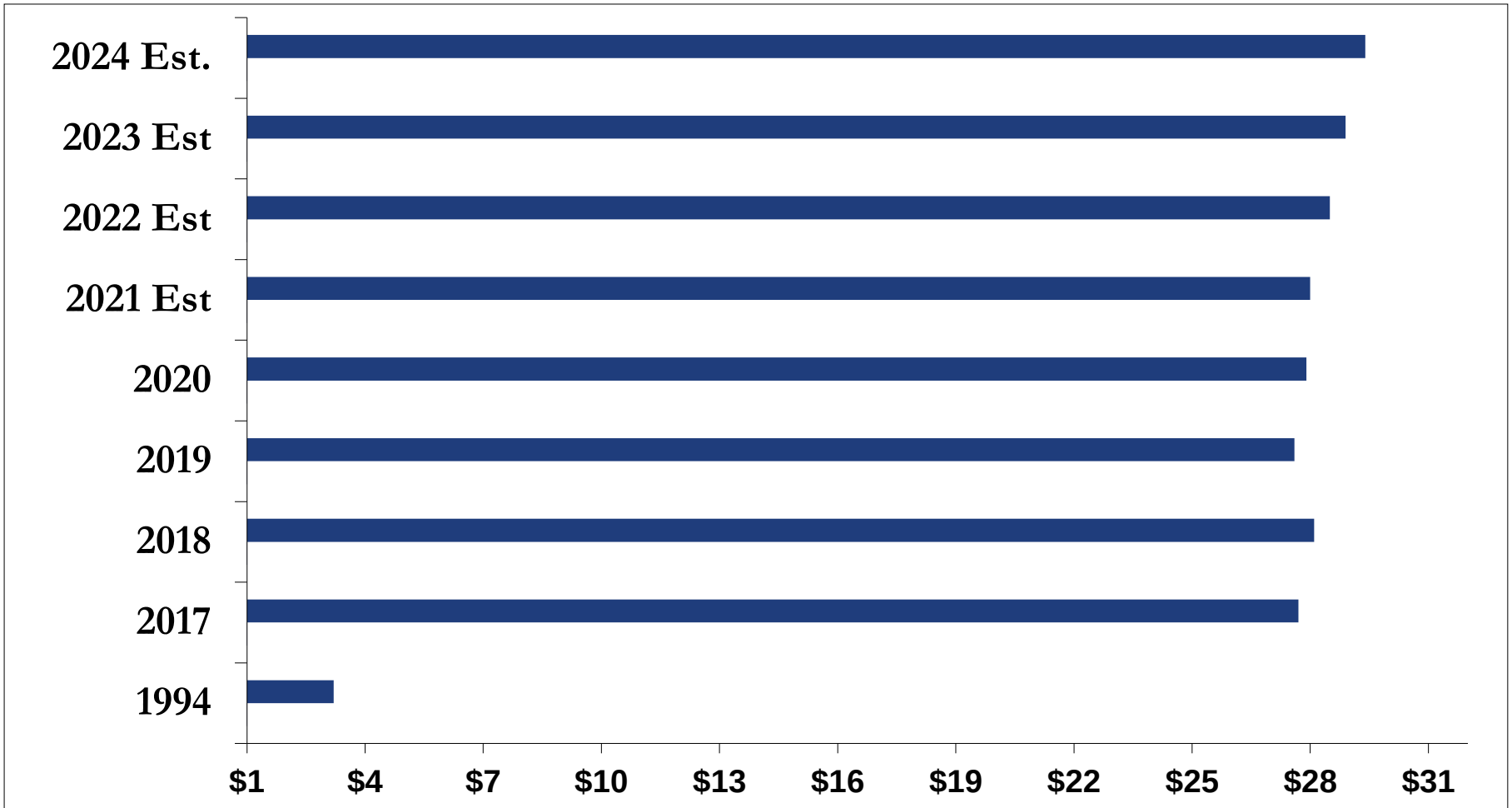


General Fund Salaries and Benefits



Retirement Funding Expense
Michigan Public School Employee Retirement System



	1994	2017	2018	2019	2020	2021 Est	2022 Est	2023 Est	2024 Est.
Retirement	$3.2	$27.7	$28.1	$27.6	$27.9	$28.0	$28.5	$28.9	$29.4
Retirement Rate	5.00%	38.32%	36.80%	38.60%	39.60%	40.60%	41.60%	42.60%	43.60%

General Fund Fund Balance versus State Averages

	FPS	State Average	Oakland County
Total Fund Balance/Expenditures	**15.81%**	**14.20%**	**12.56%**
Less: Nonspendable, Restricted, Committed and Assigned Fund Balance	**(9.54%)**		
Unassigned Fund Balance for future funding shortfalls and working capital	**6.27%**		
Equivalent Days Based on "shortfalls and working capital" designation:			
180-day School Year	**11.3 Days**		

Importance of Fund Balance

- Minimize need to borrow to meet cash flow
- Prevents operating in a deficit
- Flexibility in adjusting spending during the school year (many unknowns)
- Helps with maintaining credit ratings
- Needed funds for reimbursable federal expenditures
- MSBO recommends fund balance at 15% of total expenditures
- GFOA recommends no less than two months of operating expenditures (~ 16-17%)
- FPS Fund Balance Target is 8 – 12%

Statement of Net Position (in millions)

Assets		
Current and other assets	$	137.5
Capital assets		170.6
Total Assets		308.1
Deferred outflows of resources		90.3
Total assets and deferred outflows of resources		398.4
Liabilities		
Current liabilities		24.6
Long-term liabilities		187.5
Net pension liability		273.2
Net OPEB liability		58.8
Total Liabilities		544.1
Deferred inflows of resources		55.6
Total liabilities and deferred inflows of resources		599.7
Net Position		
Net investment in capital assets		71.2
Restricted		3.5
Unrestricted		(276.0)
Total Net Position	$	(201.3)

Thank you for the opportunity to serve as auditors for the Farmington Public School District

For more information contact:
Nevra Kreger
Education Services
Plante & Moran, PLLC
(248) 223-3366
Nevra.Kreger@plantemoran.com

Farmington PUBLIC SCHOOLS

Moving Forward
- to -
In-Person Learning

Secondary In-Person Planning

FPS Board of Education Update
October 6, 2020

Farmington PUBLIC SCHOOLS

Moving Forward
- to -
In-Person Learning

Considerations Regarding Start Date for Secondary Phase-IN

We acknowledge ...

we originally gave a start date of January 25, 2021 for secondary phase-in; we have received feedback from Board Members and other community members to consider a sooner phase-in for secondary

Comparing 1/25/2021 & 11/30/2020 Return Elements

1/25/2021

Opportunities

- Makes no changes to classes or schedules mid-semester
- Ability to group classes so teachers will not be required to teach face-to-face and virtually simultaneously
- Ability to create a new schedule based on needs and interests of students and families

Challenges

- This model delays the potential for students to engage in in-person instruction.

Common Aspects

Opportunities

- Quality instruction based on in-person and remote best practice is provided under both plans
- Interventions through MTSS are available in full remote and in hybrid
- **Collaborative planning** time for teachers

11/30/2020

Opportunities

- Students will be able to return sooner
- Students will receive direct synchronous instruction five days a week

Challenges

- Teachers will have to provide face-to-face instruction and virtual instruction simultaneously
- Face-to-face instruction will look very similar to virtual instruction.
- Current schedule has multiple teachers sharing classrooms.
- Remote learning students may not have the same level of teacher attention

Farmington PUBLIC SCHOOLS

Moving Forward
- to -
In-Person Learning

Process for Plan Development

We acknowledge ...

that we were not able to involve teachers before our last report to the Board, but have since included all of the Secondary Instructional Leaders and some of the Association leadership in the feedback loop.

Secondary Phase-in Planning Process

- Six models were initially constructed and then narrowed down to three by the secondary administrative team.
- Each secondary team then had a meeting with the ILs at their schools to provide feedback.
- Secondary principals then shared the model with their staff through staff meetings and some received additional feedback.
- Further input was provided at the Districtwide Secondary IL meeting.
- Note: 6-12 must be on the same schedule due to MS students with HS classes and teachers shared between Middle and High School
- This model was selected based for an 11/30 start from the feedback received from the instructional staff, though it must be noted that there is a strong preference for delaying the return to school for secondary until January 25, 2021.

Farmington PUBLIC SCHOOLS

Moving Forward
- to -
In-Person Learning

A/B Cohort Schedule

We heard about…

making sure the synchronous instructional time met the requirements and rigour expected for students to make progress through the curriculum.

Secondary Phase-in Planning Process

The following feedback was instrumental in the selection of the proposed model for 11/30.

- This model is very closely aligned to what is currently occurring virtually.
- The emphasis of this model from the feedback related directly to safety - minimizing as much as possible travel between classrooms.
- Based on the number of students enrolled in the secondary buildings it is critical that a deep cleaning be done between cohorts.
- Students will travel between classes and three classes a day minimizes the amount of time students are in the hallway.

Secondary Phase-in Planning Process

The following feedback was instrumental in the selection of the proposed model for 11/30.

- This schedule done consistently throughout the secondary programs allows for middle school students to continue to take high school classes and account for teachers shared between buildings.
- Students will receive synchronous instruction five days a week.
- Allows for a thoughtful re-opening to build additional infrastructure to allow the safe return of all students
- This model provides a schedule that can be implemented virtually in the event that we are required to close the building or individual classrooms due to COVID-19 cases.

Reviewing the A/B Day Hybrid with the Guiding Principle Elements

Instructional Integrity

Decisions

A/B Day Hybrid Structure with

- **2 in-person learning** days
  - M/T or Th/F
  - All 6 hours will be covered each week for 3 hours and 45 minutes
  - Small-group and full-group instruction
- **3 remote instruction** days
  - In-Person off-days and Wednesdays are remote.

Teacher Efficacy

Decisions

- **In-person instruction** and **remote instruction** focuses on new learning and reinforcement of previous learning.
- **Collaborative Planning** time for teachers, which also allows for additional training.

Challenges

- Technology and Instructional Challenges with teaching face-to-face and virtually simultaneously

Systems to Mitigate Risk

Decisions

- **Adapted classroom routines** (including norms) to support safety protocols
- **Breakfast and Lunch** activities provided via sacks either eaten in the school or taken home.
- **Safety protocols** such as facialing coverings, scheduled hand washing/sanitizing practice, and social distancing practices
- **Victory Electrostatic Machines** used after school and on Wednesdays

Challenge

- Ensuring proper cleaning between classes.

Farmington PUBLIC SCHOOLS

Moving Forward - to - In-Person Learning

In the **A/B Hybrid** structure, students are split into two groups A and B.

- Group A has Periods 1-3 in-person on Monday; 4-6 in-person on Tuesday; 1-6 remotely on Wednesday; 1-3 remotely Thursday and 4-6 remotely Friday.
- Group B has Periods 1-3 remotely on Monday; 4-6 remotely on Tuesday; 1-6 remotely on Wednesday; 1-3 in-person Thursday and 4 - 6 in-person Friday
- Each group receives 5 days of synchronous instruction each week.

Secondary Schedule

Families that are not ready for in-person can **continue remotely.**

Farmington PUBLIC SCHOOLS

Moving Forward
- to -
In-Person Learning

Cleaning and Disinfecting

We hear …

that the staff and community have concerns about safety regardless of the structure of the hybrid model.

Farmington Public School Facilities - Secondary

Cleaning & Disinfecting

Goal: Increase cleaning & disinfecting

Daily M,T, Th, F

- Staff have spray bottles to spray their work areas, door knobs and student desks
- Custodians will Wipe down with Q.T Plus **frequently touched surfaces**
- Custodians clean and disinfect common area lavatories.
- Custodians clean floors as needed

Wednesday

- Use **Victory Electrostatic Machines/ Clorox 360 Machines**
- Clean and disinfect common area lavatories

Evening

- Continue to use **Victory Electrostatic Machines/ Clorox 360 Machines**
- Discard any classroom or office waste
- Clean and disinfect kitchens
- Clean floors every other day or as needed
- High level dust

All disinfectants are EPA approved and/or are food grade.

Protocols

HVAC

Goal: Maximize fresh air circulation

Specifications

- Horizontal & vertical univents (HUV & VUV)
- Air Handler Units (AHUs)
- Roof Top Units (RTUs)

Air Flow

- Exchange rate of fresh air = every 7 ½ minutes or 8 times per hour.
- System air purge two (2) hours before and after building occupancy

Filters

- Quarterly filter change
- Additional filter changes in the event of a positive case.

GRBS Update

Goal: Maximize capacity

Staffing Challenges

- Continuing to recruit and provide incentives
- Shifting staff to ensure coverage during the day
- Prioritization of the work

Progress Monitoring

- Concerns will be directed to facilities should they arise so that they can be rectified.
- Facilities is in consistent contact with GRBS to continue to refine service.

Farmington PUBLIC SCHOOLS

Moving Forward - to - In-Person Learning

In Summary ...

The recommendation to move forward with an **A/B Hybrid Structure** is due to the following key benefits:

- Consistency of daily guided instruction and support.
- Ability to mitigate health and safety risks by minimizing the number of students in the building each day.
- Reducing the learning support required by families.

Farmington PUBLIC SCHOOLS

Moving Forward
- to -
In-Person Learning

Additional Points:
Process Highlights

We hear …
a lot of questions about processes.
(quarantining, staffing, screening etc.)

Key Process Highlights for In-Person Instruction

1. Staff follow daily self-screening process that is currently in place.
2. Parents sign an **FPS Agreement** (link agreement) indicating their acknowledgement of and willingness to follow safety protocols including daily self-screening, facial coverings, etc.
   a. Staff will take temperatures of any student exhibiting symptoms
3. Buildings develop and communicate **arrival and dismissal processes**.
   a. Students on the bus wear facial coverings and follow building protocols for arrival and dismissal.
4. **Students wear facial coverings** in school except for when eating. Room arrangement provides for social distancing when eating.

Key Process Highlights for In-Person Instruction

5. **Quarantine rooms** present in each building for students who show symptoms associated with COVID-19.
   a. **Students who report symptoms** will be quarantined and parents will be contacted to pick up their child.
   b. Parent pick-up **required** with appropriate follow-up and guidance of next steps.
6. In the event of a positive COVID-19 result, the Oakland County Health Department **reporting process** is followed. Any quarantining, and the extent there of, is determined by the health department.
   a. Ill and quarantined students continue to receive instruction remotely.
7. Buildings collaborate within and across buildings to develop **staffing plans** for hybrid and fully remote models.

Farmington PUBLIC SCHOOLS

Moving Forward
- to -
In-Person Learning

Appendix

Moving Forward to In-Person Learning FAQ

We hear …

a lot of other questions.

Some Frequently Asked Questions as we Plan Forward

- **Will Canvas continue to be used?** Yes, for hybrid and fully remote options.
- **Will families have the option to stay fully remote?** Yes
- **Will students remain with their same teachers?** Yes until the end of the semester
- **Who will teach in the hybrid or fully remote model?** If we are returned prior to the semester break, teachers will remain with their current classes whether the students are hybrid or fully remote.
- **Will food service be available?** Yes. All in-person groups will be provided an in classroom breakfast/snack and a sack lunch to take home for those interested. Meal pick up is still available for those in they fully remote option

Some Frequently Asked Questions cont.

- **Will teaching staff clean the rooms?** Staff will be provided a “spray and sit” disinfecting bottle with wipes. They will spray their high-touch point personal spaces as well as door handles and student desks
- **Do staff have “other” meetings during their planning time?** *Staff meetings will occur outside of the school day per past practice. This is protected planning time. PLTs can request for guests to come in to support their work (coaches, etc.)*
- **Will students bring devices to school?** *Students are asked to bring their devices to and from school as needed.*
- **Will classrooms be “tech ready”?** Yes, the technology dept. will audit each room for functional desktops, projectors, etc. Technology will leave an audit summary and technology directions for staff following their room check. Staff will also have access to their newly provided laptops.

Some Frequently Asked Questions cont.

- **How is student attendance impacted by the proposed schedule?** *All schools in Michigan are working under pupil accounting rules for "Pandemic Learning." This allows for flexibility on how attendance is recorded, including looking at daily attendance and weekly interactions/engagement. The two schedules will not impact our responsibility to track interactions and monitor learning.*

- **What is the district doing to support absent teachers?** *FPS is currently adding to building and district level substitute/guest teachers.*

IX. ACTION ITEMS

A. **RECOMMENDATION FOR APPOINTMENT OF SUPERVISOR /PRINCIPAL OF VISIONS UNLIMITED.**
Presenters: Jacqueline McDougal, executive director-special education

MOTION: I move that the Board of Education approve the appointment of Dorene Forster as the supervisor/principal of Visions Unlimited.

B. **RECOMMENDATION FOR APPROVAL OF THE ELEMENTARY RETURN TO IN-PERSON INSTRUCTION PLAN.**
Presenters: Robert Herrera, superintendent, Kelly Coffin, assistant superintendent-innovation and strategic initiatives and Margaret Hendrickson, director-curriculum, instruction, and assessment

MOTION: I move that the Board of Education approve the Elementary Return to In-Person Instruction Plan utilizing the AM/PM Half-Day Hybrid plan, as presented.

OR

MOTION: I move that the Board of Education approve the Elementary Return to In-Person Instruction Plan utilizing the A/B Day Hybrid plan, as presented.

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Moving Forward
- to -
In-Person Learning

Elementary In-Person Planning

FPS Board of Education Update
October 6, 2020

Guiding Principle

Create teaching and learning conditions that maximize

- **instructional integrity** and **teacher efficacy**
- the capacity of the **system to mitigate risk**

in order to create meaningful student engagement.

In what ways do our decisions attend to the above guiding principle while being attentive to

- ***the needs of students, staff and parents?***
- ***internal and external constraints and accountability parameters?***

We will continue to maintain our instructional focus on …

FPS Instructional Framework		National Standards for Quality Online Learning
Standards-Based Planning	• Making **learning targets visible** and accessible to the learner.	• The online teacher creates, selects, and organizes appropriate assignments and assessments to align curricular content with associated **standards-based learning goals.**
Conditions for Learning	• Establishing and maintaining effective **relationships**. • Providing **effective feedback** for all learners.	• The online teacher uses different types of tools to interact in online courses in order to nurture learner **relationships,** encourage learner interactions, and monitor and motivate learner **engagement.** • The online teacher helps learners reach content mastery through instruction and quality **feedback** using various formats.
Standards-Based Instruction	• Developing **complex and engaging tasks** that provide an opportunity for student's voice, choice, and interaction.	• The online teacher uses digital pedagogical tools that support communication, productivity, collaboration, analysis, presentation, research, **content delivery, and interactions.** • The online teacher is able to incorporate subject-specific and developmentally appropriate digital learning resources into online learning modules.
Professional Responsibility	• Promoting teacher leadership and **collaboration** • Maintaining expertise in content and **pedagogy**	• The online teacher is a **reflective** practitioner. • The online teacher continuously pursues **knowledge** and skills related to online learning and pedagogy.

Farmington PUBLIC SCHOOLS

Moving Forward
- to -
In-Person Learning

Criteria for Moving to In-Person Learning

We hear …

that the community is still wondering how we are using COVID numbers in our decisions.

Composite Health Metrics

Trends & Benchmarks

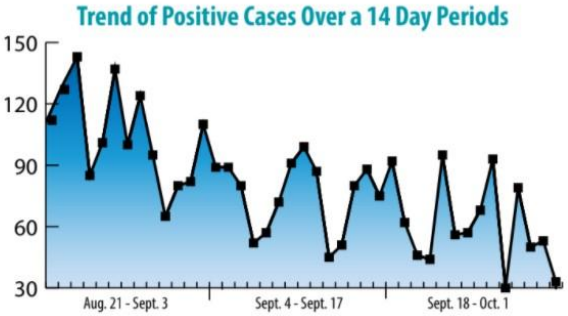
Criteria for Phase-in for Face-to-Face Instruction

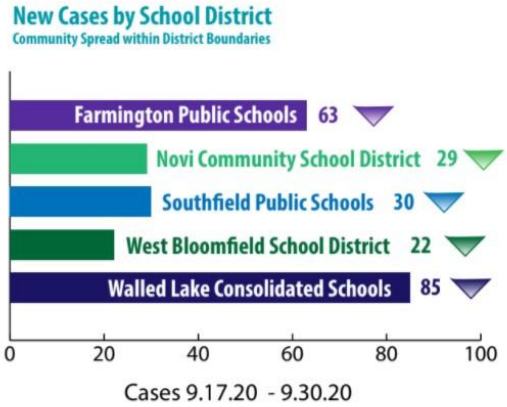
Infection Rate of 1.0 or Less	<4% Positive Testing Rate	30-35 COVID-19 Cases Per Million Positive	14 Days of Decrease or Flattening of Cases in Oakland County

Infection Rate
Oakland County
.96

Positive Test Rate
Oakland County
3.3%

Cases Per Million
Oakland County
55.9
Per Million





Current Cases per 10,000 (Farmington Community): 10.8

Composite Health Metrics + Mitigation of Risk Are Key

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Moving Forward
- to -
In-Person Learning

Reviewing the A/B Day Hybrid Schedule

We acknowledge ...
that our last conversation related to a hybrid structure based on an A/B Day Schedule.

Reviewing the A/B Day Hybrid with the Guiding Principle Elements

Instructional Integrity

Decisions

A/B Day Hybrid Structure with

- **2 in-person learning** days
  - M/W or T/Th
  - Literacy, Math, Science, Social Studies
  - Small-group and full-group instruction
- **3 remote instruction** days
  - In-Person off-days and Friday are remote.
  - Daily remote specials' instruction
  - Asynchronous learning tasks
  - Personalized learning (Lexia and Dreambox)

Teacher Efficacy

Decisions

- **In-person instruction** focuses on **new learning**
- **Remote instruction** focuses on reinforcement, application and practice as well as flipped classroom tasks
- **Collaborative Planning** time for teachers.

Challenges

- Designing full-day remote learning without the support of virtual live sessions
- Higher level of parental support for learning tasks

Systems to Mitigate Risk

Decisions

- **Adapted classroom routines** (including norms) to support safety protocols
- **Adjust lunch and recess** activities to accommodate safety protocol as possible
- **Safety protocols** such as facialing coverings, scheduled hand washing/sanitizing practice, and social distancing practices
- **Victory Electrostatic Machines** used afterschool

Challenges

- Staffing of lunch and recess
- Increase in transitions throughout the school day

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Moving Forward
- to -
In-Person Learning

AM/PM Half-Day Hybrid Schedule

We heard about…

- *the amount of support families are providing.*
- *the amount of time staff is spending planning for remote learning.*
- *the amount of daily guidance students need to engage in new learning.*

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Moving Forward - to - In-Person Learning

In the **AM/PM Hybrid** structure, students are split into two groups (AM and PM). AM(A) and PM(B) groups attend in-person instruction for half of the day with remote instruction the other half of the day.

Families that are not ready for in-person can **continue remotely. Their students will continue within the current Learning at Distance Model.**

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AM/PM Hybrid Schedule

- Student Group A attends in-person instruction on Monday - Friday* in the AM.
- Student Group B attends in-person instruction on Monday - Friday* in the PM.
- Remote learning occurs during the opposite half-day block to the in-person instruction.

**** 4 or 5 days of instruction will be provided***

Farmington PUBLIC SCHOOLS

Moving Forward
- to -
In-Person Learning

Cleaning and Disinfecting

We hear …

that the staff and community have concerns about safety regardless of the structure of the hybrid model.

Farmington Public School Facilities

Cleaning & Disinfecting

Goal: Increase cleaning & disinfecting

AM

- Wipe down with Q.T Plus **frequently touched surfaces twice per day begin at 9:00 AM and 1:00PM**
- Clean and disinfect common area lavatories.
- Clean floors every other day or as needed

Between AM/PM

- Use **Victory Electrostatic Machines/ Clorox 360 Machines**
- Clean and disinfect common area lavatories
- Staff have spray bottles to spray their work areas and door knobs (same solution that is in electrostatic machines).

Evening

- Continue to use **Victory Electrostatic Machines/ Clorox 360 Machines**
- Discard any classroom or office waste
- Clean and disinfect kitchens
- Clean floors every other day or as needed
- High level dust

All disinfectants are EPA approved and/or are food grade.

Protocols

HVAC

Goal: Maximize fresh air circulation

Specifications

- Horizontal & vertical univents (HUV & VUV)
- Air Handler Units (AHUs)
- Roof Top Units (RTUs)

Air Flow

- Exchange rate of fresh air = every 7 ½ minutes or 8 times per hour.
- System air purge two (2) hours before and after building occupancy

Filters

- Quarterly filter change
- Additional filter changes in the event of a positive case.

GRBS Update

Goal: Maximize capacity

Staffing Challenges

- Continuing to recruit and provide incentives
- Shifting staff to ensure coverage during the day
- Prioritization of the work

Progress Monitoring

- Concerns will be directed to facilities should they arise so that they can be rectified.
- Facilities is in consistent contact with GRBS to continue to refine service.

Preparing our Physical Environment.

Farmington PUBLIC SCHOOLS

Moving Forward
- to -
In-Person Learning

AM/PM Hybrid Schedule:
A Closer Look

We hear ..
there are questions about what an AM/PM Hybrid Schedule looks like.

Reminder: Students participating in the full remote learning option will follow the current Learning at a Distance model.

Connecting AM/PM Hybrid to the Guiding Principle Elements

Instructional Integrity

Decisions

AM/PM Hybrid Structure* with

- Daily in-person learning block
  - Literacy, Math, Science, Social Studies
  - Small-group and full-group instruction
  - Uninterrupted
  - Daily SEL check-in
- Daily remote instruction
  - Daily virtual remote specials instruction
  - Independent (minimal support) asynchronous tasks
  - Daily personalized learning (Lexia and Dreambox)
  - Small group intervention and support programming

Additional Rationale

- Reduces daily screen time.
- Transitions students to daily in-person learning.

Teacher Efficacy

Decisions

- In-person instruction focuses on new learning.
- Daily in-person instruction provides consistent guided instruction and support.
- AM/PM Structure is consistent for students and staff.
- Asynchronous tasks focus on reinforcement, application & practice with independence or minimal support
- Collaborative Planning time for teachers for learning plan design and monitoring learning.

Additional Rationale

- Focuses teacher time on planning in-person tasks
- Reduces the support work load on families

Systems to Mitigate Risk

Decisions

- Uninterrupted in-person learning block to maintain cohorting
- Move specials, as well as intervention & support programming, to remote block as possible.
- Adapted classroom routines (including norms) to support safety protocols
- *Remove lunch and recess activities from the school day to reduce interactions and maintain cohorting
- Safety protocols such as facial coverings, scheduled hand washing/sanitizing practice, and social distancing practices.
- Victory Electrostatic Machines used between AM and PM group for sanitation

Additional Rationale

- *Also reduces staffing capacity issues

AM/PM Hybrid: A Closer Look

Systems to Mitigate Risk

Decisions

- **Uninterrupted** in-person learning block to maintain cohorting
- Move special's, as well as intervention & support programming, to remote block as possible.
- **Adapted classroom routines** (including norms) to support safety protocols
- ***Remove lunch and recess** activities from the school day to reduce interactions and maintain cohorting
- **Safety protocols** such as facial coverings, scheduled hand washing/sanitizing practice, and social distancing practices.
- **Victory Electrostatic Machines** used between

Note:
*Also reduces staffing capacity issues

Daily Safety Practices for In-Person Instruction

- Daily home screening for students
- Adapted arrival and dismissal protocols (by building)
- Signage (social distancing, hand washing)

- Cohort in same room

- In classroom, hand washing/sanitizing routines
- Wearing of facial coverings
  - PPE provided as needed
  - Monitor mask wearing - redirect as needed

Seating arranged using social distancing parameters

- **Community norm building**
- **Adjust classroom tasks with social distancing considerations**
- **Strategic material management**

AM/PM Hybrid: A Closer Look

Instructional Integrity

Decisions

AM/PM Hybrid Structure* with

- **daily**in-person learning** block
  - Daily literacy and Math
  - Science and Social Studies 1-2 X
  - Small-group and full-group instruction
  - Uninterrupted
- **daily remote instruction**
  - Daily virtual remote special's instruction with asynchronous task (40 minutes)
  - Daily personalized learning (20 min) (Lexia and Dreambox)
  - Independent (minimal support) asynchronous tasks
  - Small group intervention and support programming

Note:
*Reduces daily screen time for students. Transitions students to daily in-person learning. Students have daily guided learning opportunities.
**4-5 days in-person per week

Time Schedule (draft)

8:30 AM - 11:00 AM	Group A In-Person Learning Block Group B Remote Learning Block
11:00 AM -12:30 PM	**Arrival and dismissal processes; Teacher lunch; Room disinfecting**
12:30 PM - 3:00 PM	Group A Remote Learning Block Group B In-Person Learning Block
3:00 PM - 3:17 PM	**Dismissal processes**
3:17 PM - 3:57 PM	**Teacher Collaborative Planning**

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Reminder: Students participating in the full remote learning option will follow the current Learning at a Distance model.

In-Person Learning Block Sample

- Morning Meeting
- Math Lesson
- Reader's Workshop Mini-Lesson
- Literacy Small Group Instruction
- Read Aloud/Shared Reading
- Writer's Workshop

Remote Learning Block Sample

- Art Virtual Meeting
- Dreambox (Math; Online)
- Phonics activity
- Math Journal Page
- Independent reading with Reading response

AM/PM Hybrid: A Closer Look

Instructional Integrity

Decisions

AM/PM Hybrid Structure* with

- **daily in-person learning** block
  - Daily literacy and Math
  - Science and Social Studies 1-2 X
  - Small-group and full-group instruction
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  - Daily personalized learning (20 min) (Lexia and Dreambox)
  - Independent (minimal support) asynchronous tasks
  - Small group intervention and support programming

Note:
*Reduces daily screen time for students. Transitions students to daily in-person learning. Students have daily guided learning opportunities.

Special Education Services within the AM/PM Hybrid

Possible Options

- Students will receive **resource and ancillary services** while in virtual instruction.
- Pull students who are cohorted in one class for SDI instruction so as not to mix students- this would require general ed to **strategically place/cluster students**.
- Pull students in for **in-person services during their virtual instruction**- this would depend on our ability to transport and provide support during the 1 ½ break when cleaning is taking place.

Farmington PUBLIC SCHOOLS

Moving Forward
- to -
In-Person Learning

Comparing AM/PM and A/B Day Hybrid

We deliberated …
over what the AM/PM and A/B Day Schedules offer (opportunities and challenges).

Comparing A/B Hybrid & AM/PM Hybrid Elements

A/B Hybrid Schedule

Opportunities

- **2 full days of in-person instruction** & 3 days remote learning per week
- **Alternating in-person and remote days** to support learning cycles
- **Daycare** would be full days
- Teacher manages one group each day

Challenges

- Teacher planning for in-person and virtual days
- Staffing lunch and recess
- No live meets with teachers on remote days.

Common Aspects

Opportunities

- Provides a **choice** for families for In-person instruction
- Reduces the **number of transitions** from that of a "normal" school day
- Allows for **social distancing** in all classrooms
- **Personalized Learning** opportunities through Lexia & Dreambox
- **Collaborative planning** time for teachers

Challenges

- Daycare options for families
- Support work load on families
- Parents ability to pick up a sick child

AM/PM Hybrid Schedule

Opportunities

- **2- 2.5 total in-person days** across the week.
- **Uninterrupted, daily** in-person learning block to maintain cohorting
- 5 days of **specials' instruction**.
- **Partnering daily in-person learning** guided instruction **with asynchronous extension tasks** during remote learning (same day).
- Classroom teacher planning for asynchronous learning is reduced.
- **Fewer transitions**
- **Safety protocols** in place and manageable for custodial staff with use of **Electrostatic Machines**
- Reduced daily screen time
- Not managing **lunch/recess** routines

Challenges

- Teachers manage two groups of students daily.
- Reduction in additional planning time.

Farmington PUBLIC SCHOOLS

Moving Forward
- to -
In-Person Learning

What We Have Learned

- Teaching full remote learning days require significant time and energy.
- Some students need a lot of support and guidance during synchronous and asynchronous experiences.
- In the AM/PM Hybrid Schedule,
  - the uninterrupted in-person learning block provides for focused learning.
  - allow for frequent in-person SEL and wellness checks with students.
  - the in-person learning block sets-up for asynchronous tasks (during remote) that are more independent (less support) and focus more on reinforcement, application and practice.
- Consistent daily routines helps all learners.
- Daily in-person instruction promotes greater equity.

In Summary ...

The recommendation to move forward with an **AM/PM Hybrid Structure** is due to the following key benefits:

- Consistency of daily in-person guided instruction and support.
- Reduces teacher planning load in designing remote instruction.
- Increased integrity of cohorting (uninterrupted in-person block).
- Consistent daily schedule for students.
- Reducing the learning support required by families.

Farmington PUBLIC SCHOOLS

Moving Forward
- to -
In-Person Learning

Additional Points:
Process Highlights

We hear …
a lot of questions about processes.
(quarantining, staffing, screening etc.)

Key Process Highlights for In-Person Instruction

1. Staff follow daily self-screening process that is currently in place.
2. Parents sign an **FPS Agreement** (link agreement) indicating their acknowledgement of and willingness to follow safety protocols including daily self-screening, facial coverings, etc.
   a. Staff will take temperatures of any student exhibiting symptoms
3. Buildings develop and communicate **arrival and dismissal processes**.
   a. Students on the bus wear facial coverings and follow building protocols for arrival and dismissal.
4. **Students wear facial coverings** in school except for when eating. Room arrangement provides for social distancing when eating.

Key Process Highlights for In-Person Instruction

5. **Quarantine rooms** present in each building for students who show symptoms associated with COVID-19.
   a. **Students who report symptoms** will be quarantined and parents will be contacted to pick up their child.
   b. Parent pick-up **required** with appropriate follow-up and guidance of next steps.
6. In the event of a positive COVID-19 result, the Oakland County Health Department **reporting process** is followed. Any quarantining, and the extend there of, is determined by the health department.
   a. Ill and quarantined students continue to receive instruction remotely.
7. Buildings collaborate within and across buildings to develop **staffing plans** for hybrid and fully remote models.

Farmington PUBLIC SCHOOLS

Moving Forward
- to -
In-Person Learning

Appendix

Moving Forward to In-Person Learning FAQ

We hear …

a lot of other questions.

Some Frequently Asked Questions as we Plan Forward

- **Will Canvas continue to be used?** Yes, for hybrid and fully remote options.
- **Will families have the option to stay fully remote?** Yes
- **Will students remain with their same teacher?** The intent is to provide continuity with the same teacher, but level of interest for in-person and full remote will impact staffing capabilities within each building. This will likely result in changes.
- **Who will teach in the hybrid or fully remote model?** Buildings work to understand staff interest and will consider staffing parameters as they finalize staffing.
- **When would we know if we are AM or PM?** Once buildings have staffed hybrid and remote classes and balanced classrooms, buildings will communicate with families.

- **Will K-5 families be kept together in the AM and PM groups?** Yes

Some Frequently Asked Questions cont.

- **What if I was not quite sure if I wanted hybrid or fully remote when I filled out the survey?** Buildings will have additional communications with families in order to finalize their hybrid and fully remote scheduling.

- **Will students be able to see their classroom or meet their new teacher prior to the start of hybrid instruction?** Yes. All staff will begin to teach onsite so that students can see their classroom and opportunities to meet their teacher will be available in the event that a change in teacher is necessary.

- **Will food service be available?** Yes. AM and PM in-person groups will be provided an in classroom breakfast/snack and a sack lunch to take home for those interested.

- **Is YCare still running?** Yes. YCare will be expanded to all buildings and is available to staff and families.

Some Frequently Asked Questions cont.

- **Will teaching staff clean the rooms?** Staff will be provided a "spray and sit" disinfecting bottle with wipes. They will spray their high-touch point personal spaces as well as door handles.
- **Do students receive daily specials' instruction?** *Yes. Specials' instruction is 40 minutes a day with a combination of synchronous and asynchronous tasks.*
- **Do staff have "other" meetings during their planning time?** *Staff meetings will occur outside of the school day per past practice. This is protected planning time. PLTs can request for guests to come in to support their work (coaches, etc.)*
- **Will students bring devices to school?** *Students are asked to bring their devices to and from school as needed.*
- **Will classrooms be "tech ready"?** Yes, the technology dept. will audit each room for functional desktops, projectors, etc. Technology will leave an audit summary and technology directions for staff following their room check. Staff will also have access to their newly provided laptops.

Some Frequently Asked Questions cont.

- **What determines FPS moving to full in-person instruction?** The governor moving the region to Phase 5
- **How do we know where our health metrics are at?** There is a complete dashboard and quick snapshot located on the district website.
- **Who determines if a group of students or a building need to be quarantined?** FPS coordinates with the health department. The health department makes the determination.
- **How will attendance be taken as we return to in-person learning?** Staff will continue with reporting two-way interactions. Data will be posted monthly on the district website.
- **Can a student move between in-person and fully remote?** Parents are asked to commit through the end of the secondary trimester.

Some Frequently Asked Questions cont.

- **Will conferences still occur this fall?** Yes, but they will be virtual.
- **Was the FPS COVID-19 Extended Learning Plan approved by the ISD?** Yes
- **What did the September 2020 Phase in to Face-to-Face parent survey show?** Each building is reviewing their data and identifying which families did not respond. Preliminary review of the full data set indicates about 40% of families are interested in fully remote. This percent increases or decreases by building. We are currently cleaning up the raw data. (Some families filled it out more than once for a student.)
- **How is parent engagement impacted?**
  - In the **A/B Day** hybrid schedule, parents would continue to engage in the virtual learning three days per week, similar to current engagement activities.
  - In the **AM/PM** schedule, the activities completed virtually will focus on extension/enrichment activities along with instruction for specials, allowing parents to support independent learning similar to how they have traditionally supported their child during in-person learning.
- **Are staff members providing feedback to the hybrid structure?** Yes. Multiple groups are offering feedback to identify areas to provide clarity of message, support for staff, and potential refinements (solutions).

Some Frequently Asked Questions cont.

- **How is student attendance impacted by each schedule?** *All schools in Michigan are working under pupil accounting rules for "Pandemic Learning." This allows for flexibility on how attendance is recorded, including looking at daily attendance and weekly interactions/engagement. The two schedules will not impact our responsibility to track interactions and monitor learning.*

- **Doesn't the AM/PM schedule create more exposure for teachers?** *In the development of each schedule, we looked carefully at the health and safety of staff and students. In each schedule, when have processes in place to best mitigate risks and control exposures, along with ensuring access to proper personal protective equipment and social distancing. In the half-day schedule, staff will have access to two small groups of students each day with limited transitions. In the full-day model, the staff are still going to be exposed to two small groups (on different days) with significantly more transitions. In addition, with the full days, students will be exposed to several additional teachers in-person as opposed to in the half-day schedule.*

Some Frequently Asked Questions cont.

- **What is the district doing to support absent teachers?** *FPS is currently adding to building and district level substitute/guest teachers.*

- **What will teachers have to do to plan differently?** *In the A/B hybrid schedule, teachers will plan for in-person instruction as well as remote learning with asynchronous tasks. In the AM/PM schedule, teachers will focus planning on in-person instruction, and utilize Canvas to support extension and enrichment activities that can be done independently by our students. In addition, the half-day time that students are working asynchronously in core subjects, they will also be meeting with specials teachers and other support service providers.*

X. CONSENT AGENDA. I move that the Board of Education approve the October 6, 2020 Consent Agenda, as follows:

A. Approval of Minutes
   1. September 22, 2020 Regular Meeting

B. Resolution in Compliance with 2011 Public Act 152 (Funded Health Insurance)

REGULAR MEETING
OF THE FARMINGTON BOARD OF EDUCATION
(Virtual via Webex)
September 22, 2020

Secretary Smith called the meeting to order at 6:04 pm.

ROLL CALL:

Present: Angie F. Smith, secretary
Terri A. Weems, treasurer
Jessica B. Cummings, trustee
Richard D. Mukamal, trustee
Zach T. Rich, trustee

Absent: Pam S. Green, president
Terry L. Johnson, vice president

Also Present: Robert C. Herrera, superintendent; Kelly Coffin, Bobbie Goodrum, Jennifer Kaminski, and Kathy Smith, assistant superintendents; Jackie McDougal, executive director; Diane Bauman, Jeff Danziger, Margaret Hendrickson, Tyrone Weeks, and Felicia Venable, directors; Erin Hill, supervisor; executive assistant, Kim Buckley

1. **PLEDGE OF ALLEGIANCE.** Treasurer Weems led the pledge.

2. **APPROVAL OF THE AGENDA.** It was moved by Mukamal and supported by Rich that the Board of Education approve the agenda for the September 22, 2020 regular meeting, as presented.

ROLL CALL VOTE: **Ayes:** Rich, Smith, Weems, Cummings, Mukamal
Nays: None

MOTION PASSED 5-0.

3. **ANNOUNCEMENTS.** Secretary Smith explained the procedure for making public comments and granted voting rights to all remote Board members.

4. **CORRESPONDENCE.** Treasurer Weems (acting secretary) reported on correspondence that was received during this period. Communications are acknowledged and, when appropriate, a response is provided. A list of correspondents and topics can be found in the Board packet, which is available on the FPS website.

5. **LEGISLATIVE UPDATE.** Mr. Rich discussed the status of state budget conversations and HB 5665, which would make changes to the process of removing and or suspending elected school board members.

6. **FOLLOW UP ON PUBLIC COMPLAINTS.**
Presenter: Bob Herrera, superintendent

Dr. Herrera spoke regarding the request to hear the disposition of the student complaints against staff members that were submitted during Public Comment at the June 16, 2020 regular Board meeting. Board members were advised on the status/outcomes of the complaints on July 8. Investigations are complete and complainants were provided feedback. Dr. Herrera sought a legal opinion due to concerns regarding violating the OMA and staff due process if additional details are provided at a public meeting.

Board discussion occurred.

It was decided that Board Policy, Administrative Regulations and the legal opinion related to the District Complaint process will be referred to the Policy/Board Governance committee for review.

7. STRATEGIC PLANNING – NEXT STEPS.
Presenter: Kelly Coffin, assistant superintendent-innovation and strategic initiatives

Dr. Coffin provided the Board with a review of the next steps in the Strategic Planning process. The Strategic Plan focus areas are: Leadership & Organization • Culture & Values • Processes & Tools • People & Skills. Dr. Coffin also presented past challenges and the potential KPI for each focus area. Lastly, next steps in the process included: District Leadership Team will finalize the Key Performance Indicators, final Key Performance Indicators will be shared with the FPS Board of Education, a monitoring plan will be developed by the District Network Team, and monthly progress updates will be provided on the Strategic Plan.

Board discussion occurred and questions were answered.

8. REPORTS FROM BOARD COMMITTEES.

Superintendent's Evaluation and Succession Planning Committee: Treasurer Weems reported that the committee and Dr. Herrera met September 11 to discuss: 2020/2021 superintendent evaluation goals and appointment of the acting superintendent.

Policy/Board Governance Committee: Chair Rich reported that the committee and central office staff met September 15 to receive updates and discuss: board protocols (operating procedures) related to public comment and new board member orientation, Lubaway proclamation communication, and board policy – acting superintendent. Future agenda items may include Board goals and collaboration with Dr. Goodrum on action items pertaining to the proclamation.

Board discussion occurred and questions were answered.

Finance/Facilities Committee: Chair Weems reported that the committee and central office staff met September 22 to receive updates and discuss: finance updates related to the audit and state budget and facilities updates about custodial services and HVAC filter ratings.

Board discussion occurred and questions were answered.

9. METRICS AND SCENARIOS FOR IN-PERSON PHASE-IN PLAN.
Presenters: Kelly Coffin, assistant superintendent-innovation and strategic initiatives

Dr. Coffin presented the metrics and scenarios for the in-person phase-in plan. The following items were detailed: health and safety criteria, new guidance from Oakland county health

department & dashboard, phase-in planning priorities, current in-person opportunities, planning for k-5 in-person instruction phase-in, and next steps. A parent survey will be sent this week to determine how many families want to return in-person; and, of those, how many will utilize transportation.

Board discussion occurred and questions were answered.

10. SUPERINTENDENT'S 2020/2021 EVALUATION GOALS.
Presenter: Bob Herrera, superintendent

Dr. Herrera presented his evaluation goals for 2020/2021, which are based on the Board's priorities determined at the August 17, 2020 Board workshop.

Board discussion occurred and questions were answered.

11. PUBLIC COMMENTS. Public comments were read aloud and given virtually. No action taken.

12. RECOMMENDATION FOR APPROVAL OF THE ASSURANCES RELATED TO THE EXTENDED CONTINUITY OF LEARNING PLAN.
Presenters: Kelly Coffin, assistant superintendent-innovation and strategic initiatives and Margaret Hendrickson, director-curriculum, instruction and assessment

Dr. Coffin and Mrs. Hendrickson provided clarification to the Board on the assurances and related details.

Board discussion occurred and questions were answered.

MOTION: It was moved by Cummings and supported by Mukamal that the Board of Education approve the nine assurances, as presented.

ROLL CALL VOTE: **Ayes:** Rich, Smith, Weems, Cummings, Mukamal
Nays: None

MOTION PASSED 5-0.

13. RECOMMENDATION FOR APPROVAL OF ACTING SUPERINTENDENT.
Presenter: Bob Herrera, superintendent

Dr. Herrera presented information related to the selection of Kathy Smith as acting superintendent.

MOTION: It was moved by Weems and supported by Cummings that the Board of Education approve Kathy Smith, Assistant Superintendent for Talent Development, to act as superintendent in the case of a short-term absence, per administrative regulation 4007-AR.

ROLL CALL VOTE: **Ayes:** Smith, Weems, Cummings, Mukamal, Rich
Nays: None

MOTION PASSED 5-0.

14. EXPENDITURES. It was moved by Weems and supported by Cummings that the Board of Education approve the expenditures as outlined in the expenditure printout dated September 22, 2020, as follows:

General Fund	$10,233,679
General Fund - Athletics	$46,383
Debt Fund	$2,299
Capital Projects – 2018 Bond Fund	$1,257,082
Capital Projects – 2020 Bond Fund	$2,028
Nutrition Services Fund	$299,114
Benefit Stabilization Fund	$1,953,613
TOTAL	**$13,794,198**

ROLL CALL VOTE: **Ayes:** Rich, Smith, Weems, Cummings, Mukamal
Nays: None

MOTION PASSED 5-0.

15. CONSENT AGENDA. It was moved by Mukamal and supported by Cummings that the Board of Education approve the Consent Agenda dated September 22, 2020.

A. Approval of Minutes
   1. September 8, 2020 Regular Meeting
B. Personnel Items

ROLL CALL VOTE: **Ayes:** Rich, Smith, Cummings, Mukamal, Weems
Nays: None

MOTION PASSED 5-0.

16. SUPERINTENDENT'S ANNOUNCEMENTS.

Dr. Herrera thanked the Student Round Table for their feedback on Canvas, virtual learning and life in the pandemic world.

17. RECOMMENDATIONS FOR FUTURE ADGENDA ITEMS. The Board would like to see the results of the Parent Survey.

18. GOOD AND WELFARE. Board members spoke on the following topics:

PTA Council (giving boxes, advocacy update, membership drive); FAAPN (virtual Super Saturdays); Education Foundation (Toast to Education and grant cycle postponed); FECC; SANP planning; say something nice to staff; thanked staff and CO for hard work; voting begins 9/24; Novi school closure due to COVID; applaud change and collaborative efforts of the District; apology to Dr. Herrera; passing of NFHS student; wished the community a safe and happy first day of fall.

19. ADJOURNMENT. The Board of Education September 22, 2020 regular meeting was adjourned at 10:52 pm.

Terri A. Weems
Farmington Board of Education
Acting Secretary

FARMINGTON PUBLIC SCHOOLS
BOARD OF EDUCATION

RESOLUTION IN COMPLIANCE WITH 2011 PUBLIC ACT 152 (PUBLICLY FUNDED HEALTH INSURANCE CONTRIBUTION ACT)

WHEREAS, 2011 Public Act 152, the Publicly Funded Health Insurance Contribution Act, provides for maximum public employer contributions to the annual costs for medical benefit plans provided its employees for medical benefit plan coverage years beginning on or after January 1, 2012, and

WHEREAS, said Public Act 152 also provides a public employer, including a school district, by a majority vote of its governing body, the right to elect to comply with said maximum public employer contributions by way of paying not more than eighty percent (80%) of the total annual costs of all of the medical benefit plans it offers or contributes to for its employees for medical benefit plan coverage years, and

WHEREAS, this Board of Education deems it in the best interests of the Farmington Public Schools to make such an election for the medical benefit plan coverage year (commencing January 1, 2021 and ending December 31, 2021),

NOW, THEREFORE, BE IT RESOLVED that the Farmington Public Schools hereby elects to comply with 2011 Public Act 152 by way of paying not more than eighty percent (80%) of the total annual costs of all of the medical benefit plans it offers or contributes to, or hereafter may offer or contribute to, for its employees for medical benefit plan coverage year commencing January 1, 2021 and ending December 31, 2021.

Dated this 6th of October, 2020.

_____
Angie Smith
Farmington Board of Education
Secretary